

Annex

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### European Communities

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## Debates of the European Parliament

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1976-1977 Session

Report of Proceedings

from 13 to 17 December 1976

European Centre, Luxembourg

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## NOTE TO READER

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

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

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## IN THE CHAIR: MR SPENALE

*President*

*(The sitting was opened at 3.10 p.m.)*

### 1. Resumption of the session

**President.** — I declare resumed the session of the European Parliament adjourned on 19 November 1976.

### 2. Tribute

**President.** — Ladies and gentlemen, our Community is in deep mourning.

As you no doubt recall, Mr Borschette, Member of the Commission of the European Communities, was

rushed to hospital during the part-session of May last in Strasbourg.

After an illness lasting several long months he finally died last week.

Mr Borschette was born in Diekirch on 14 June 1920. After studying philosophy and the humanities he took up important posts in the Luxembourg Government; he was thus one of the negotiators of the Treaty of Rome. From 1958 to 1970 he was the permanent representative of his country to the European Communities. On 1 July 1970 he became a Member of the Commission of the European Communities in which he assumed particular responsibility for competition matters.

## President

On behalf of the European Parliament and in a personal capacity too, I should like to pay a final warm tribute to the memory of Mr Albert Borschette. The European Parliament will remember his human qualities and the excellent relations it enjoyed with him, initially when he was permanent representative for Luxembourg to the Communities and then when he was a Member of the Commission of the European Communities.

In Mr Borschette Luxembourg has lost a great diplomat, the Institutions of the Community an eminent member and the peoples of Europe one of the most enthusiastic architects of their *rapprochement*: this humanist has served Europe well.

I have sent the condolences of the European Parliament to his family, the Luxembourg Government and the Commission of the European Communities.

I would now ask you to observe a minute's silence in memory of the deceased.

*(The House rose and observed a minute's silence)*

I call Mr Lardinois.

**Mr Lardinois, member of the Commission. — (NL)** Mr President, on behalf of the Commission and myself I should like to thank you for your words of tribute to Mr Borschette. We fully endorse what you have said about his qualities and the services he performed in the cause of Europe. I can speak from personal experience over a period of about ten years during which I got to know him first as Luxembourg's permanent representative and later as a member of the Council at a time when I was already at the Commission. Over the past three and a half years I have known him as a colleague in the Commission who was always willing to undertake any action which would further the cause of a united Europe.

He would brook no compromise on this point and followed his objective with determination and total commitment particularly in the field for which he was primarily responsible. We fully endorse your words of thanks and I can only tell you that Mr Borschette will live on for many years in the memory of the Commission and every department of the Commission as a great European. Let us hope that the same will also be said of others.

*(Applause)*

### 3. Statement by the President on the earthquake in Turkey

Ladies and gentlemen, since our last part-session we have been deeply distressed by the disaster which has struck Turkey, with which our Community has an Association Agreement.

I have sent a telegram on behalf of the European Parliament to the President of the Grand National

Assembly expressing our condolences to the victims of this earthquake.

According to the information we have received and the pictures transmitted a large number of people have been hit in the area affected: the number of casualties is extremely high and there has been considerable material damage. Survivors are living without shelter in the snow and are exposed to temperatures of up to  $-15^{\circ}$  C.

The members of the enlarged Bureau and I, having discussed the matter on 29 November, have told President Ortoli that the recent disaster in Turkey which has hit so many of our fellows, calls for a contribution by the Community of both a moral and a practical, financial nature.

In the present circumstances it is of the utmost urgency that the Community should prove its willingness to provide practical aid. I have therefore appealed to the Commission to intervene swiftly and effectively and I believe that the Commission has already taken certain steps.

On behalf of you all I reiterate our condolences to the victims' families and our sympathy with the injured and those currently enduring severe hardship in that area.

In doing so, and in conjunction with the active assistance of the Commission of the European Communities, we wish to show our sympathy with the sufferings of the people concerned and our solidarity with the Turkish people.

I call Mr Lardinois.

**Mr Lardinois, member of the Commission. — (NL)** Mr President, It was with great emotion that the Commission received the news of the latest terrible natural disaster which has struck the Turkish people. Our sympathy goes out to the relations of the thousands of victims and also to the fate of the survivors facing icy weather conditions in their devastated villages.

The Commission secretariat has made direct contact with Turkey's representatives attached to the European Communities, with the specialized service of the United Nations and with the Red Cross in order to ascertain in the fastest and most reliable way possible what aid can be offered by the Community to the victims of the disaster.

The first opportunities open to the Community are for food aid and financial help for the purchase of a number of necessary goods. It seems that Turkey is at present itself able to take care of the necessary food-stuffs but on the other hand there is an immediate and very urgent need for tents, sleeping bags and heating equipment. These need to be supplied very quickly because of the climatic conditions at present prevailing in this area.

## Lardinois

The Commission therefore considers it necessary to make available a sum of 500 000 u.a. for urgent aid to the victims. It will propose to the Council a transfer from Chapter 99 to Chapter 40, since the available appropriations under Article 400 of the Budget are exhausted. This amount will be made over to the Red Cross for the purchase of the immediately necessary goods or, if the Council takes time to reach its decision, directly to the Turkish Government for the purchase of these goods.

### 4. *Appointment and verification of credentials of a member of the European Parliament*

**President.** — The House of Commons of the United Kingdom has informed me of the appointment of Mr Frank Tomney as Member of the European Parliament to replace Mr Michael Stewart.

At its meeting of 29 November 1976 the enlarged Bureau made sure that this appointment complied with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified.

I extend a warm welcome to the new Member.

*(Applause)*

### 5. *Congratulations*

**President.** — I have been informed that Mr Pierre Bertrand, Member of the European Parliament, has been appointed Deputy Minister for Economic Affairs in the Belgian Government.

I am happy to congratulate him on this appointment.

*(Applause)*

### 6. *Forwarding of the draft general budget for 1977 modified by the Council*

**President.** — I have received the draft general budget for 1977 modified by the Council (Doc. 457/76) on 23 November 1976.

Pursuant to Rule 23 (2) of the Rules of Procedure this document has been referred to the Committee on Budgets.

### 7. *Documents received*

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

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

- the proposal from the Commission of the European Communities to the Council for a Regulation relating to the fixing of representative exchange rates in the agricultural sector (Doc. 430/76)

This document had been referred to the Committee on Agriculture as the committee responsible and to

the Committee on Economic and Monetary Affairs and the Committee on Budgets for their opinions.

- the proposal from the Commission of the European Communities to the Council for a Regulation amending Regulation (EEC) No 3330/75 extending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 432/76)

This document had been referred to the Committee on Regional Policy, Regional Planning and Transport.

- the proposals from the Commission of the European Communities to the Council for a four-year programme for the development of informatics in the Community (Doc. 433/76)

This document had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee, the Committee on Budgets and the Committee on Energy and Research for their opinions.

- the proposal from the Commission of the European Communities to the Council for a Regulation on the entries in the Budget of the Communities relating to the financial effect of the different conversion rates applied for measures financed by the Guarantee Section of the EAGGF (Doc. 434/76)

This document had been referred to the Committee on Budgets.

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

- I. a directive on the approximation of the laws of the Member States relating to the window-wiper and -washer systems of motor vehicles
- II. a directive on the approximation of the laws of the Member States relating to the defrosting and demisting systems of motor vehicles
- III. a directive on the approximation of the laws of the Member States relating to the interior fittings of motor vehicles (identification of controls, tell-tales and indicators) (Doc. 435/76)

This document had been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Regional Policy, Regional Planning and Transport and the Committee on the Environment, Public Health and Consumer Protection for their opinions.

- the proposal from the Commission of the European Communities to the Council for a Regulation amending Regulation No 706/76 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 as regards the list of the countries and territories in question (Doc. 437/76)

This document had 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.

**President**

- the proposal from the Commission of the European Communities to the Council for a Regulation amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit (Doc. 438/76)

This document had 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 on the common organization of the market in products processed from fruit and vegetables (Doc. 458/76)

This document had been referred to the Legal Affairs Committee.

- 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 on the protection of the health of workers occupationally exposed to vinyl chloride monomer (Doc. 459/76)

This document had been referred to the Committee on the Environment, Public Health and Consumer Protection as the committee responsible and to the Committee on Social Affairs, Employment and Education for its opinion.

- the proposal from the Commission of the European Communities to the Council for a financial regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 471/76)

This document had been referred to the Committee on Budgets.

- the proposal from the Commission of the European Communities to the Council for a decision on the acceptance of certain Codex standards for sugars intended for human consumption (Doc. 473/76)

This document had been referred to the Legal Affairs Committee.

(b) from the committees the following reports :

- report by Mr Delmotte on behalf of the Committee on Regional Policy, Regional Planning and Transport on the first annual report (1975) of the Commission of the European Communities on the European Regional Development Fund (Doc. 440/76);
- report by Mr Lange on behalf of the Committee on Economic and Monetary Affairs on the principles to be observed by enterprises and governments in international economic activity (Doc. 441/76);
- report by Mr Kaspereit on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council (Doc. 402/76) for a regulation extending the period of validity of Regulations (EEC) No 1509/76 and No 1522/76 on imports into the Community of prepared and preserved sardines originating in Tunisia and Morocco respectively (Doc. 442/76);
- report by Mr Liogier on behalf of the Committee on Agriculture on the proposals from the Commission

of the European Communities to the Council (Doc. 410/76) for

- I. a regulation amending Regulation (EEC) No 1162/76 on measures designed to adjust wine-growing potential to market requirements
- II. a regulation amending Regulation (EEC) No 1163/76 on the granting of a conversion premium in the wine sector (Doc. 443/76);

- report by Mr Creed on behalf of the Committee on Social Affairs, Employment and Education, on the recommendation of the Commission concerning the progressive extension of social protection to categories of persons not covered by existing schemes or inadequately protected (Doc. 444/76);

- report by Mr Sandri 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 a European agency for trade cooperation with the developing countries (Doc. 445/76);

- report by Mr Willi Müller on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive on toxic and dangerous wastes (Doc. 446/76);

- report by Miss Flesch 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 the list of the countries and territories in Annex I to Regulation No 706/76 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. 447/76);

- report by Mr Emile Muller on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of common Customs Tariff duties on certain agricultural products originating in Turkey (1977) (Doc. 448/76);

- report by Mr Schwabe on behalf of the Committee on Regional Policy, Regional Planning and Transport on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 3330/75 extending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States (Doc. 454/76);

- report by Mr Ney on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposals from the Commission of the European Communities to the Council (Doc. 269/76 and Doc. 270/76) for

- I. a directive concerning the placing of EEC-accepted plant protection products on the market
- II. a directive prohibiting the placing on the market and the use of plant protection products containing certain active substances

(Doc. 455/76);

## President

- report by Mr Bangemann on behalf of the Committee on Budgets on
    - I. the accounts of the European Parliament and the discharge to be given in respect of the financial years 1972, 1973 and 1974
    - II. the giving of a discharge to the Commission in respect of the implementation of the budget of the European Communities for the financial years 1972, 1973 and 1974 and on the reports of the Audit Board for those financial years
    - III. the giving of a discharge to the Commission in respect of the activities of the European Development Funds in 1972, 1973 and 1974
    - IV. the comments accompanying the decisions giving a discharge in respect of the implementation of the budgets of the European Communities for the financial years 1972, 1973 and 1974 (Article 92 of the Financial Regulation of 25 April 1973) (Doc. 169/76)
 (Doc. 460/76);
  - report by Mr Lagorce on behalf of the Committee on the Rules of Procedure and Petitions on the problems raised by the setting up of sub-committees (Rule 39 (2) of the Rules of Procedure) — (Doc. 461/76);
  - report by Lady Fisher of Rednal on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to the ranges of nominal quantities permitted for certain pre-packaged products (Doc. 462/76);
  - report by Lady Fisher of Rednal on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive on the sixth modification of the Council directive of 27 June 1967 on the approximation of the laws of Member States relating to the classification, packing and labelling of dangerous substances (Doc. 463/76);
  - report by Mrs Kruchow on behalf of the Committee on the Environment, Public Health and Consumer Protection on the proposal from the Commission of the European Communities to the Council for a directive on the quality requirements for waters capable of supporting freshwater fish (Doc. 465/76);
  - report by Mr Vandewiele on behalf of the Committee on Energy and Research on the proposal from the Commission of the European Communities to the Council for a decision adopting a technological research programme for the footwear sector (Doc. 466/76);
  - report by Mr Krieg on behalf of the Committee on Energy and Research on the Commission's draft modifications to Decision No 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community (Doc. 467/76);
  - report by Mr Couste on behalf of the Committee on External Economic Relations on the economic and commercial relations between the European Community and the United States of America (Doc. 468/76);
  - report by Mr Shaw on behalf of the Committee on Budgets on the proposals from the Commission of the European Communities to the Council concerning
    - a regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities
    - the application of the unit of account to the European Communities Budget (draft resolution of the Council and proposal for a Council regulation (ECSC, EEC, EURATOM) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities) (Doc. 360/76)
 (Doc. 469/76);
  - interim 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 amending Regulation (EEC, EURATOM, ECSC), No 2/71 implementing the Decision of 21 April 1970 on the replacement of financial contributions from the Member States by the Community's own resources (Doc. 470/76);
  - supplementary report by Lord Bruce of Donington on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1977 modified by the Council on 23 November 1976 (Doc. 472/76);
  - 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 establishing a Community system for the conservation and management of fishery resources (Doc. 474/76);
  - report by Mr Terrenoire on behalf of the Committee on Budgets on the aide-mémoire of the Commission of the European Communities on the fixing of the ECSC levies and on the drawing up of the operational budget for 1977 (Doc. 476/76);
  - report by Mr Cointat on behalf of the Committee on Budgets on draft amending budget No 3 of the European Communities for the 1976 financial year (Doc. 478/76);
  - report by Mr Prescott on behalf of the Committee on Economic and Monetary Affairs on the Community shipping industry (Doc. 479/76).
- (c) motion for a resolution by Mr Pisoni, Mr A. Bertrand, Mr van der Gun, Mr Granelli, Mrs Cassanmagnago Cerretti, Mr Bersani, Mr Fioret, Mr Härzschel, Mr Ligios, Mr Martinelli, Mr Noè, Mr Pucci, Mr Ripamonti, Mr Santer and Mr Vernaschi with request for debate by urgent procedure, pursuant to Rule 14 of the Rules of Procedure on unemployment in Europe (Doc. 439/76);
- (d) the following oral questions:
- the oral questions with debate by Mr Santer, Mr Jahn, Mrs Walz, Mr Früh, Mr van der Gun and Mr Vandewiele to the Council and Commission of the European Communities on the reintroduction of



**President**

short-time working in the iron and steel industries (Doc. 431/76);

- the oral question with debate by Mr Baas and Mr Berkhouwer on behalf of the Liberal and Democratic Group to the Commission of the European Communities on milk powder surpluses (Doc. 449/76);
- the oral question with debate by Mr Waltmanns, Mr Hamilton, Mr Radoux, Mr Seefeld, Mr Glinne, Lord Castle and Mr Evans on behalf of the Socialist Group to the Conference of Foreign Ministers of the European Communities on the common policy of the Member States of the Community on southern Africa (Doc. 450/76);
- the oral question with debate by Mr Kofoed on behalf of the Liberal and Democratic Group to the Commission of the European Communities on the seizure of Community undertakings in Ghana (Doc. 451/76);
- the oral question with debate by Mr Fellermaier, Mr Schmidt, Lord Castle and Mr Radoux on behalf of the Socialist Group to the Council of the European Communities on relations between Community and Comecon Member States (Doc. 452/76);
- the oral question with debate by Miss Flesch on behalf of the Committee on Development and Cooperation to the Commission of the European Communities on the North-South Dialogue (Doc. 453/76);

- (e) from the EEC-Greece Joint Parliamentary Committee, the recommendations adopted in Berlin on 24 November 1976 (Doc. 436/76);

This document had been referred for information to the Committee on External Economic Relations, the Political Affairs Committee and the Committee on Agriculture.

- (f) from the Council, draft amending budget No 3 of the European Communities for the financial year 1976 (Doc 477/76);

This document had been referred to the Committee on Budgets.

- (g) from the Commission, an aide-mémoire on the fixing of the ECSC levies and the drawing up of the operational budget for 1977 (Doc. 475/76);

This document had been referred to the Committee on Budgets.

#### 8. *Texts of treaties forwarded by the Council*

**President.** — I have received certified true copies of the following documents :

- 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 People's Republic of Bangladesh, signed on 25 November 1976
- notice of the fulfilment of the conditions necessary for the application to trade with Greece and with

Turkey of the agreement between the European Economic Community and the Republic of Austria on the simplification of formalities in respect of goods traded between the European Economic Community on the one hand and Greece and Turkey on the other hand when the said goods are forwarded from Austria.

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

#### 9. *Authorization of reports*

**President.** — I have authorized the Legal Affairs Committee to cover, in its report on the two motions for resolutions on 200-mile zones, the topics discussed at the Third United Nations Conference on the Law of the Sea.

Moreover, in addition to the Committee on Economic and Monetary Affairs and the Committee on Agriculture, which have already been asked for their opinions, the Committee on Regional Policy, Regional Planning and Transport and the Committee on Energy and Research are now also asked for their opinions, in accordance with the provisions of Rule 38 (3), second subparagraph, of the Rules of Procedure.

Finally, pursuant to Rule 38 of the Rules of Procedure, I have authorized various committees to draw up reports on the following subjects :

- Committee on Budgets  
a report on the Fifth Financial Report from the Commission to the Council on the European Agricultural Guidance and Guarantee Fund (1975)  
  
The Committee on Agriculture has been asked for its opinion.
- Committee on Regional Policy, Regional Planning and Transport a report on the improvement of the efficiency of air traffic control.  
  
The Committee on Energy and Research has been asked for its opinion.
- Committee on the Environment, Public Health and Consumer Protection  
  
a report on the results of the Fourth International Parliamentary Conference on the Environment (Kingston 12 to 14 April 1976).

#### 10. *Tabling of a motion of censure*

**President.** I have received from Mr Aigner, on behalf of the Christian-Democratic Group, a motion of censure on the Commission of the European Communities pursuant to Rule 21 of the Rules of Procedure. This motion of censure has been printed and distributed as Doc. 480/76. According to Rule 21 (3) of the Rules of Procedure :

**President**

'The debate on the motion shall not be opened earlier than twenty-four hours after its receipt is announced. The vote shall not be taken on the motion until at least three clear days after such announcement. Voting shall be by open ballot by way of roll call.'

I call Mr Aigner

**Mr Aigner.** — (D) Mr President, the legal basis for a motion of censure is contained in Article 144 of the Treaty, which reads :

'If the motion of censure on the activities of the Commission is tabled before it, the Assembly shall not vote there on until at least three days after the motion has been tabled and only by open vote.'

That is the legal basis contained in the Treaty. Rule 54 of our Rules of Procedure states — and I freely admit that the interpretation as to whether we can vote on Thursday or not until Friday is open to ko241,2for doubt — :

'Motions for resolutions amending these Rules shall be printed and referred to the appropriate committee. Such motions shall be adopted only if they secure the votes of a majority of the members of Parliament.'

Mr President, we are now in a difficult situation. The motion for a resolution is directed against the old Commission but, properly speaking, it is aimed at ensuring the legal basis to Parliament's right of control and this claim is of course also valid with regard to a new Commission. But, Mr President, I should be grateful if you could nevertheless consider the possibility of voting on Thursday — I should like to discuss this first with the various groups —, for if the legal basis as such is guaranteed — and it is guaranteed in the Treaty —, then Parliament can naturally vote on Thursday, if it obtains the majority stipulated in Rule 54 for amendments to the Rules of Procedure. I should therefore simply like you to introduce the possibility now that after the necessary discussions with the groups, a majority vote may be held on Thursday. Mr President, we are unfortunately in a difficult situation as regards time, which the Rules of Procedure could naturally not foresee, since the Rules of Procedure are of course intended for normal situations. This is an exceptional situation as regards the voting possibilities, since for practical purposes this is the Commission's last week.

Mr President, I should therefore simply request that in accordance with the Rules of Procedure you also consider the possibility, circumstances permitting — if a majority of Parliament is agreed, pursuant to Rule 54 of our Rules of Procedure — of a vote being held on Thursday, although may I say, Mr President, that as far as I am concerned, it is not a question of toppling the Commission but of Parliament protecting and defending its right of control — one of its few rights — against the Commission. Of course this right must also be defended against a new Commission. To that

extent, if the new Commission also refuses to recognize Parliament's right of control, I would of course also be prepared — if a majority of the groups was in agreement — to hold the vote in January, if a majority can be obtained. May I therefore request once more, Mr President, that you *also* make provision for a vote on the motion of censure to be held on Thursday, if the majority of Parliament is in favour.

**President.** — I have received a proposal from Mr Aigner on behalf of the Christian-Democratic Group that the vote on the motion of censure should be taken on Thursday.

Article 144 of the Treaty is less explicit than our Rules of Procedure. It merely says that the Assembly shall not vote on a motion of censure until at least three days after it has been tabled and only by open vote. Our Rules of Procedure, however, by which we are bound to abide, even though they have less legal force than the Treaty, say that three *clear* days must elapse, i.e. three full days starting at midnight. The other languages refer to *three calendar days*, which excludes any freedom of interpretation, especially if one bears in mind that in Rule 21 the period in which discussion may be held is reckoned in hours: the discussion may not take place until 24 hours afterwards. A whole day is indeed meant therefore.

Consequently I cannot, on my own initiative, propose that Parliament should change its Rules of Procedure, even by taking a vote, for the sake of one discussion. What I can do, however, is to propose that the matter be referred to the Committee on the Rules of Procedure and Petitions and ask it to inform us as soon as possible whether, according to its interpretation of the Rules of Procedure, a vote may be taken on Thursday. Should it decide that the current text of the Rules does not permit it, the vote will have to be put off until Friday's sitting.

I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, first of all I apologize for not having heard the beginning of this debate, since I arrived late.

I think, Mr President, that there is a slight but crucial misunderstanding between Mr Aigner's proposal to you and your reply. Mr Aigner did not table an amendment to the Rules of Procedure. He simply asked you, Mr President, within the scope of your discretion, to inform the House that if the relevant conditions of the Rules of Procedure are met, the vote on the motion of censure might be held on Thursday.

The political motivation behind Mr Aigner's announcement is obvious. We should naturally like the House to be as full as possible when the vote is taken, as is also envisaged in the Rules of Procedure. Mr Aigner has quite rightly referred to the possibilities of Rule 54. No-one, neither Mr Aigner nor

**Lücker**

yourself, Mr President, is at present in a position to say whether these possibilities can be explored further. If in the discussions with the House's political groups a majority, pursuant to Rule 54 (2) of the Rules of Procedure, is in favour of holding the vote on Thursday, in view of the overall situation in which we find ourselves, then the House could decide to do so. It is not a question of amending Rule 21, but simply of exploring to the full the possibilities offered by Rule 54.

Since the House is now aware of the situation, Mr President, I think for the moment it would suffice to leave open the possibility of voting on Thursday on the motion of censure which has been announced.

**President.** — I call Lord Bruce of Donington.

**Lord Bruce of Donington.** — Mr President, Parliament is faced with a somewhat unprecedented position in regard to this motion of censure. The subject matter of the motion of censure arises at the instance of the Subcommittee on Control which is essentially a subcommittee of the Committee on Budgets and in accordance with the terms of its constitution, Mr President, the Control Subcommittee is required to report to the Committee on Budgets itself on the matters that are the subject of this motion of censure. This has not been done and so Parliament, Mr President, is faced with the position where it is required to discuss a motion of censure arising essentially from a subcommittee that has not yet reported in detail to the full Committee on Budgets. Parliament will consequently be deprived of the opinion of the full committee which, if I may say so, Mr President, is the only committee competent to report to Parliament on a matter of this kind. I don't know what Mr Aigner has in mind, but I wonder, Mr President, whether in view of the constitutional position that I have outlined to you, it might be possible for Mr Aigner, even at this late stage, to withdraw his motion of censure until such time as the full Committee on Budgets has had an opportunity of considering the whole matter and reporting to Parliament accordingly.

**President.** — I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, we cannot now embark on a technical debate. This is procedural question and I should point out that this is not a motion from the Control Subcommittee which we have before us, although the committee voted unanimously in favour of it. It is not the Control Subcommittee but a political group which is entitled to table such a motion and the proposer is the Christian-Democratic Group of this Parliament.

Mr President, I can be extremely brief, since my colleague Hans August Lücker has clearly referred to Rule 54 of the Rules of Procedure. Rules of Procedure are naturally only binding on general matters. Special cases, which are not governed by the Rules of Procedure because they constitute exceptions, can of course be settled by Parliament, given the majority required

by Rule 54. I would simply ask you, Mr President, to say that it is possible that a vote by roll call on this motion of censure may be held on Thursday. Whether we actually vote depends on whether we obtain the majorities required under Rule 54.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) Mr President, I have no liking for procedural discussions; so I will not prolong this one. On behalf of the Socialist Group, I will say simply that we ask that the rules of procedure be respected, and the only concession we can make, for it is a reasonable one, is to propose — as you did yourself, Mr President — a meeting of the Committee on the Rules of Procedure and Petitions to settle the question.

**President.** — I call Sir Peter Kirk.

**Sir Peter Kirk.** — Mr President, it is quite clear that there is a slight conflict between the Treaty and Rules of this House. The Treaty says that the Assembly shall not vote on a motion of censure until at least three days after the motion has been tabled. Three days to me means 72 hours, and 72 hours from now is Thursday evening when we have other important votes and it might be possible to take the vote on that occasion. The Rules, on the other hand, say that the vote on a motion of censure shall not be taken until at least three clear days after its announcement. Now I do not know whether *three clear days* is an English legal expression, but to my mind that also means 72 hours and I consider it is absolutely unthinkable we should leave this motion hanging over until January. That would be quite wrong. The motion of censure is directed against the present Commission — it is not for me to say whether it is right or wrong in view of my past history in such matters — but nevertheless it has been tabled and therefore it must be disposed of at this part-session. We all know that it will not be disposed of in an effective way on Friday. I would be quite prepared to accept Mr Giraud's proposal that this should go to the Committee on the Rules of Procedure and Petitions, provided that they report back tomorrow morning, so that everybody knows where we are and that it is clearly understood that the motion has been put down today. If they report in favour of a vote on Thursday such a vote can then take place regardless of the fact that there has been an overnight delay because the question has been referred to the Committee on the Rules of Procedure. I would hope myself that we can dispose of the matter this week. I think it would be very unfortunate if it was carried over to the new Commission, more than half of the Members of which would be new members and therefore would not carry any responsibility for what has or has not happened. I hope, Sir, that despite the apparent conflict between the Rules and the Treaty, the Treaty will prevail. Three days to me means 72 Hours, and 72 hours from now takes us to just about the time when we should be voting on other matters.

**President.** — I do not think Sir Peter is quite right. There is a difference but not a contradiction between the Treaty and the Rules of Procedure. The Treaty says 'at least three days' while the Rules of Procedure say 'three clear days', which means at least three days but makes it clear what the writers of the Rules of Procedure understood by the three days concerned. This is perfectly clear, especially in the German text which says 'drei volle Kalendertage', in other words three full calendar days. The Dutch text is identical. As for our British colleagues, there was a great deal of discussion when you arrived as to whether to put 'seventy-two hours' or 'three calendar days' and it was finally decided to put 'three clear days'. There can therefore be no uncertainty; that is the rule we have agreed upon.

As guardian of the Rules of Procedure, I cannot rule that they no longer apply merely because they do not suit our convenience. If I were to do that there would soon be no Rules left! We obviously have the power to decide what we want but at the moment the Rules are quite clear on this point. I am quite prepared to ask the Committee on the Rules of Procedure and Petitions if another interpretation is possible. If that were the case I should accept its opinion but I cannot give such an interpretation on my own initiative without betraying my own cartesian understanding of the text. If the Committee on the Rules of Procedure and Petitions manage to read into the text the interpretation which certain Members have been putting forward, I shall bow to their opinion but I cannot give this interpretation off my own bat.

I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, I agree with you I merely asked you to announce that the Committee on the Rules of Procedure and Petitions and the Legal Affairs Committee are dealing with this question of interpretation and that, depending on the outcome, the vote may be held on Thursday or Friday. Of course you cannot now autocratically interpret the Rules of Procedure in one way or another.

**President.** — Mr Aigner, if there is any further ambiguity — which Mr Lücker has tried in vain to clear up — it is due to the fact that you referred to Rule 54 which concerns amendments to the Rules of Procedure. I am therefore inclined to believe that you imagine we can change the Rules of Procedure in this matter according to our own convenience. I do not think we can do that. Rule 54 is not relevant to the present discussion, which concerns the manner in which the Rules should be applied, not how they may be altered when they do not suit us.

I call Mr Prescott.

**Mr Prescott.** — Mr President, I think we are in danger of going round and round on this one. It is

quite clear to me that there is some ambiguity, but you have, I think, given a fair interpretation of the rules. You have the authority to interpret the rules, and if your ruling is strongly disagreed with by this House, then clearly it has the means to challenge it. It can do so either through the Committee on the Rules of Procedure, or the political groups themselves. But at this stage, I think, we have to endorse your interpretation of the rules, and I propose that we do that.

**President.** — I consult the House on my proposal to ask the Committee on the Rules of Procedure and Petitions to meet as soon as possible to give us its opinion, in the light of which we shall see at what point in the order of business the vote on the motion of censure can be placed.

Are there any objections?

That is agreed.

Pursuant to Rule 28 of the Rules of Procedure, I propose that speaking time on the motion of censure should be allocated as follows:

Author of the motion :	no limit
Socialist Group :	30 minutes
Christian-Democratic Group :	25 minutes
Liberal and Democratic Group :	20 minutes
Other groups :	15 minutes
Non-attached Members :	5 minutes

The Commission will be able to speak on request.

Are there any objections?

That is agreed.

## 11. Order of business

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

The following proposals from the Commission to the Council have been placed on the agenda of this sitting for approval *without report*, pursuant to Rule 27A (5) of the Rules of Procedure:

- proposal for a regulation concerning the import of certain viticultural products originating in Greece into the three new Member States (Doc. 394/76).

This proposal has been referred to the Committee on External Relations as the committee responsible and to the Committee on Agriculture for its opinion.

- proposal for a regulation amending Regulations (EEC) No 2682/72, No 2727/75, No 765/68 No 3330/74 concerning the description of certain chemicals falling within sub-heading 29.16 A VIII of the Common Customs Tariff (Doc. 422/76).

This proposal has been referred to the Committee on Agriculture.

- proposal for a regulation amending Regulation (EEC) No 97/69 on measures to be taken for uniform application of the nomenclature of the Common Customs Tariff (Doc. 423/76).

**President**

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

Unless a member asks me for permission to speak or amendments are tabled concerning these proposals by the opening of the sitting of Friday, 17 December 1976, I shall declare them adopted.

At its meeting of 29 November 1976 the enlarged Bureau drew up the draft agenda which has been distributed to you. This was an extremely difficult task. It considered the problem for four hours and we have before us a part-session during which business will have to be carried on until a late hour every evening. The national parliament of my country would need almost three months to get through such a lengthy agenda!

One of the fundamental task of this Parliament is to contribute to the drafting of Community legislation. Now there are so many oral questions and debates on political problems — of great interest, certainly, and requiring Parliament's opinion — that our legislative work is inevitably postponed to days on which attendance is lower. Indeed, the requests for adjustments to the agenda that I have received are all aimed at having the debates set aside for Monday and Friday entered on the agenda of Tuesday, Wednesday and Thursday, which are regarded as the only worthwhile days, the only days when large numbers of us are here and the only days when the press is present.

It is obvious, however, that we cannot possibly get through our work in three days and we must also have debates on Monday and Friday. Otherwise we shall be gradually accumulating an intolerable backlog.

I therefore urge you, in the light of the fact that the agenda for the January part-session is already very heavy, to make as few as possible amendments to the agenda which the enlarged Bureau has had so much difficulty in drawing up.

The report by Mr Schwörer on a draft fourth medium-term economic policy programme — item No 329 of the agenda — which was to be debated on Thursday was not adopted in committee and has therefore been withdrawn from the agenda.

The oral question by Mr Waltmans to the Conference of Foreign Ministers on the common policy of the Member States with regard to Southern Africa — item No 327 on the agenda — which was to be debated on Wednesday has been held over at the request of the Conference.

Mr Kofoed has requested that his report on Community fisheries — item No 322 on the agenda — which headed Friday's agenda, should be held over until the January part-session.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Mr President, I am absolutely amazed that this should be so. We spent a great deal

of time the week before last at the meeting of the Committee on Agriculture dealing with the amendments to this particular report. I may be wrong, Mr President, but I understood that both the Council and the Commission were waiting with eager anticipation for us to deal with their proposal. I don't quite understand why it has now been suddenly postponed until January. I admit that Friday morning is an inconvenient time, but you will remember the discussion that took place on this and how important it was considered to take this item during this part-session. Could you tell us what has changed?

**President.** — The postponement was requested by the rapporteur. I have merely conveyed his request to you.

**Mr Scott-Hopkins.** — Mr President, you must admit that the House is in a little bit of a quandary here because, unhappily, the rapporteur is not present. Perhaps the Chairman of his group would be able to explain to us.

**President.** — I call Mr Hughes.

**Mr Hughes.** — Perhaps the Chairman of the Committee on Agriculture might be able to help us, but I am astounded at this request. It seems to me that we were asked in the Committee on Agriculture to consider this as a matter of urgency, and we did so. We have come back, having come to our decisions. We are in a position, with or without the rapporteur, to give the decisions of the whole Committee on Agriculture to this House. I see no reason why this should be postponed this week.

*(Applause)*

**President.** — I call Mr Durieux.

**Mr Durieux.** — *(F)* Mr President, I see that Mr Kofoed has just arrived; he will therefore be able to speak for himself. But I think that there is also a general problem concerning the whole part-session. Today we have an important report, the report by Mr De Koning. On Thursday we have votes from 5 o'clock on; on Friday the report on fishing policy which is also an important report, not forgetting the various discussions before that. I think it is difficult in view of the dual mandate system to ask all Members to be present from Monday to Friday; and we know that unfortunately on Friday there are not many members present: in general there are only the British, who are waiting for their plane!

*(Laughter and protests)*

Mr President, you have asked us to be present on Thursday at 5 o'clock so that the votes can be taken together, as the Bundestag has to meet to elect its Chancellor. However, we in other parliaments have

**Durieux**

other commitments and it is very difficult for us — and I am sure that my colleagues will support me in this — to be present all the time. Therefore, since there are several important reports, I think that we should — and this was requested a few moments ago, as you pointed out — try to concentrate at least the important reports into a certain number of days. I know this is very difficult, but when important reports are put on Friday's agenda, you are well aware Mr President, that not many members are present. Indeed I for one will be absent!

**President.** — I call lord Castle.

**Lord Castle.** — On behalf, I am sure, of the whole British delegation, no matter what their political colouration, we should be only too glad to postpone everything to Friday so that we can have our own way.  
(*Laugher*)

But, Sir, I rise really to ask a question on a matter which does not seem to have aroused the questioning which I would have expected, namely the postponement of Item 327. As far as I understood your explanation of this, the postponement is due to the fact that the Council is not in a position to give us an answer on this.

Now, am I right in believing this or not? It seems extraordinary to me that we all should be possessed of enough facts on this matter to ask a question, and yet those people that we have a right to expect an answer from, are not in a position to answer us.

**President.** — Lord Castle, the question was not put down within the time limit. The Conference was therefore fully within its rights to refuse to reply.

I call Mr Kofoed.

**Mr Kofoed.** — (*DK*) Mr President, the reason for recommending that this important item should be postponed either to the January part-session or until later this week is that it is so important that it should be possible for as many of Parliament's Members as possible to take part in the debate.

I would also remind Parliament about another point, namely that today and tomorrow the Council is discussing temporary arrangements for fishing in 1977. The report by the Committee on Agriculture goes further than 1977 and I therefore think there is some point in postponing the debate until January when the Council will presumably have reached a decision on temporary arrangements for 1977.

**President.** — I call Mr Prescott.

**Mr Prescott.** — Mr President, can I first deal with the point as to whether the British are here on Friday, Thursday, Wednesday, Tuesday or Monday. To the best of my knowledge, Friday is a working day of this Parliament and if it is now being considered that business cannot be dealt with on Friday because Members of this House from other countries have to work in their own constituencies, I am bound to point out to them that their obligations are no greater than those

of the British Members of Parliament to their constituencies. The fact that the British Members can travel back on a charter flight is perhaps a matter of convenience at times — though most Members in the British delegation will doubt it, having experienced the charter flight over a period of time — but they can go back on charter flight is perhaps a matter of convenience at times — though most Members in the British delegation will doubt it, having experienced the charter flight over a period of time — but they can go back because a number of Members are not prepared to give priority to the working day here on a Friday. On matters of votes of censure — and we have discussed this before — there is a clear and very important difference that we all understand. I therefore presume that Friday is a working day for this Parliament, and those that do not attend it are making a decision about their priorities.

Secondly, the matter of putting off the fishing debate — and there are other issues, such as road transportation and tachographs, which are of equal importance to the Community and are due for debate. I think the reasons given by Mr Kofoed are totally unsatisfactory. Every time this Parliament has tried to debate fishing, Mr Kofoed has got up and suggested it be postponed. He did so in October and in November and, now he is doing so in December. On that record it is a fair certainty that he will be asking for the same thing in January.

The issue before this Assembly is that fishing is a very important subject which will be discussed in the Council and the Commission on these very days. That is the very reason why this Parliament should consider all the arguments, taking into account the extent of differences and agreement within the Council and the Commission, and then take the opportunity to put forward its own ideas in debate. Mr Kofoed knows that there is a resolution from the Committee on Agriculture, which has spent considerable time in getting its resolution ready for this Assembly. If the argument is that Mr Kofoed cannot be here on Friday — and I note this was not put forward by Mr Kofoed — I shall not argue, because I presume he will be here on Friday if this House decides to debate the matter.

The sole issue we have to decide upon is therefore whether we wish to put it off because the Council has not come to an agreement about the Commissions' proposal. This is the very area in which this Parliament should be expressing its opinion. If they cannot reach an agreement in the Council, what are we supposed to do here? Wait until they find one and then tell them whether we agree or not? No. The decision of this House surely must be to discuss these issues, and Friday is the best day to discuss it.

Decisions will have been taken by some of the Council Members and we may be presented with further difficulties, but that is the very time when this House would express its opinion, and not wait until decisions have been taken by the Council.

(*Applause from the Socialist Group*)

**President.** — I call Mr Houdet.

**Mr Houdet, chairman of the Committee on Agriculture.** — (F) Mr President, you must have been expecting me to comment on the agenda as a whole. I was awaiting the appropriate moment to do so; the remarks by Mr Hughes on the possibility of the report on the regulation on fisheries being deferred till January leads me to speak now.

I am fully aware, as are all the members of this Assembly, of the difficulties you have had, Mr President, and which the enlarged Bureau has experienced in organizing the debates for this particularly heavy part-session. You explained those difficulties a few moments ago. Nevertheless, I must, on behalf of the whole Committee on Agriculture, express our deep regrets about the place which is usually given in the agenda to matters concerning the common agricultural policy.

There are some subjects which are of vital importance. During this part-session we have two: the debate on the improvement of the milk market and the debate on the regulation on Community fisheries.

Our Committee on Agriculture, at the request of the Commission, has given long consideration to these matters: we have met several times both by day and by night. We are ready to present during this part-session two resolutions, one on improvements in milk marketing and the other on fisheries.

I only regret that you have placed the debate on the milk products sector on Monday evening, at a time when most of our colleagues are still detained by their national commitments — I notice by the number of empty seats that there will not be many present this evening — whereas the regulation on the improvement of the milk product market is of considerable importance to our nine States.

As regards the regulation on Community fisheries, I think that, as Mr Hughes pointed out, we do have certain deadlines, particularly 1 January 1977. I therefore regret that Mr Kofoed cannot present his report on Friday morning. However, I would ask you that if this report is considered during this part-session it should not be on Friday morning, just as I asked that the report on improvements to the milk products market should not be on Monday evening.

I wrote to you on behalf of the Committee on Agriculture, which *unanimously* agreed, to ask you to place these two important reports in the middle of the week.

However, the regulation on Community fisheries has been placed on the agenda for Friday morning together with 15 other reports or oral questions. There will only be 3 hours of debate for 16 items on the agenda. But the report by Mr Kofoed and the numerous amendments which will be tabled require

at least 2½ hours debate: this means in practice that you are prepared to defer the 15 other items on your agenda. Once more, Mr President, I would tell you that we are unhappy about this.

Parliament is going to have to decide once and for all that matters of importance to the common agricultural policy, the most active Community policy, should not be discussed at times when it is impossible for the majority of members, whatever their nationality, to be present.

(Applause)

**President.** — Mr Houdet, you have spoken with convincing fervour and have received some applause for your pains. I feel bound to point out, however, that the decision as to what is an 'important matter' is extremely subjective. You claim that the important items on the agenda are the debates on milk and fisheries. The Commission for its part attaches most importance to the budget debate in this part-session during which we shall in fact be holding a conciliation procedure on the matter with the Council. For the latter too, this matter is the most important one. There is also the statement by the Commission, its testament to posterity on which we shall have to give an opinion. Other members regard the improvements to the transport policy as the most important matter, while Miss Flesch emphasises the significance of the North-South dialogue. These are *all* important matters and, after studying them for four long hours with the chairman of the political groups and the members of the enlarged Bureau, I am myself incapable of classifying them according to their importance.

Of course, the ideal solution would be to deal with all 54 items on Wednesday. If you are capable of doing so, then go ahead! If we are not capable of doing so, let us spread out our business over the days at our disposal as best we can, and run the unavoidable risk that some people will be dissatisfied at seeing their own 'priorities' neglected. There will not be a proper solution to this problem until Parliament has been elected by direct universal suffrage and can hold longer part-sessions than we can expect to hold at present.

I call Mr Laban.

**Mr Laban.** — (NL) Mr President, I should just like to express support for Mr Hughes and Mr Prescott, who are members of my group. Parliament has held many debates linked to oral questions on both milk and fisheries, after which these matters were referred back to the Committee on Agriculture. They spent many hours on it without producing any concrete proposals. Last month Parliament deferred all sorts of items on the agenda until the December part-session although they knew that difficulties would arise.

The Committee on Agriculture has now taken a decision on one important subject, Mr Kofoed's report, and this has been placed on the agenda. We must get used to the fact that Friday is a normal working day. Furthermore it is necessary for Parliament to take a decision since as far as I know — it is still unofficial — the British Government intends to take unilateral action to protect fish stocks, in particular herring, as the result of which the Member States would no longer be able to fish there. We feel that the debate must take place on Friday. You are quite right in saying that it is a normal working day. If necessary, speaking time will have to be shortened, but Parliament must issue this opinion. I therefore support those who argue that the Kofoed report should be discussed and I hope that you, Mr President, will now ask Parliament for a decision on this.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — *(DK)* Mr President, we have now discussed the fisheries policy for almost two years and the time has finally come when we have to take a decision. But even if you, Mr President, say that Friday is just as good as any other day and that it is a working day — and there we have to agree with you — we must admit that on Fridays it is easier for some groups to come than others and that this is a question that has been dealt with in national terms during the discussion.

*(Protests from various quarters)*

It would therefore be incorrect to take such an important decision on a Friday and on behalf of my group I therefore recommend, Mr President, that you consider replacing one of the items deleted from Wednesday's agenda or the first item on Thursday by the debate or else postponing it until the January part-session as proposed by Mr Kofoed.

**President.** — I call Mr Howell.

**Mr Howell.** — Mr President, I find myself very much in agreement with Mr Houdet and others who feel that this matter should be discussed at this part-session and if it is not convenient to discuss it on Friday then it should be discussed on Tuesday. This is a real live issue which ought to be discussed at this time and much more important than the procedural debates which we are proposing for Tuesday. But in any event, Mr President, I believe it is utterly wrong that any member of this Parliament should be able to veto a debate and that is what is happening in this case because the rapporteur cannot be present. Surely some other person could present this report and no member of this Parliament should be able to veto an issue in this way.

*(Applause)*

**President.** — I call Mr Giraud.

**Mr Giraud.** — *(F)* Mr President, I would like to say simply that the Socialist Group finds it unacceptable

that at the beginning of every part-session the agenda is disrupted. It is sometimes its own fault; but not this time. I therefore ask you to keep to the agenda: since Friday is a day of abstinence, it is the perfect day for discussing fish ...

*(Laughter)*

**President.** — Ladies and gentlemen, now that this mini-marathon is over, I should like to thank our British colleagues for pointing out that Friday is a normal working day. I hope that their enthusiasm will bring the whole House round to this point of view.

Having said this, I should like to know whether the Committee on Agriculture has adopted an opinion on the Kofoed report.

I call Mr Houdet.

**Mr Houdet, chairman of the Committee on Agriculture.** — *(F)* Mr President, the Committee on Agriculture and Mr Kofoed are at Parliament's disposal and are ready to present this report during this part-session. The amendments have been considered. Mr Kofoed has tabled a draft motion for a resolution, which was adopted by the Committee on Agriculture. We are ready to present this report tomorrow. The only thing I regret is that our important reports, whether on fisheries or on milk products, even granting the fact that important is a relative term, are usually placed on Friday morning's agenda, which may suit some delegations but which is inconvenient for many others.

I would like the two reports in question to be placed in the middle of the week. Or at least, since that would probably not be possible, might it be possible, since two items of the agenda have just been dropped, to substitute for one of them the report on fisheries on either Wednesday evening or Thursday?

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — *(DK)* Mr President, I am prepared to be present on Friday. I shall certainly give consideration to it, but like the chairman of the Committee on Agriculture I feel it would be preferable to hold the debate on another day and I am willing to withdraw my own Written Question about Ghana if that will help.

**President.** — Since the Committee on Agriculture has adopted a motion for a resolution, there is no need to postpone consideration of this matter. As for the De Koning report, it is not possible for us to accept Mr Houdet's request to move this item to another day.

I call Mr Scott-Hopkins.



**Mr Scott-Hopkins.** — I wish to take up what you have just said, Mr President. It is within my recollection and I hope the rest of the enlarged Bureau's, that it was decided that we would be debating Mr de Koning's report on milk products today, and that we will be taking the vote on it tomorrow morning. This was, I understood, the decision of the enlarged Bureau. Would you please clarify that point, Mr President?

**President.** — Various points of view were put forward in the enlarged Bureau. One of them, which was put forward particularly emphatically, was that it is preferable to vote immediately after discussion and that exceptions to this rule should only rarely be admitted. One such exception is when a particular quorum is required. Thus, for the budget we shall be holding the discussion and taking the vote separately.

It has, however, been agreed that for the De Koning report the vote will immediately follow the debate.

I call Sir Peter Kirk.

**Sir Peter Kirk.** — Mr President, I hesitate to pit my memory against yours, but my memory of the discussion is absolutely clear. It was decided in the enlarged Bureau that the debate would take place this afternoon, and late into the night if necessary, but that the votes would take place tomorrow morning. There was no doubt in my mind that this was so and I have discussed it with other colleagues and there is no doubt in their minds that this was the decision of the enlarged Bureau.

**President.** — I call Mr Durieux.

**Mr Durieux.** — (*F*) On this point I would like to confirm what Sir Peter has just said. Indeed, I announced at the group meeting, with the approval of my two vice-chairmen, both also members of the enlarged bureau, that the vote would be held on Tuesday morning. This is what, like a number of my colleagues, it appears, I gathered from the meeting of the enlarged bureau.

**President.** — I call Mr Yeats.

**Mr Yeats.** — Mr President, I am afraid I must disagree with what Sir Peter has said and what Mr Durieux has said, and agree with you. I am in absolutely no doubt that the decision of the Bureau was to take the vote tonight. I am particularly sure because it was suggested that perhaps we could put on the agenda that the vote would be taken tonight *or possibly* tomorrow morning if the debate ran so late that it was not possible to have the vote tonight, and I said we ought not to encourage people to think that the vote could be taken tomorrow if it was at all possible to take it tonight. And this was the view taken by the Bureau. I am in no doubt about this because we had quite a discussion on it.

**President.** — Well, the House now knows all the enlarged Bureau's secrets. In order to ensure a sufficiently high attendance this evening it was agreed that the vote should be held today, subject to the possibility, in the event of there being too few members present, of putting it off until tomorrow evening.

I call Mr Martens.

**Mr Martens.** — (*NL*) Mr President, I should just like to endorse what you and Mr Yeats have just said. The vote must indeed be taken tonight.

**President.** — I call Sir Geoffrey de Freitas.

**Sir Geoffrey de Freitas.** — Mr President, I regret that we should have to debate a ruling that you gave when presiding over the Bureau. Your ruling was correct. The enlarged Bureau decided — and my colleague here endorses this — that we should debate today and vote today.

**President.** — I think that the British delegation to the enlarged Bureau, who understand French very well, may have been misled by an error of translation. It does not matter very much.

I call Mr Deschamps.

**Mr Deschamps.** — (*F*) Mr President, I would like to thank you on behalf of the Committee on Development and Cooperation for mentioning a moment ago Miss Flesch's question on the North-South dialogue as one of the questions which were to be considered important.

By letter of 29 November, Miss Flesch, chairman of the committee, speaking to you on behalf of the committee, asked you specifically not to place this question on Friday's agenda. I would therefore like to make a practical suggestion: during this part-session the only important question on cooperation and development is Miss Flesch's question. The other, by Mr Kofoed, on the seizure of EEC firms in Ghana, deals with a particular point which, in my view — our two colleagues in the Liberal Group might come to some agreement on this — should give way to the more general question by Miss Flesch which is more urgent and more important. Therefore, as you have already deleted the report by Mr Schwörer, initially planned for Thursday morning, and as I do not think it would be difficult to convince Mr Kofoed to give to his colleague Miss Flesch the time he planned to devote to his question on Ghana, I would ask you to substitute for Mr Schwörer's report, 'in exchange' for Mr Kofoed's question, Miss Flesch's question on the North-South dialogue. As a question which concerns the whole Parliament, and in the light of recent decisions is extremely topical, I feel it is more important than many others.

**President.** — I call Mr Evans.

**Mr Evans, Chairman of the Committee on Regional Policy, Regional Planning and Transport.** — Some comment has been made which casts doubt upon whether Friday is a working day or not. Could I ask members to look at the agenda where they will find that there are no less than 15 items and we only have 3 hours to discuss them. So if Friday isn't a working day then I don't know what it is. The other thing I would draw your attention to before I turn to my specific point, Mr President, is the amount of time that the enlarged Bureau have allocated to the debate by Mr de Koning, to the budget debate and to the debate on the statement by the Council of the European Communities. Quite frankly, when one looks at the length of this agenda, the times allocated are disgraceful and I would suggest that the enlarged Bureau look again at the allocation of time for those debates.

But to be more specific, Mr President, and to return to Friday and to items No 338 and No 289, I think everyone appreciates that some of our German colleagues have difficulty getting to Parliament this week and I hope to speak to Mr Seefeld tonight about Item 289, but I do understand at the moment that Mr Seefeld is not asking that this item be brought forward on the agenda. With regard to item No 338, the report by Mr Schwabe on behalf of the Regional Policy Committee, my difficulty here, Mr President, is that the Council of Transport Ministers are meeting on Thursday afternoon and they require Parliament's opinion on this proposal as far as bracket tariffs for the carriage of goods are concerned. Therefore could I suggest to Parliament that item No 338 be brought forward on the agenda and taken without debate, because I am quite sure it does not need to be debated. My committee unanimously adopted that report and at least it will save some time on Friday morning. Would you accept, Mr President, that Item 338 be brought forward before Thursday afternoon and be taken without debate?

**President.** — I call Mr Notenboom.

**Mr Notenboom.** — (NL) Mr President, my question will be no surprise to you. I think it is a pity that the chairman of the Committee on Budgets cannot be present here today. I shall have to be my own advocate as it were.

I am talking about the interim report which bears my name. This is incorrectly described as a report but is fact it is an interim report which has been distributed as Document No 470/76. The Committee on Budgets has decided not to go into the technical side of this matter but to suggest to Parliament that no opinion should be issued on this in order to force the Council finally to take a decision on the directive. You will of course realize how important this is. This report would no longer have any point in January. It still has

some sense at the moment and the whole thing can be dealt with quickly since it bears some relation to the draft report by Mr Shaw. I ask you on behalf of the Committee on Budgets to see whether you can find a little place on the agenda for this report either in combination with the Shaw report or directly afterward. The House can then if it wishes discuss Document 470/76 this week in a short but serious way. I presume that you know the background to this question very well. I therefore suggest to Parliament to decide accordingly.

**President.** — I call Mr Springorum.

**Mr Springorum, chairman of the Committee on Energy and Research.** — (D) I now have a guilty conscience about the request I should like to make, but the same applies to us as to Mr Notenboom and the Committee on Budgets. We submitted two items concerning additions to Community legislation, which are both due to be discussed, one by the Council of Research Ministers on 18 December and the other by the Council of Energy Ministers. They would both become meaningless if they could not be passed this week in Parliament. They can both be passed without debate. They will require no longer than three to five minutes. However, they would lose their meaning if we did not discuss them until after the meetings of the Councils of Ministers. One item is concerned with the consultations on the JET project, the other with aid to coking coal, to be discussed by the Energy Ministers on 21 December.

I should therefore be extremely grateful if these two items could be passed without debate, if necessary on Friday. The Committee on Energy and Research supported both items by an overwhelming majority and the result would not be any different here in the Assembly. But they simply must be passed this week.

**President.** — I call Mr Giraud.

**Mr Giraud.** — (F) Mr President, I would like, on behalf of the Socialist Group, to make a suggestion. Since the President-in-Office of the Council will be speaking on the results of the European Council of 29 and 30 November and since the question of North-South relations were dealt with at that Council, our colleagues could deal with this matter during the debate on the results of the European Council without the matter being specifically entered on the agenda.

**President.** — I would say to Mr Springorum that I understand that it is necessary to consider the two reports he has just mentioned during this part-session and if they can be adopted without debate on Friday I agree to enter them on the agenda.

Mr Notenboom, I could enter on Friday's agenda the proposal for a regulation on the replacement of financial contributions by Member States by own resources. This cannot be considered on another day since

**President**

certain other items have been added to the agenda apart from the motion of censure. There are also the proposals from the President-in-Office of the Council on a concertation procedure which compel us to adjust Wednesday's agenda. If you don't mind I shall therefore enter it at the end of Friday's agenda.

As far as Mr Giraud's proposal is concerned, I would say to Mr Deschamps that since the Council has had an opportunity of giving its opinion at the summit meeting at The Hague, at which the North-South dialogue was discussed, we could easily extend our exchange of views with the Council to include the Commission and thus hold a single debate, while it would be difficult to arrange for a special item, parallel to this Council statement, for a discussion with the Commission on the North-South dialogue.

Mr Brinkhorst, President-in-Office of the Council, has informed us that he will convene a 'budget' Council meeting in Luxembourg at 12 a.m. on Wednesday and he would be glad if we could hold budgetary concertation with the Council at the beginning of the afternoon of the same day. This proposal for additional concertation during our work on the budget is something which we should not reject but welcome and, if necessary, we should adjust our order of business accordingly. We must therefore enter the questions to the Commission in the agenda of the morning sitting and set aside the afternoon for concertation and questions concerning the Council. In other words, Wednesday morning would be taken up by Question Time, the oral question on trade with Japan and the statement — followed by debate — by Mr Ortoli on the Commission's activities during its period of office. The afternoon would be devoted to the statement — followed by debate — by the President of the Council on the European Council in The Hague, the oral question on COMECON and the oral question on the environment programme.

The joint debate on the oral questions on the steel industry would take place on Thursday morning at 10 o'clock, instead of the Schwörer report, as the President of the Council has promised to be present on Thursday morning for that debate.

There would be no other amendments to the order of business, except that Friday's programme would be supplemented as proposed a few moments ago.

I call Mr Deschamps.

**Mr Deschamps.** — (F) Although you did not mention it among the points to be dealt with during the debate on the statement by the Council, can I consider that the oral question by Miss Flesch is included?

**President.** — As I have just said, it is difficult to fit this question as such in the agenda but Miss Flesch

should speak in the debate with the Council and, if necessary, put her question to the Commission at the same time.

**Mr Deschamps.** — (F) I am simply asking that account be taken of it in calculating her speaking time.

**President.** — Agreed

I call Mr Lücker.

**Mr Lücker.** — (D) On behalf of my group I should like to announce that we propose to draw up a motion for a resolution for Thursday, in which Parliament is to deliver its opinion on the European Council. We want to discuss this first with the other groups. I am therefore simply announcing our intention. Since we cannot conclude our discussions with the President of the Council with a motion for a resolution, in our view the groups should pass a motion for a resolution embodying our opinion on the Conference of the European Council on Thursday, when attendance in Parliament is still high. The motion can be fairly short and the text would have to be prepared. We should therefore like an appropriate time to be set aside for this on Thursday.

**President.** — To wind up this item I propose that the debate on the motion of censure should be held tomorrow at the end of the proposed agenda. It is in fact quite possible — and I hope that the Commission will take part in the debate — that the matter will be concluded somewhat differently.

The order of business would thus be as follows:

*This afternoon on resumption*

— Joint debate on the De Koning report on the milk sector and the oral question to the Commission on the same subject

*Tuesday 14 December 1976 at 9 a.m. and 3 p.m.*

— Statement by the Commission on the action taken on the opinions of Parliament

— Joint debate on the Berkhouwer report, the third Hamilton report and the Memmel report on the amendment of Parliament's Rules of Procedure

— Shaw report on the Financial Regulation

— Terrenoire report on ECSC levies and operational budget for 1977

— Bangemann report on the discharge for the financial years 1972, 1973 and 1974

— Cointat report on amending budget No 3

— Schwabe report on road transport (without debate)

*From 11.30 a.m. to 1.00 p.m.: Question Time*

— 3.00 p.m.: Introduction and discussion of the supplementary Bruce report on the draft general budget of the Communities for the financial year 1977

— Possibly, continuation of the morning's agenda

— Debate on the motion of censure

**President**

*Wednesday, 15 December 1976 at 10 a.m. and 3 p.m.*

— *Question Time*

- Oral question with debate to the Commission on trade with Japan
- Statement by the President of the Commission on the Commission's activities during its period of office (followed by debate)
- Statement by the President of the Council on the meeting of the European Council in The Hague (followed by debate)
- Oral question with debate to the Council on COMECON
- Oral question with debate to the Council on the Communities' environment programme

*Thursday 16 December 1976 10 a.m., 3 p.m. and, possibly, in the evening*

- Joint debate on the questions to the Council and Commission on steel
- Question to the Commission on the seizure of undertakings in Ghana
- Question to the Commission on the craft trades industry
- Delmotte report on the European Regional Development Fund
- 5.00 p.m.: Vote on the motion for a resolution contained in the Cointat report on amending budget No 3 of the Communities for 1976 and on the draft general budget of the Communities for 1977 and on the motion for a resolution contained in the Bruce supplementary report
- Vote on the motions for resolutions contained in the Berkhouwer report, the third Hamilton report and the Memmel report on the amendment of Parliament's Rules of Procedure

*Friday, 17 December 1976 at 9 a.m.*

- Possibly, continuation of Thursday's agenda
- Procedure without report
- Kofoed report on fisheries
- Scott-Hopkins report on agricultural holdings
- Ney report on the veterinary field
- Fruh report on hops
- Liogier report on the wine sector
- Liogier report on EAGGF aid for 1977
- Joint debate on the Albers reports on transport by inland waterway
- Seefeld report on social legislation relating to road transport
- Question to the Commission on water policy
- Emile Muller report on certain agricultural products originating in Turkey (without debate)
- Kaspereit report on preserved sardines from Tunisia and Morocco (without debate)
- Fleisch report on agricultural products from the ACP States and the OCT
- Interim Notenboom report on own resources (urgent procedure)
- Krieg report on coal and coke (without debate) (urgent procedure)

Are there any objections?

That is agreed.

### 12. *Allocation and limitation of speaking time*

**President.** — After consulting the political groups and pursuant to Rule 28 of the Rules of Procedure, I propose that speaking time should be limited as follows:

#### *De Koning report (milk sector)*

- Council — Commission — rapporteur : 60 minutes
- Socialist Group : 40 minutes
- Christian-Democratic Group : 30 minutes
- Liberal and Democratic Group : 25 minutes
- Group of European Progressive Democrats : 20 minutes
- European Conservative Group : 20 minutes
- Communist and Allies Group : 20 minutes
- Non-attached members : 10 minutes

#### *Budget debate*

- Council — Commission : 60 minutes
- Rapporteur : 45 minutes
- Socialist Group : 60 minutes
- Christian-Democratic Group : 50 minutes
- Liberal and Democratic Group : 35 minutes
- European Progressive Democrats : 25 minutes
- European Conservative Group : 25 minutes
- Communist and Allies Group : 25 minutes
- Non-attached members : 10 minutes

#### *Debate on the meeting of the European Council in The Hague*

- Chairman of the Political Affairs Committee : 10 minutes
- Socialist Group : 30 minutes
- Christian-Democratic Group : 25 minutes
- Liberal and Democratic Group : 20 minutes
- Group of European Progressive Democrats : 15 minutes
- European Conservative Group : 15 minutes
- Communist and Allies Group : 15 minutes
- Non-attached members : 10 minutes

#### *Reports*

- 15 minutes for the rapporteur and for one speaker on behalf of each group, and
- 10 minutes for other speakers.
- 3 minutes for speakers on amendments.

#### *oral questions*

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

Are there any objections?

That is agreed.

### 13. *Time-limit for tabling amendments*

**President.** — I propose that the time-limit for tabling amendments to the Berkhouwer, Hamilton and Memmel reports on the amendment of the Rules of Procedure should be set at 8 p.m. this evening.

Are there any objections?

That is agreed.

14. *List of speakers in the budget debate*

**President.** — I propose that representatives and the political groups should submit the names of Members wishing to speak in the budget debate to the Sessions Office by 12 a.m. tomorrow morning.

Are there any objections?

That is agreed.

I call Mr Prescott on a point of order.

**Mr Prescott.** — Mr President, I only have one matter to raise, that is the proposal as to when this House will reconvene, assuming we are now going to take a break. It was suggested in the documents that the sitting should be resumed at 5 o'clock. Now clearly, the same agenda means that the political groups will not have an opportunity to meet under these circumstances now because it was difficult to predict how long this would take. And clearly each political group has a number of decisions to make about the documents, the speakers and so on. I wonder whether we might possibly consider reconvening at 5.30, to at least give half-an-hour for the groups themselves to be able to make some essential decisions which are required in this matter.

**President.** — Ladies and gentlemen, forgive me for being ironical but it seems that the less time we have at our disposal the longer it takes to decide how to use it. I agree, however, that the sitting should not resume until 5.30 at the earliest; otherwise there is no point in the groups' meeting.

Are there any objections?

That is agreed.

The sitting is suspended.

*(The sitting was suspended at 4.40 p.m. and resumed at 5.30 p.m.)*

IN THE CHAIR: SIR GEOFFREY DE FREITAS

*Vice-President*

**President.** — The sitting is resumed.

15. *Tabling of a motion for a resolution*

**President.** — I have received from Mr Springorum, on behalf of the committee on Energy and Research, a motion for a resolution on the meeting of the Council of Research Ministers of 18 November 1976 (Doc. 456/76).

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

I shall consult Parliament tomorrow morning on the adoption of urgent procedure

16. *Regulations and decision on the milk sector — Oral question with debate: Milk powder surpluses*

**President.** — The next item is the debate on the report (Doc. 414/76) 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 on a coresponsibility levy and measures for expanding markets in the milk and milk products sector
- II. a regulation temporarily suspending certain national and Community aids in the milk and milk products sector
- III. a regulation concerning a charge on certain oils and fats
- IV. a decision setting up a Community action for the eradication of brucellosis, tuberculosis and leukosis in bovines.

This will be debated jointly with the Oral Question with debate, pursuant to Rule 47 of the Rules of Procedure, by Mr Baas and Mr Berkhouwer, on behalf of the Liberal and Democratic Group, to the Commission of the European Communities on milk powder surplus (Doc. 449/76):

Since, contrary to earlier statements made by Mr Lardinois before the European Parliament, it now appears that, despite the drought, the milk powder surplus in the Community will increase even further this winter, does not the Commission consider it necessary that this milk powder, bought up at the intervention price and stored by the Commission should be made available on a broader scale to the developing countries?

As honourable Members will know, the time-limit for tabling amendments to the De Koning report on the milk market was 19 November 1976. The political groups have therefore had enough time to consider these amendments. For this reason, when we come to vote, only the rapporteur and the authors of the amendments will be able to speak on the amendment.

I would like first of all, on your behalf, to welcome Mr van der Stee, the President-in-Office of the Council, who is here to attend the debate on the milk sector.

*(Applause)*

I call Mr De Koning.

**Mr De Koning, rapporteur.** — *(NL)* Mr President, I should like to begin with a reminder that the proposals for restoring the balance in the milk market which have been submitted to us for our opinion, stem from the Commission's action programme examined by the European Parliament in October and on which an opinion was produced. On that occasion there was an exhaustive debate on the background to and the reasons for the Commission's introducing its proposals and the general purport of these proposals. Parliament has already taken a decision on one of the proposals at its October part-session, namely that concerning the non-marketing of milk and milk products and the conversion of dairy cow herds. Therefore it does not seem necessary to me to go into detail about all the various considerations which led us to take up our position in October. I did think however

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it would be useful to recall the main points of our October resolution in the recitals of my present resolution so as to create some continuity between decisions we made in October and the decisions which I would now like to suggest you adopt in this part-session.

In this short introduction I should like to draw attention to two points from my previous report. Firstly we have found that despite last summer's drought, milk production has quickly reassumed its upward trend. This means that the need to restrict production and increase sales is undiminished. We are all pleased by the fact that the mild weather this autumn has considerably reduced the problem of raw fodder supplies. Nevertheless we should not lose sight of the fact that the financial effects of this drought are still very much with us. Across large areas of the Community, farming results for the current year are particularly poor. This presents us with extremely painful dilemma.

On the one hand something must be done quickly to slow down the rise in milk production and on the other the incomes of large numbers of dairy farmers make it hardly feasible to impose extra taxes on them for this purpose. However, the Committee on Agriculture feels that in this dilemma direct measures to limit production have to be adopted even if they require sacrifices from milk producers. Without a reduction in production, in our opinion, the burdens on the common agricultural policy would become greater than is politically acceptable and without a limitation of production the milk surplus will continue to exert pressure on prices on the milk market. We are convinced that it is in the direct interest of milk producers themselves that the milk powder mountain should be eliminated as soon as possible so that a normal pricing system can be reinstated on the milk products market.

With this in mind, I should like to make a few observations on behalf of the Committee on Agriculture on the Commission proposals, observations which are included in the motion for a resolution.

Firstly there is the Commission's proposal to suspend aid to dairy farming. We agree with this. We agree that Community and national aid should be suspended until changed conditions of milk production make it possible to reintroduce this aid. However, we wish to limit the suspension of aid to those measures which directly or indirectly lead to increased production. The Committee on Agriculture considers that it is of paramount importance that the structural improvement in cattle farming should be continued and it therefore also feels that this structural improvement should be encouraged at this time.

It is absolutely necessary for there to be some improvement in the particularly poor structure of dairy farming. We cannot allow ourselves not to encourage this structural improvement over a long period. We are therefore in favour of retaining aid in pasture areas which are not suitable for any other type of production and for projects which help to improve working

conditions without increasing production capacity. We believe that it is quite feasible to make a distinction within the whole package of aid measures between, on the one hand, aid which can make dairy farms more viable and manageable and, on the other hand, aid which will increase production.

Secondly, I should like to make a comment on the levy on milk production and the measures for expanding markets.

The Committee on Agriculture feels that you should approve the proposed levy of 2.5% on all milk produced as from 1 April 1977.

The Commission of the European Communities suggests that mountain and hill regions should be exempted from this measure. We agree with this. The production conditions in the mountain and hill regions are so difficult that it does not seem acceptable to us to impose an extra levy on production there, but we feel that this argument is also valid for the less favoured areas, which must also therefore be exempted from this milk levy.

I should like to emphasize once again, as I did in my previous report on the Commission's action programme, that the European producer groupings must really be closely involved in the management of the revenue from this levy and its use and we expect the Commission to submit proposals to this effect, better proposals than it has made on this point in the past.

The Committee on Agriculture approves the measures for expanding markets. It is particularly in agreement with the school milk programme although we feel that this should not be limited to whole milk but that semi-skimmed milk and milk products should also be included.

We believe that the yield from this levy should be used exclusively for the traditional marketing of milk products and in this we consider food aid to be of particular importance, a food aid programme set up for a number of years and in which everything should be done on our side to make the distribution of that food as efficient and as good as possible, bearing in mind the question of public health.

The third measure is the levy on vegetable oils and fats. Last October there were bitter discussions in Parliament concerning this subject and undoubtedly there are more to come. I have to say that we have been at loggerheads in the Committee on Agriculture and I expect that the same thing will happen during this plenary sitting. A small majority in the Committee on Agriculture is of the opinion that the milk levy is acceptable but only if a levy is imposed on vegetable fats at the same time. A large minority of the Committee on Agriculture rejects such a levy on vegetable oils and fats completely. They have brought forward arguments concerning the interests of the consumer, GATT regulations and the problem of the developing countries. As far as this last point is concerned, I would like to point out that just before

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this sitting a delegation from the ASEAN countries asked me to take note of the objections which they have against a levy of this sort. They argued forcefully that such a levy should not be imposed, because palm oil and coconut oil were already in a difficult position on the European market.

I am afraid that it is not easy to come together on a compromise and that therefore Parliament will now have to make a choice between these two standpoints.

Finally, the Committee on Agriculture approves the accelerated implementation of programmes to eradicate a number of cattle diseases.

We feel that such action can kill two birds with one stone. On the one hand the general health of cattle stocks will be improved and on the other hand it will reduce milk production.

We all recognize that the common agricultural policy is under great pressure, particularly from the system of monetary compensatory amounts which is having intolerable financial consequences. The sacrifices coupled with this no longer bear any relationship to the objectives which were originally intended. We have unfortunately to admit that the Council is at the moment not able to solve this problem, but I should like to take this opportunity to urge once again the Council and the Commission to do their utmost to find a solution to it.

Secondly, a presumably structural surplus of milk products is laying an unacceptable burden on the resources of the European Agricultural Guidance and Guarantee Fund. The pressure from these surpluses can and must be relieved. The proposals which the Commission has submitted to us offer a viable course, although in our opinion a few corrections have to be made and we must make an exception for the levy on vegetable oils and fats — this is the opinion of the majority in the Committee on Agriculture. We consider that acceptance of the Commission's proposals is in the interests of the Community as a whole and also in the interests of milk producers and milk consumers. I therefore ask Parliament to endorse the opinion of the Committee on Agriculture as expressed in the motion for a resolution.

*(Applause)*

**President.** — I call Mr van der Stee.

**Mr van der Stee, President-in-Office of the Council.** — *(NL)* Mr President, it is an honour and a joy for me to be given the opportunity today to be among you during this particularly important debate on the problems concerning the Community's milk policy. I should like to emphasize once again — as Mr De Koning has already done — that these are matters of the greatest concern from the social economic and political points of view. Our success or failure in finding a solution for the milk question will undoubtedly have repercussions over a wider area. I am thinking not only of the agricultural sector as such but also of the efforts towards the further unification of Europe. The solving of this problem will remove a

serious threat to the continued existence of the common agricultural market and this common agricultural market is still the most important pillar of our present day European Community. Against this general political background, I am determined to work towards a responsible decision on the package of measures at the next meeting of the Council.

Thanks to the preparatory work done by the Committee on Agriculture and particularly thanks to the excellent report drawn up by the rapporteur, Mr De Koning, you are fully conversant with the policy on milk. Would this not be so, you will presently be hearing my friend Mr Lardinois who will certainly underline the essential parts of this package and its social, economic and political implications. I speak here as the President-in-Office of the Council who must next week lead the discussion on these questions. This will certainly not be an easy meeting and I am convinced that Parliament will understand that I have to make it clear at this moment that I can only make very general statements here. My role today is much more to listen to what you have to say so that I can personally make a detailed report on it to the Council. As you already know, during the last two meetings of the Council an initial exchange of views took place on the action programme which the Commission submitted to the Council last summer. In addition I have made personal contact with my colleagues outside Council meetings. I have visited the capitals of all the Member States and, from the knowledge I have gained from all these contacts, I believe I may say this.

In the first place my colleagues and I are all convinced of the need to take as effective action as possible in the milk sector in order to reverse the present trend of an increasing gap between production and consumption. The press is exaggerating the surpluses and the Community's expenditure on the milk sector but the basic facts are quite awesome in themselves. In 1975 the amount of skimmed milk powder offered to intervention was 850 000 tonnes. In terms of liquid milk, this figure represents 11.4 % of the total volume of milk delivered within the Community, which is 82 m tonnes. Community expenditure on the milk sector was more than 2 000 m u.a. in 1975 and even that is too much, even if we take into account that this is a sector with approximately two million businesses which directly and indirectly create jobs for a lot of people. We are all agreed that a programme must be implemented in the milk sector including measures influencing both consumption and production. We are also agreed that these measures must be universally applicable and that the producers concerned must as far as possible be involved in the drawing up and implementation of these measures. In this context, the concept of responsibility must not refer exclusively to the financial aspect but must be given a wider interpretation. In other words in future there must be wide-ranging consultations between national and Community authorities and the professional organizations concerned.

**Van der Stee**

The action programme which the Commission has submitted to us includes measures which demand a positive approach. My colleagues and I have, by an overwhelming majority, welcomed this initiative in which the Commission has brought to bear all its technical know-how, its imagination and its reason. This is certainly a compliment for my friend Mr Lardinois for whom this is presumably the last part-session of Parliament in his present function.

There have of course been some differences of opinion on the proposed measures for curbing milk production. These differences are mainly concerned with the divergent economic and social structure of agriculture in the Member States. This is another example of the unremitting stagnation in the further development of the Community particularly with regard to a common economic, monetary, social and regional policy. The common agricultural policy cannot really succeed unless there is a policy for the other sectors as well. Without such an intention, even the common agricultural policy is ultimately destined to failure. Although there is structural overproduction in the Community as a whole, not all Member States are meeting their own total demand. This situation itself often creates a divisive attitude to measures such as the non-marketing premium and the coresponsibility levy which aim at curbing production.

A second complication lies in the particular role which milk production plays in the economy of certain regions where it is often the only or primary source of income for the population. This situation also has repercussions on the forming of an opinion on a policy which is aimed at the stabilization or reduction of production. A third point is the willingness to accept some limitation or a suspension of aids to investment. Clearly this willingness depends on the degree of rationalization in milk production. It is also clear that the solutions which have to be found for all these questions must be acceptable within a Community framework. The structural overproduction in the milk sector is now a question for the whole of the Community. And we should, in this context, be working towards responsible and pragmatic arrangements on the basis of the principles of the common agricultural policy.

Fortunately, the initiatives which the Commission has submitted to us for increasing consumption, to be financed from the yield of the coresponsibility levy, encounter less objections and difficulties. But we must be realistic and recognize that these measures are not sufficient in themselves to restore a balance — and so I come to the indirect measures which affect the sectors in competition with the milk sector. I mean in particular the levy under consideration by the Commission on vegetable oils and fats.

Mr President, Mr De Koning has raised a number of points on this subject which will also come up at the

Council. My enquiries have shown that there are also considerable differences of opinion in the Council. Some Member States consider this levy to be a necessary concomitant of the action programme. It would stimulate consumption of milk products and a better market balance would be created between the various vegetable and animal oils and fats. Other Member States however think the levy will only have a very slight effect on milk consumption. According to these States, the levy would cause disruption of the markets and political difficulties with countries which are our major suppliers of these products including — and I should like to emphasize this — many developing countries. Furthermore this levy would itself require a cumbersome and expensive collection system. There is also a difference of opinion about the proposal concerning the exclusive use of milk ingredients but I think that a non-doctrinaire approach will enable this question to be solved. Finally I should like to say that in my opinion the distribution of milk to school children as laid down in the action programme and the eradication of certain contagious animal diseases are proceeding satisfactorily.

All this means that I am not pessimistic about finding realistic solutions in agriculture for the problems which I have just described. I hope the comments you make on the most controversial points will be treated with all due respect by the Council when it meets next week. I am convinced that the Council — probably meeting for the last time under the inspiration of my friend Mr Lardinois — can also come to an acceptable compromise on many other difficult questions with reason and good sense. Because, Mr President, an acceptable arrangement in the milk sector is of importance not only to the farmers but above all to Europe whose interest we so willingly serve.

*(Applause)*

**President.** — I call Mr Berkhouwer to speak to the question.

**Mr Berkhouwer.** — *(NL)* Mr President, this problem is not all that difficult to understand. I can explain it quite briefly.

In previous debates, Mr Lardinois impressed upon us that the expectation was that the milk powder surplus would decline considerably next winter, that is to say the winter which is just beginning, because the stock of winter fodder would be smaller and more expensive after summer's drought and farmers would slaughter cattle instead of putting them in the byre. From the data available it appears that this has not happened and that the production of milk and milk powder is still rising and therefore I should also like to ask what explanation Mr Lardinois can give us for this.

The second point is that Mr Lardinois' earlier speeches were, to put it mildly, not completely accurate. Is it not correct that the storage of milk



**Berkhouwer**

powder paid for at intervention prices all in all calls for greater expenditure than if one were to send it or give it away free to those countries in Africa and elsewhere that need it? I know this does not solve the big problem. You have the milk powder lying on the quayside in one of the developing countries but then the transport inland and the distribution to the people have to be carried out and this involves a whole number of additional transport problems. However my final question is this: when one gets down to it, is it not better for the surplus milk powder to be sent somewhere, at least to the harbours of the developing countries, where there is the chance that it will be put to good use rather than being heaped up at high cost in cold storage for no purpose at all, since storage charges seem to be rising every day?

These, Mr President, are a couple of questions from a non-expert who is deputizing for someone who is very much an expert, Mr Baas.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission.** — (NL) Mr President, I have little difficulty in answering Mr Berkhouwer's last question. I do not think we differ greatly. We have no need to argue over whether it is better to make milk powder available as development aid than to store it with all the attendant costs and later have to process it into cattle fodder.

However, going back to Mr Berkhouwer's first point, namely that I am supposed to have said that the stocks of milk powder would considerably decrease this winter, things are rather different. I have looked at all the documentary evidence of what I have said on this subject in Parliament and I think that in previous debates on the dairy sector I have always had to say that I did not share this opinion and that on the contrary I thought that, despite the drought and despite the consequences of the drought, milk production for the whole of 1976 would be higher than in 1975 and that milk production between 1 April 1976 and 1 April 1977, i.e. a period which includes the whole winter, would be only very slightly less than in the previous year. I mentioned the figure of minus 1% and this means that it might even be minus 0.5%. However, in view of the autumn we have had, it is even possible that we shall have an equal amount of milk between 1 April 1976 and 1 April 1977 as in the previous year and I cannot visualize how, on the basis of these figures of 0.5% less and 1% less, I could have said that the stocks would decrease considerably. The situation is in fact such that despite the drought and despite the levy at the end of this year we shall have approximately as much milk powder in cold storage as at the end of December 1975.

We can however count ourselves lucky that, thanks to the measures we have taken, the situation has not been made worse by natural forces.

We can only keep the situation in check and no more, and this means that the measures we are now discussing must be executed with the greatest urgency.

I have made my position on the subject as clear as possible because I do not want there to be any fairy-tales in this Parliament's annals about things I am supposed to have said. However, returning to the crux of the matter, I am in complete agreement with Mr Berkhouwer. The best thing we can do with surpluses of skimmed milk powder is to make a large amount available as food aid. We are therefore glad that our proposal for the Community to make 150 000 tonnes available next year will, thanks to Parliament's cooperation, be incorporated in the budget. You know that last year the Council said 55 000 tonnes and no more. That is what the Council of the Ministers of Finance and the Council of the Ministers of Development Aid said. Then the Council of the Ministers of Agriculture decided for one year to add an extra 150 000 tonnes and this plan is still largely being carried out this winter. We have suggested 150 000 tonnes for next year's budget. The Council has reduced this to 105 000 tonnes. Thanks partly to the action of this Parliament, which the Commission has supported, it now seems that in fact we will be able to get 150 000 tonnes for next year. We can go on with this in 1977. In fact, however, our organizational abilities have reached their limit at this point. I think that although more could be done in 1978 and following years than the now accepted 150 000 tonnes for 1977, we shall have to make a start now on the preparations needed for this.

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

**Mr Laban.** — (NL) Mr President, I should like to begin by thanking Mr De Koning for his report which is as thorough as usual and for the explanatory statement which he has made and I should also like to state that I am pleased that the President of the Council is taking part in this debate, which of course, is part and parcel of his duties.

We are girding ourselves for the umpteenth time for a fight or a debate on the structural surplus in the milk sector. Forty minutes of speaking time has been set aside for my group although it is not my intention to make full use of my share and I hope that my colleagues will not use all theirs either. Since 1973 we in Parliament and the Committee on Agriculture have discussed financial coresponsibility on the basis of the memorandum and budget. We have held several exhaustive debates following questions on the milk powder mountain and I must mention here once again that the vast majority of the Socialist Group have always pressed for the introduction of suitable measures and a moderate increase in the price of milk. The Council has never really accepted it and the Commission has never really maintained its position towards the Council but has often let itself be used by the Council to work out vague compromises. 'Kurierien am Symptom' as the Germans call it.

## Laban

The departing agriculture commissioner now says that the Commission — and I would add the Commissioner himself — has failed. In fact he has often thought of resigning but he has never actually done so. I find this rather like being wise after the event. I think it is rather opportunistic to criticize your own policies in this way. However I shall return to this point. He will have another chance next week.

Mr President, not before the milk sector was completely disrupted did the Commission come forward with a more comprehensive plan for reorganizing the milk sector. You know that, although during the October part-session in Strasbourg an exhaustive debate was held on the basis of Mr De Koning's first report, Parliament did not take up a final position. Firstly because there were no definitive proposals and secondly because it was still impossible to assess the consequences of the drought.

On this occasion, Lord Walston, on behalf of the Socialist Group, gave his view on the whole package of measures and I should like to call this to mind. I would only remark that my group broadly accepted at that time the resolution of the Committee on Agriculture as submitted in the first De Koning report because it included the rejection of what, for the sake of brevity, I shall call the margarine levy and this view was subsequently adopted by the European Parliament.

Now the Commission's definitive proposals to the Council are on the table, what was all too clearly to be expected in October has now become evident, namely that the effects of the drought are not as great as was thought, apart from the effect on farmers' incomes as Mr De Koning rightly pointed out. We must however reckon with an average growth in milk production of 1.7 % if we do nothing. My group can come to no other conclusion than that action must finally be taken and that milk production should provisionally be cut back by 10 %. The Guarantee Section can no longer bear to such a great extent the consequences of this policy in the milk sector. More money must be made available for a common structural policy if it is intended to bring within range at least the objectives of the European agricultural policy as well as those laid down in Article 39. The reorganization measures will demand sacrifices from the producers; we realize this and therefore ask that these measures should be implemented in a socially responsible way.

I should now like to make some brief comments on the individual proposals and firstly on the levy on milk which we shall have for a period of three years as from 1 April 1977. The size of this levy will lie somewhere between 2 and 4 %, to be determined by the various partners. Here I should like to point out that even the European agricultural organizations have accepted this levy, under certain conditions. This is quite something; it has been realized that the need is very great. The question arises however whether this

levy will be a real brake on production; we have doubts about this because these measures produce in any case a loss of income to the producer. In the past, for example, the fixing of lower prices with the same effect on incomes in fact prompted farmers to produce more milk.

Thus we have our doubts. It might be thought that quotas would probably have been a better measure, but I should add straightaway that we have to appreciate the fact that this would produce some technical and administrative problems; there are too many milk factories in the EEC. However, it would perhaps be useful if, in this last debate, the Commissioner were to again make clear why he considers quotas to be unfeasible.

Milk produced in hill and mountain areas falls outside the levy and our group agrees with this. We are not however completely agreed on the question of whether in the priority agricultural areas — the problem areas — the levy should remain in abeyance. The Commissioner could perhaps shed some light on this point in public as well. Would such a measure have too disruptive an effect on the total package of reorganization measures?

Whatever the answer to this may be, Mr President, the levy will make money available for the financing of various measures. And I would like to tell you that in general these have the support of our group and I must in the first instance express our delight — we expect the most from this — that part of the yield is to be used for the return of skimmed milk to farms for use as animal fodder.

It is not our intention to oppose the school milk programme although I do not believe — in view of the many repercussions — that many countries are looking forward to it. Nevertheless, we should like to join in the request by the Committee on Agriculture that not only whole milk should be subsidized by this programme but that also skimmed milk and semi-skimmed milk, in fact all the existing varieties with a low fat content. Here I should like to ask once again whether the Commission will consider aid to the purchase and placing in schools and all other public institutions of cooled milk machines which might encourage the drinking of milk. We can also lend our support to an amendment from the Committee on Agriculture making cheap milk available to hospitals and the army.

I would like to make one further comment. The measures to encourage sales are partly financed from the yield from this levy. I do hope however that these measures will be directed particularly to the marketing of drinking milk and no incentives will be given to extra production of Danone or Mona desserts and drinks, the effect of which is only to increase prices to the consumer and which can only take the place of ordinary drinking milk which, when all is said and done, is a natural product par excellence.

**Laban**

One of the most ticklish matters which Mr De Koning and the President-in-Office of the Council have already discussed is the proposed introduction of a levy on vegetable oils and fats. Parliament rejected this in October and I think rightly. Now, with a slightly different team on the Committee on Agriculture, the levy has scraped through. The vast majority of my group is implacably opposed to this levy and I should now like for the last time to summarize our argument. This measure is supported on account of its psychological effect on milk producing farmers. But this is all, because in my opinion it does not do anything for the milk producers. It is naive to expect that consumers will be moved by this levy to use butter instead of margarine. What is in fact happening is that in large areas of Europe aversion to the common agricultural policy is again building up. And however small the levy may be, it gives a further boost to inflation and I think we are agreed that inflation is arch-enemy No 1 in the EEC. It is not the only measure which will encourage inflation. At the end of the day, we still have to take account of a new oil levy by the OPEC countries looming in front of us.

The Commissioner has not ruled out the possibility of this levy having certain repercussions on the export of products from developing countries. I feel that this runs counter to the much-discussed spirit of, for example, the Convention of Lomé. Europe is equivocating on this. The yield from the margarine levy is partly to be used for food aid products or so it seems. A strange way of doing things! The developing countries will in this way finance their own food projects but two-thirds remains at the disposal of the Member States. The Commission hopes that this will be used for development cooperation. Anyone acquainted with the situation knows that any such hopes will be largely disappointed. The Commission knows that at present not many countries are concerned about the financial aspect of their development cooperation. The sorry state of affairs at the North-South Dialogue in Paris is a clear example of this. Mr President, I am convinced that a large part of the yield, however large it may be, will simply disappear into national coffers. I am not speaking only about the difficulties which we shall have within the GATT. It is clear that our group — apart from a couple of members who believe in this measure's psychological effect — will attempt by amendment to remove this levy from the resolution. This is part of its responsibility and the responsibility of Parliament. This is not referring the matter back to the Council. I think there are real grounds for Parliament rejecting the measure itself.

I now come to the temporary suspension of aid measures in the milk sector at both national and Community level, with certain exceptions. It is logical that our group should support this insofar as this measure is designed to counter an increase in production. The question is rather whether investment which is appropriate within the framework of the structural policy or measures which help to improve living conditions should be brought to a complete standstill. My group tends to favour the continuation of this aid

provided that milk production is not increased directly or indirectly by it. In order to help us reach a final position, I would like to ask the Commissioner whether in fact he feels that it is possible to give this aid without encouraging higher production. We subscribe to the proposal for encouraging the slaughter of diseased animals, although we have some doubts about the effectiveness of these measures as long as action based on Article 43 of the EEC Treaty regarding animal diseases is not harmonized. We appeal to the Commission and the Council to make some progress with this harmonization and our group has submitted an amendment to this effect.

I shall not forget to emphasize that the most important and probably the most effective measure will be the premium for the non-delivery of milk. Parliament has already issued its opinion on this and I can therefore be brief. I have the feeling that, some time ago, when the Commission suggested such a measure in combination with moderate price proposals, the distress which we have to deal with today was probably somewhat less, certainly when such a premium arrangement was to be combined, particularly for older cattle breeders, with temporary direct aid to incomes until they began to draw their pensions.

I have already referred to Mr Lardinois' rather belated observation that the Commission has failed. It has failed primarily, it is true, on energy policy but in other areas too it has failed. The Dutch President of the Agriculture Council has blamed the failure of the last discussion of milk reorganization in the Council on the European Parliament which had not issued an opinion. Mr President, I should like to protest against this as forcefully as I can.

Up until now, the Council has hardly ever paid much attention to the opinions which Parliament has issued... often the pistol was put to Parliament's head. Opinions had to be brought out because the Council felt something was necessary and had probably decided on it already in principle. The Committee on Agriculture has worked with the greatest speed on these proposals. We spent whole nights discussing it. At the last session, on behalf of the Committee on Agriculture, I requested Parliament to do this. The agenda was full, there were too many amendments and we therefore had to postpone this discussion until today. But, now that the Council is going to receive this opinion, there is no longer any excuse, the Dutch Commissioner and the Dutch President and the other ministers can now take their decision next week without throwing the blame on the late arrival of Parliament's opinion to the Council. This is absolutely necessary and unavoidable, since if the Council does not take a decision on the whole of this package of measures, then the complete proposal will not come up until April with the price proposals and then you can forget it: the whole action programme will have come to nothing. I therefore hope that the Dutch Presidency and the Commissioner will show their worth next week; in any case Parliament will do its duty today.

**Laban**

I have just to make a brief comment on the question by Mr Baas and Mr Berkhouwer. This request is in line with many speeches here and also corresponds with the recently distributed questions which I have put on this subject to the Council. The Council has replied that the present programme meets the demand of the developing countries and that sufficient money is available. If this is so, and I would ask the President of the Council to confirm this here once again, we have our backs to the wall. In that case, I can support the questioners to the extent of making an appeal to the Commission and to the Council that, if it seems in the future that the demand from the developing countries exceeds the volume now set aside and the money now set aside and if it should appear that there is more need for extra measures, naturally providing that a decent amount of vitamins can be put into the milk powder to prevent blindness among the children who use it, the transport arrangements should be made and the milk powder should go to the people who need it.

*(applause)*

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

**Mr Martens.** — *(NL)* Mr President, ladies and gentlemen, I could begin my speech in the same way as Mr Laban by congratulating the rapporteur and welcoming the presence of the President of the Council of Ministers of Agriculture. However, we have very little time and I should like to get down straight away to discussing the problem itself.

The objective of the Commission's action programme for 1977 — 1980 is to re-establish market equilibrium by a series of complementary measures which form a whole. On the one hand it is intended to reduce the supply of milk to dairies and on the other an attempt is to be made to sell as much as possible of the manufactured products under the best conditions and therefore, despite some objections to individual points, my group will approve the Commission's proposals as a whole. There are in these proposals two very controversial measures. The first is the 2.5 % financial co-responsibility levy to be borne by producers, and this hurts the producers, and secondly there is a corresponding levy on oils and fats, and this of course hurts consumers, margarine producers and the countries which export these products. The term financial co-responsibility does not go down well with our farmers because it is seen as a reproach, as a fine for intentional overproduction and this is quite true. No farmer has deliberately produced more milk than he thought he could or had to produce but nobody can deny that particularly our small and medium-sized farms do not have any alternative. In spite of everything, milk production still yields the best income for the small and medium-size farm. The surplus can certainly not be blamed on an expansion of cattle stocks but a steep increase in productivity towards

which producers are spurred on every year and this is how the present situation has arisen. They have quite simply made use of market conditions, they have used the structure of their industry and I think that they have the right and the freedom to manage their business in this way. However, the important thing is this: the reduction caused by the 2.5 % levy means a loss per cow of 15 u.a. and for an average holding of 12 cows, it means 180 u.a. per year or 9 000 Belgian francs.

Now we come to the second problem, the levy on vegetable oils and fats, and I have the impression that this affair has been approached in a very emotional way, probably owing to insufficient knowledge of the subject. Now the Commission has given us the necessary information so that we know for example what this levy will amount to per kilogram of margarine. What are the effects of this? From the letter which we all received from the IMACE, the Association of Margarine Industries of the EEC — my figures are practically the same as theirs, so they must be correct — I found that, having regard to consumption in the various countries, this levy will cost approximately DM 9 per year in Germany for a family with four children. In France, it will cost approximately FF 17, Italy, I don't know, but in Belgium it is Bfrs 100 because olive oil is not taxed. The Dutch are more seriously affected because they eat a lot of margarine and not so much butter. There they will have to pay Fl 16, in Benelux Bfrs 155, in the United Kingdom £ 2, in Ireland £ 1.50 and in Denmark Dkr 28. The question is whether this will not cause extra inflation. To me, the levy seems very reasonable. Once again, I would like to quote some statistics from the European Communities. I found that the price of margarine in the Netherlands in 1974 was 97 u.a. per tonne, while a year later it was 81 u.a. per tonne i.e. a drop of 16 %: in Belgium on the other hand in 1974 a tonne cost 89 u.a. and 104 u.a. in 1975 i.e. a rise of 15 %, in one country the price fell by 16 % and in the other it rose by 15 % for a product which is made out of vegetable oils for which completely free trade exists.

In June 1973 in the Netherlands, the price of margarine was 73 u.a., in Belgium 96 u.a., in Denmark 146 u.a. Can someone explain to me why there should be these differences in price while the basic material costs the same all over the world, at least for the Community? Turning now to the objections of the United States and the developing countries, we know that the US agricultural exports surplus rose between 1970 and 1975 from \$ 1.600 m to \$ 12.500 m. It is therefore clear that these exports have not been restricted. In 1975 they included 14 m tonnes of oil cake, protein rich fodder, of which 8.5 m tonnes was soya extract and I think that the main supplier of these was the United States. There are a large number of small suppliers in the developing countries but in the main it comes from a single place. Must we therefore, for a product which comes from this market, the

**Martens**

United States, worry about the objections of the United States which itself systematically bars all imports of animal products from the Community, milk and meat. If they limit our imports, there is no reason why we should oblige their wishes. Are their exports of coarse meal not as important as the exports of the oil itself, in the conditions which I have mentioned? 14m tonnes of meal as against 4m tonnes of oil. I think that they also have an interest in supplying the cattle stocks in the Community. As far as the developing countries are concerned, it is clear that the levies to be placed on margarine or vegetable oils will be returned to the developing countries. They have nothing at all to lose. For these reasons my group will approve the whole of the Commission's proposals which, in any case, have also been accepted with certain provisos by the agricultural organizations.

*(Applause)*

**President.** — I call Mr Liogier speak on behalf of the Group of European Progressive Democrats.

**Mr Liogier.** — *(F)* Mr President, ladies and gentlemen, we have had occasion — in the Committee on Agriculture and later in the Assembly — to give our views on a number of proposals made by the Commission to restore equilibrium in the milk market and to absorb surpluses which — it must surely be realized — have become structural.

The drafting of the report had been very happily entrusted to Mr De Koning who merits our warm congratulations particularly for the clarity of his report and for his objectivity in the changes he made to his text following the discussions in committee.

From this mixed bag — and I do not use the term in any pejorative sense, please believe me — two major measures have already been singled out for speedy implementation and on which the European Parliament has given a very favourable opinion, though with certain reservations. These measures are first, the premium for the non-marketing of milk for producers undertaking not to sell the milk or dairy produce from their farms for five years and not to sell their dairy cows except for slaughtering and, second, the conversion premium for producers who supplied at least 50 000 litres of milk in 1975 and undertake not to supply any milk for 4 years. During that time, the farmer has to hold at least as many units of large cattle or sheep as the number held at the start of conversion. If he keeps his cows he has to prove, at the end of three years, that 80 % of his livestock is kept for meat production. 90 % of the cost of these two measures is to be met from the European budget.

But now, to complete the package — if I may so express myself — we have before us three regulations and one decision on which we have to give our opinion: a regulation on a co-responsibility levy and measures for expanding markets in the milk and milk products sector, a regulation temporarily suspending

certain national and Community aids in the same sector, a regulation concerning a charge on certain vegetable oils and fats and a decision setting up a Community action for the eradication of brucellosis, tuberculosis and leucosis in bovines. In addition there is the distribution of milk in schools on which our opinion is not compulsory although we felt we ought to give it.

In our view it is a pity that Parliament should have to consider these five proposals as a package and that only one motion for a resolution should have been tabled in this connection. It would have been better for Parliament to have been able to consider each proposal separately or at least for the motion for a resolution to have been divided into separate sections. That would have allowed members to vote separately on each of the proposals without having to decide on all the measures together. The all-or-nothing policy seems to us wrong in this case.

The point is that my group supports certain of the proposals but rejects others regarded as more basic. If the majority of the members of Parliament wish to support those proposals to which we are opposed, such as the co-responsibility levy, we shall then be unable to give our backing to the whole set of measures, some of which we feel are excellent and would have voted for.

I would like briefly to go over the Commission's proposals to which we can, with some slight reservations, agree. First of all there is the proposed regulation temporarily suspending certain national and Community aids in the milk and milk products sector. Although we regard this measure as severe we are ready to support it on condition that the exceptions that have been put forward are accepted. These exceptions will help to mitigate certain undesirable effects of suspending aid. In addition we would draw the attention of the Commission to the fact that structural policy should not, in general, be used as an instrument for short-term action on the market.

This being so, we are against the complete suspension of aid to dairies because we feel that rationalization and modernization measures in dairies can be a great help in solving problems in the milk sector.

We are also in favour of the proposal for a Community action for the eradication of brucellosis, tuberculosis and leucosis in bovines. The absence of such Community action in so important a field as that of animal health has long been acutely felt.

If this proposal is correctly applied it will considerably improve the health standards of our herds and meat. It will also lead to a reduction in the number of cows and therefore bring about a helpful reduction in milk production.

If the measure is to produce results, however stock-farmers will need to be given adequate incentives to cooperate in it.

## Liogier

The objective will not be reached unless they are given full compensation for the cattle they have to slaughter. Since some Member States do not give 100 % compensation for diseased bovines, we feel that the Community aid proposed in this measure should be passed on to farmers so that full compensation can be guaranteed for them in all Member States. If compensation is insufficient, stockfarmers will not want to participate in the eradication of epidemics and some of them will even be tempted to 'fix things' as the saying goes, so that good quality animals are not slaughtered. Lastly, Mr President, our group approves the proposal regarding the supply of milk to schoolchildren at reduced prices. We feel, however, that this measure should be extended to skimmed and semi-skimmed milk. Only whole milk is referred to whereas most nutritionists agree in recommending semi-skimmed milk for young children. It would also be desirable — as Mr Bourdellès has requested as well — for this measure to be extended to the armed forces. Subject to these reservations, our attitude is very favourable in the hope that national directives will enable machinery to be set up for distributing milk to schools outside mealtimes.

I now come to what I might call the two main courses.

First of all there is the absorption charge, which has now become a co-responsibility levy, a term which in our view is rather unfortunate because it already implies some suspicion with regard to those considered primarily responsible for the surpluses, in other words the producers — in this case all lumped together. With regard, therefore, to be proposed regulation to institute the co-responsibility levy, our group reaffirms its opposition to the levying of any type of financial co-responsibility charge on dairy farmers. The 1977 levy — 2.5 % of the target price for milk — would in fact mean reducing farmers' incomes by the same amount.

We consider this measure unacceptable in view of the difficulties experienced by farmers as a result of the drought, the effects of which will continue to be felt in 1977. For us, imposing a co-responsibility levy on dairy farmers is quite simply a blatant act of discrimination. The Community is admittedly faced, we know, with overproduction in milk but there are also, and have been, surpluses of wheat, beef, pork, wine and other products and no proposal has ever been made to bring in a co-responsibility levy on these products. So why penalize precisely this socially important sector in which milk is sometimes the one and only source of revenue?

However this may be, if serious consideration is to be given to the problem of the co-responsibility of dairy farmers, this must be discussed in the context of the review of agricultural prices. In view of the fact that these discussions will not take place before the new year, we do not believe that now is the time for a decision to be taken on this point.

The Committee on Agriculture, it has to be admitted, nonetheless threw out our suggestions under this heading and approved the principle of the levy although it accepted our restrictive amendment which has become paragraph 6 of Mr De Koning's motion for a resolution: 'is of the opinion that, in the case of the co-responsibility levy which the Commission has stated need not apply to mountain and hill regions listed pursuant to Article 3 (3) of Directive 75/268/EEC, no exception should be made for the less-favoured areas referred to in Article 3 (4) and (5) of this directive.' It is also stated in paragraph 5 that the levy should apply only from 1 April 1977.

This brings us, lastly, to the proposal for a regulation concerning a charge on certain oils and fats, such as margarine. Here we agree with the Commission on the introduction of such a charge since we feel that vegetable oils and fats — used, it has to be said, to make products competing with butter and most of which are imported at low prices by the multinationals — must be regarded as a factor of imbalance on the milk market. If we wish to avoid distortions of competition and to obey the simple principle of Community preference we must protect Community production against such imports. Also, the Commission should ensure that this charge is not passed on in the price of animal feedstuffs often made with soya bean or by-products from the manufacture of vegetable oils and fats.

Full discussions were held in the Committee on Agriculture on the regulation concerning vegetable oils and fats. The most recent discussion culminated in a vote in which all the members, without exception, or their deputies on the committee, took part — the first time, it would appear that this has ever happened. The final result, on the initiative of our group, was approval of the charge on vegetable oils and fats by 17 votes, I believe, to 14, the vote having been conducted by sitting and standing in order to eliminate any risk of mistake. I would therefore expect the same result in the full Assembly if the debate were not being held on a Monday, a day when many of the members in favour of the charge could well be absent.

That, Mr President, is what the Group of European Progressive Democrats thinks of the proposals put before us. It only remains for me to hope ardently that the farmers of Europe, whose eyes are on us, will not, tomorrow, receive a big disappointment.

*(Applause)*

**President.** — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

**Mr Scott-Hopkins.** — Mr President, first of all may I say how glad I am to see the President-in-Office of the Council of Ministers of Agriculture. We welcome the views which he has expressed to us, and are glad to see him here to listen to our debate and to take our views back to the Council. I agree with him that this is one of the most important issues which has faced

## Scott-Hopkins

the Council of Ministers of Agriculture. I only pray that they will come to a decision and not put it off until next time, when it is going to get mixed up in the price review and all the horse-trading which is going to go on in that. I hope this will be a separate issue; and, right or wrong, I hope they will come to a conclusion very quickly on it.

Mr President, I don't know how many times, we have debated this question of milk and milk products this year alone. I think this Parliament is by now heartily sick of the sound of milk slopping through this Chamber, and I think the sooner we can get on top of this issue the better. There is very little new which can be said. It has all been said before. We indeed went as far as moving a motion of censure on the Commission on a small sector of this particular issue during the summer of this year. What has happened, as everyone knows, is that there is too much milk. The President of the Council said that there was now 11.2% — I think that was the figure he quoted — surplus production of milk. The Commission is trying to cut out 10%. Let us hope they do it. If that happens we shall have just over 1% surplus throughout the Community, although I do not think they will succeed, to judge by what they have put forward and the attitude I gather the Council of Ministers have been taking in their previous preliminary debates on this subject, and what I fear may well happen later this week when they will be discussing it again.

But this is the size of the problem. One has to ask oneself why this has happened. We all know this. The answer is that the price of milk over the years has gone high enough to make it productive to produce milk in excess of requirements and put it into intervention. There is no argument about this. This is in point of fact what has happened. Milk is being produced, not for the consumer, but for the intervention price, which is still giving a profit; this is therefore an economic level of production for the farmers concerned. And who are those farmers? They exist in the Community on the mainland of Europe. Are they the big farmers? On the whole they are not: it is the smaller farmers who are *en masse* responsible for the bulk of this particular type of production.

We know quite clearly what the problem is, we have discussed the solutions time and time again. My group is prepared to accept the co-responsibility principle, rather than the levy; because what is a 2.5% levy going to do? This is the extraordinary thing about this particular proposal the Commission have come forward with. Co-responsibility — yes, fine. When you produce a surplus you have to pay the cost of it. But is that actually going to happen this time? I don't believe it will. Let us forget the size of this particular levy for one minute. What one has to ask oneself is: who is going to pay this levy? Is it going to be the producers? Are they going to say: 'we mustn't go on producing, we have got to cut back'? Or is it going to be the consumers who are going to pay just a little bit more? Mr Lardinois shakes his head. I don't know.

Certainly, when we look at margarine, the vegetable oil tax, it looks as though it is going to be the consumer. It is arguable that this levy, depending on its size, would in point of fact be thrown onto the consumer. What will be happening will be a rise in the general food price index.

Now, the Commissioner may argue that this is not going to be so. We have had this time and time again in this debating chamber, and I won't waste the time of the House in going over it. All I would say to the House is: this is a debatable point. Are dairies really going to pass back the levy to beyond the farm gate and cut the farmers' prices? Is it really going to happen? Or are the dairies going to say: 'don't worry boys, we will put the price up a little bit and make it alright for you?' I don't know. One says one thing and one says another. All I would say is that it is a very dubious proposal which is being put forward by the Commission in this respect. I think it ought to be more precise, it ought to be more clearly defined as to who actually is going to pay this, and make clear the those producing are going to have to take a cut in the amount of money they were getting.

It has always astonished me, Mr President, that here we have a Community of nine countries and that some of those nine countries are in deficit in milk production. This has already been mentioned by other honourable Members and indeed it was mentioned by the President of the Council as well. Yet all the countries of the Nine, whether they are in deficit or not, are going to pay the same levies. This is the proposal by the Commissioner. Everybody will pay the co-responsibility levy, even though in the United Kingdom, for instance, we are in deficit in milk production. We import God knows how many hundreds of thousands of tons from other Community countries, and indeed from outside. Nevertheless, the principle is that everybody should pay the same levy, and yet when we start to consider whether it is going to be all farmers who pay this damned levy, what are my honourable Friends, the honourable Gentlemen in this House trying to do? They are trying to say: 'let's exclude this area, let's exclude Italy, let's exclude some people here, some people there, because they are rather hard done by'. It doesn't seem to me that this is an equitable argument, Mr President. It would be better to have equal misery all round and have everybody pay the levy. I would agree with excepting the mountain areas, but excluding the mountain and hill areas, everybody ought to pay the same levy. Either they are in deficit or they are not in deficit as far as milk production is concerned; either they are having a tough time — and my heart bleeds for them — or they are having a good time — and I am delighted for them. But you can't split it up and say: 'let one group do it and not the other'. That doesn't make any sense, and if it goes through — and I hope Mr De Koning will resist the particular amendments which are trying to do this — if all these exceptions are made, then it would seem to be that an exceptionally unfair type of levy was being imposed, and I do hope this really won't be so.

### Scott-Hopkins

My next point concerns the Commissioner's proposals to stop the aids to milk production. I don't think the Commission are differentiating enough between improvements and modernization in techniques of dairy farming, which must not under any circumstances be held back, and those which are actually going to increase milk production in the countries of the Nine. I shall not weary the House, but one could argue that those countries which are in deficit in milk production should under no circumstances have to suffer any kind of cut-back in their aids to improvement of milk production in their countries. There is a strong feeling throughout my country — and a few have said this quite clearly — that it would be a retrograde step if aids to improving the production of milk and the management of the dairy herds were cut back. But I take the point that anything that is going to increase production should not be encouraged and anything that is going to improve modernization and productivity should be encouraged.

That I think should be the differentiation between the two. I think it is awfully difficult to see quite what one is trying to do.

I said in my opening remarks, Mr President, that I thought that the mass of surplus production was coming from the small farmers in France, Benelux and Germany and, to a certain extent, Italy as well. There is no doubt that these proposals are not going to do anything to get them out of milk production. I don't think they will. I don't think the inducements are going to be sufficient. I am quite certain this is what should be done, and I believe that this is where the concentration will have to be.

I believe that, once again, this is going to be not only an agricultural problem but a social problem as well. And we've said this Heaven knows how many times in this Chamber, Mr President: it can't be just the Guidance or the Guarantee Section of the EAGGF that should be responsible or should be much wider — the Regional and Social Funds and the Commissioner responsible for social affairs should also be involved in it.

The structure in many of our European friends' countries is nothing like as good as the structure in the United Kingdom and in one or two other countries, where the small farmer has been persuaded to leave the production field of his own free will.

Now, as time is running out, I wish quickly to turn to vegetable oil. I think the House knows my views on this. There is no way that my group can accept this particular imposition of a levy on vegetable oils. And, frankly, I do not believe that the Council are going to accept it either. We had a hint from the President of the Council of Ministers for Agriculture that some of his colleagues, if not many of them, were opposed to this. (I am darned sure they are, and I am absolutely

certain that our own Minister is adamantly opposed to it — he said so in the House of Commons only last week). Therefore it really is a non-starter.

There is, however, another point that I wish to emphasize and which was made by Mr Martens (I think it was Mr Martens, he has now gone) concerning our ASEAN friends. The House will know that I spent a very enjoyable visit to the ASEAN countries. They say quite clearly that it is very much against their interests. We have entered into undertakings with these countries (Thailand, Malaya, Singapore, Indonesia, and I understand we have some distinguished visitors in the gallery at the moment from Indonesia and the Philippines) to have as much cooperation between us as possible. Yet here we are, Mr President, putting up increasing barriers against them, or making it more and more difficult for them to compete. Already they have to pay 4 % on farm oil, 8 % on coconut and palm kernel oil and 14 % on processed vegetable oil. They are competing at the same time against ACP countries and, indeed, they would find their terms of trade (as far as they are concerned) turning very much against them. This would not be in their interests in any way whatever.

I do believe that we have a duty in this House, following the agreement which has been entered into by Sir Christopher Soames with the ASEAN countries on behalf of the Community, to see that these developing countries do not suffer induly. And the tax on vegetable oil would indeed be highly detrimental to their interests.

Therefore, Mr President, on those two grounds alone my group would oppose, line, hook and sinker, any question of the imposition of the vegetable oil tax.

I would have to say, like Mr Liogier, that as this is a package deal, if this was accepted by the House, my group would feel it would have to vote against the whole of the report.

In conclusion, I do indeed congratulate Mr de Koning on the way that he has brought this forward in his speech. But I hope, most sincerely, that the Commission — the next Commission — is going to be able to bring forward next year more positive proposals to encourage the switch from milk to cereals, and that the Council will do everything it can to help the Commission.

This is the first tiny step forward. If you accept all four measures, or parts of the four measures which have been put forward by the Commission, this is at least a beginning towards dealing with the surplus situation. Let us get the hell out of milk. Let us get ourselves into a surplus position: if we have to have a surplus, let it be in cereals but not in the milk sector. I believe that what the Commission is trying to do is the first tiny step forward. If we take out the vegetable



**Scott-Hopkins**

oil tax, my group will support what the Commission is putting forward.

*(Applause)*

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

**Mr Vitale.** — *(I)* Mr President, ladies and gentlemen, in the few minutes I am allowed I can put the position of our Group only in general terms.

I would recall that in the last two part-sessions of this Assembly in which I took part as a new member — and I take this opportunity to pay my respects to Parliament — we dealt with two basic questions: Mr Laban's excellent report on the implementation of Community directives and Lord Bruce's brilliant report on the budget. We found on the one hand that the 1972 directives had not been implemented and that, in practice, no structural policy of reorganization existed and on the other that expenditure on agriculture absorbed a large part of the Community's resources without achieving a reduction in the considerable deficit in the balance of payments on food and agriculture which was over \$ 4 500 million with the United States alone.

These two questions are not unrelated to those we are discussing today. There is a close connection because it is clear, in our view, that we cannot talk, without hypocrisy, of structural reorganization and an improved balance of payments whilst we are still carrying the millstone of two thousand million u.a. a year to increase the butter and powdered milk surpluses. It would have been fair to have included some element of self-criticism in the reasons for the provisions that the Commission has proposed to us with reference to this option taken many years ago. We are still blaming the surpluses on technological progress. If this were true it would be true for other sectors as well. The truth — and Mr Scott-Hopkins has just made the point — is that the Community, for reasons applying in certain areas and so as not to have to face certain problems of external relations, chose to finance the surpluses and contribute to their formation: milk has been produced to get Community money. But, having said this — and having thus recognized the necessity and importance of solving this problem — we see immediately that, driven by the urgent need to solve this problem which the Commission itself has helped to create — especially in a year which promises to be particularly unfavourable because of the poor grain crop and the probable increase in the price of oil — the Commission unsheathes its sword at this point and strikes out on all sides, proposing measures which in our view, precisely because — as many have pointed out — they are indiscriminate, are thoroughly antisocial and

such as to aggravate the already serious social and regional imbalances in the Community. The proposals are not, in fact, directed towards reducing the target price as a way of discouraging milk production — rather, an increase is to be feared in the prices fixed for next year — but towards higher production costs. In these circumstances I think it is obvious that there will be some stockfarmers, particularly the big farmers with large capital resources, who will react to the measures by increasing their stock of animals and building up production in order to compensate — through economies of scale and technological improvement — the higher cost they will have to bear. Other stockfarmers — the small ones accounting for 75 % and less endowed with capital — will purely and simply have to leave the land and fall into underemployment or unemployment, lacking the large amounts of investment capital that would be needed to convert from dairy cows to meat cattle.

It has been worked out that the 10 % reduction in production would mean the forced departure of at least 400 000 farmers which would swell the number of people looking for jobs. Hence two questions: 1. Is the economy of our countries — or at least of the greater part of our countries — in a position to absorb this additional supply of manpower that we would be creating through these measures? 2. Would we not have as big an increase in production by the large farmers as the reduction in production by the small ones, having simply effected a process of concentration in a few areas and for certain social classes and having framed our measures on this basis.

That is the social problem. Then there is that of regional imbalance. There are areas — like Italy for example — which do not produce milk surpluses but which will be penalized just the same by the proposed measures. When I raised this problem in the Committee on Agriculture I was told that this was a national viewpoint because in an open market it was natural or 'physiological' for surpluses to spill over from the areas of surplus to the areas of deficit. For me, however, this is a specious argument in this particular case. It would be fair if the surpluses had come into being on the basis of a market governed by normal rules but this is not so because, as we said to begin with, it is Community aid itself that has had the effect of multiplying the surpluses. If this is the policy that has been followed for years we cannot suddenly do an about-turn and apply indiscriminately the same measures for correcting the faults of the past.

Our position with regard to the individual proposals is based on these considerations. Firstly there is our outright opposition to the proposal to suspend national aids in the Community's areas of deficit. The harmful thing about this proposal is that it will produce not short-term but permanent effects. It rules

**Vitale**

out any possibility of structural adaptation for the future and tends to make permanent the imbalance that has come into being between areas of surplus and deficit. For the same reason we regard as unacceptable the non-marketing premium applied in the indiscriminate manner suggested by the regulations.

In spite of all this, as I said at the start, the problem exists and measures need to be taken. Hence our position with regard to the other measures. Our opposition to the co-responsibility levy is less rigid on two important conditions. The first is that approval is effectively given to the Commission's recommendation to exempt from the levy not only the mountain and hill regions but all the less-favoured areas, defined on the basis not only of sectoral criteria but also of economic and general social criteria: income per head, employment, interest rates and self-sufficiency. The second condition, of course, is approval of the proposal concerning the charge on certain oils and fats — the vegetable oils and fats we have been speaking about — since it seems to us a political, economic and social absurdity to demand sacrifices from butter and milk powder producers and consumers without at the same time asking sacrifices — and far lighter ones incidentally — from the producers and consumers of other competing products, sacrifices that may, though this is not certain, affect the developing countries but particularly the United States, as Mr Martens has pointed out, and the multinationals since they are the ones who fix prices and terms of sale for the developing countries. Covering oneself in this way means following an old policy that was at its height in the darkest years of colonialism.

On these two conditions we will withdraw our opposition to the co-responsibility levy. Even so it would be desirable for a further condition to be complied with: the sums produced by these two levies should effectively be used to allow the Community to follow what for us is the best route to new equilibrium both in the Community's budget and in the specific sector concerned, i.e. the enlargement of the market for these products both inside and outside the Community.

This brings me finally to our overall assessment. Altogether, the proposals form an ineffective and imbalanced answer because they will not reduce milk production but concentrate it in certain social classes and rich regions. I believe that the best ways of restoring equilibrium are not to be found in the Malthusian measures that have once again been proposed but in more serious efforts than the Commission — unheedful or almost in resignation — has yet made. The first is a serious effort to avoid any increase whatsoever in the target price for milk for the coming milk year — the problem raised by Mr Laban — as the starting point for a new equilibrium. The second is a serious effort to raise to the highest possible level — and here I welcome the proposals made by Mr

Lardinois — the policy, at present only marginal, of food aid for the developing countries as a way of making the best possible use of what we call surpluses and what, for millions of people, can be a real contribution to survival.

*(Applause)*

**President.** — I call Mr Hughes.

**Mr Hughes, (Socialist Group).** — Mr President, I trust Mr Lardinois will not take it as a personal insult if I suggest that these proposals are a most miserable epitaph for his 4 years in charge of agriculture. If I were to describe the whole package as wholly irrelevant to the real solution of milk product surpluses, bereft of any sound agro-economic theoretical basis and in reality an elegant but irrelevant political edifice designed to satisfy political requirements without altering any electoral imperatives in any of the nation states that make up the Community, I hope he would not believe that this is a criticism directed against him.

There is, I am led to believe, a psychotic condition in which even the most sane of men, if confronted with sufficiently concentrated insanity over a long enough period, lose touch with their own massive sanity. Thus, even the massive sanity and acute political and agricultural judgment of Mr Lardinois has been subverted after 3 years and 11 ½ months, to the point where he has fathered this package of proposals. All I can believe is that the combined insanity essential in the common agricultural policy and the political collective lunacy of successive Ministers of Agriculture meeting in the Council of Agricultural Ministers have subverted his judgment. It can be no joy to the Commissioner that the solution of milk product surpluses is further away tonight than it was nearly 4 years ago when he first became Commissioner responsible for the agricultural affairs of this Community. I accept entirely that, within the strait-jacket in which as Commissioner he has to operate, he would have liked — as any of us would — to have found a better solution, a more effective solution, a solution that commanded at least some small degree of intellectual respect. My sorrow at these proposals is that they are a totally unworthy epitaph to the Commissioner sitting there. Let us look at the three items that are at the centre of them.

First there is the co-responsibility levy. I have just listened closely to my Italian fellow-parliamentarian, who has argued cogently that since Italy as a whole is in deficit in milk products and milk and contains a high proportion of extremely efficient milk producers, there is no reason why it should bail out the incompetence and irresolution of others. I have listened in recent weeks to my French colleagues, Socialist and others, who will later in the evening be pressing Amendment No 22 for an abatement on the first

## Hughes

30 000 litres per annum for each producer. What does the Commissioner believe is the benefit to the Community as a whole in putting upon the narrowest shoulders, those least able to bear the burdens of increased and surplus milk production, an unfair burden of financing them? Is this what is meant by a common agricultural policy? Should those whose opportunities to change from milk production into other areas of agriculture are limited be made to pay for the follies of others and not least for the collective follies of the Council of Ministers? Should they, the small producers in the disadvantaged areas, be called upon very heavily to pay a disproportionate part of their incomes? And yet, putting a British hat on, if I were to support my friends in saying the levy would apply only after the first 30 000 litres, at a rough calculation that would exclude something like 80 % of the French producers; it would include 85 % of the British producers. It would not be very popular in England to say the co-responsibility levy will be paid by the English but not by the French. There is nothing equitable in the co-responsibility levy, whether it is applied to all, independent of their size, or you make divisions for the hill regions or for the less-favoured areas. The difficulty is, and Mr Lardinois has botched this, that if the co-responsibility levy is to be effective he knows it would be politically unacceptable, and if it is to be politically acceptable he knows that it will be agriculturally and economically ineffective and he has tried to get the best of both worlds and has failed.

Turning to the proposals about the cessation of national aids, I was more than disturbed in the Committee on Agriculture to find that at the early stages virtually no thought had been given to the problems of the transition of those who were already in phase 1 of a project and were going to move into phase 2 and suddenly find that their aids had been cut off in mid-stream. I am grateful that we were given assurances there that that problem would be dealt with. We did not have them spelt out, but we at least had some assurances. But these proposals are a classic example of the fact that the Commission is hell bent on preserving inefficiency and high cost, which cannot benefit either the producer in his returns or the consumer in his prices. There can be no case for saying that, outside a narrow range of skimmed milk production — perhaps — though I am not even satisfied that even that narrow range exists, it is a proper part of the Community's role to prop up the inefficient and to prevent structural improvements in the economic performance of the processing industry. Enough has been said by my compatriots and others about the margarine tax. I need add very little except, as a one-time professional agricultural economist, to say that the assumptions regarding price and income elasticity of demand correlatives as between butter and margarine would not satisfy a first year student in the least competent university in the whole of this Community. It just does not add up. To assume that

by increasing the price of both butter and margarine you hold the consumption levels constant is an absurdity which would not receive a moment's thought except among those who have lost touch with reality. I regret in particular that the Commissioner did not have the temerity to come forward with proposals which would at least have been effective, which would have reduced the milk surplus which he and I and every Member of this House accepts to be a serious problem. What he has done is come forward with proposals which in his heart he knows can play but a very small part in doing that. And they will do that only in a very short term and solve none of the long-term problems. Nor will they remove the very considerable risk of lowering the per capita consumption of butter and other milk products by artificially raising the retail price. Was there no other way the Commission could have sought to solve this problem? Was the only solution to make these naive comparisons between the relative competitiveness of butter and margarine and to raise the price of the latter to correct that? Have the smaller milk producers ever been adequately protected by the current Community policies regarding milk? There are plenty in Brittany and the South of France who would question that very seriously indeed. Is this not, as the previous speaker has suggested, merely a continuation of a Malthusian set of proposals that totally and wholly fail to grasp the problems facing the Community? If it were just that, I would have no hesitation, and I doubt whether I will in the end, in voting against the whole set of proposals. But there is one little maggot lying in the bosom of this set of proposals. At least it starts to conceive the idea of limiting the level at which either the consumer or the taxpayer can contribute to unlimited production of agricultural products and as such, with great reluctance, I can conceive that theoretically the co-responsibility levy, as a first halting step, might have a little validity but not much, in fact very little indeed. The price that the Commissioner has paid for his piece of political balancing, designed to satisfy political pressures at the expense of the farming community, the consumer, the European Community and its agricultural policy, is too high and I trust this House will reject the lot.

*(Applause)*

**President.** — I call Mr Ligios.

**Mr Ligios, (Christian-Democratic Group).** — *(I)* Whilst I largely share the criticisms that have been made I think that due recognition should be given to the Commission — and through it to Commissioner Lardinois — for its efforts to reduce the surplus of milk and milk products by means of the four proposals put before us today. I must also pay tribute to Mr De Koning for his noteworthy efforts in committee to reconcile such divergent positions although this does not mean that I agree with the report; on the contrary I am in complete disagreement with it.

## Ligios

Admittedly, everything that helps to eliminate or improve the two main bottlenecks in the common agricultural policy at the present time, namely the surplus of milk and milk products and the distortions caused by the compensatory amounts, merits analysis and consideration. Everyone of us, I am sure, is convinced that it is only by eliminating these two bottlenecks that the common agricultural policy will be able to survive and develop. At the moment there are surpluses of about 1 300 000 tonnes of milk powder and 400 000 tonnes of butter in the Community. These enormous stocks have increased again in 1976 in spite of the measures taken by the Commission to reduce the surpluses, namely the compulsory use of 400 000 tonnes of milk powder in animal feedingsuffs.

Commissioner Lardinois has never said that this year there would be a reduction but it seems to me that this evening he has been too optimistic in saying that the situation will remain unchanged. From all the information in our possession it is likely that there will be a further increase this year. There are structural surpluses that we have discussed so many times in this Parliament and which have never been combated with the necessary determination. Between 1968 and 1975 the EEC has had to sell at reduced prices — we all remember the affair of the butter sold to Russia — 10 % of butter production and no less than 75 % of the production of skimmed powdered and liquid milk, at a cost to the Guarantee Section of the EAGGF rising from 600 million u.a. in 1968/69 to 1 941 million in 1976 and a forecast 2 150 million in the 1977 budget. These enormous figures — this we all know — represent practically half of the EAGGF Guarantee Section appropriations amounting to 5 065 million u.a. and more than 24 % of the Community's entire budget which we know to be 9 150 million u.a.

It is even possible to approve, as the report has done, the measures proposed by the Commission: non-marketing premium, co-responsibility levy, suspension of national and Community aids excluding the less-favoured mountain and hill regions, introduction of a charge on certain vegetable and marine oils and fats and the action against brucellosis and other diseases in livestock. Nevertheless in my modest opinion some of these measures are difficult if not impossible to apply in some Community countries. I am thinking mainly of my own country where the situation is completely different from that in others. For example, whereas there are stocks of milk powder amounting to 583 000 tonnes in Germany, 378 000 tonnes in France, 113 000 tonnes in Belgium, 75 000 tonnes in Ireland, 61 000 tonnes in the Netherlands, 34 000 tonnes in Denmark, 25 000 tonnes in the United Kingdom and 9 500 tonnes in Luxembourg, there are none in Italy. On the contrary my country is forced to import half of its food needs. By this I mean that the problem should have been tackled differently to

match the difference in the real situation in these countries, which have been accumulating these surpluses for so many years, as compared with Italy which has a large deficit.

The fact is that my country shows a deficit of some 3 000 000 million lire in its food balance for the first ten months of this year and so it is absurd to think that measures like these can be put into effect. They would reduce its already scant livestock resources and moreover penalize milk producers — which the central and regional governments are instead endeavouring to encourage in every way — and finally result in increasing this country's food deficit in relation to the other Community countries.

The Commission's proposals prove the absurdity of trying to impose at all costs on 9 countries in completely different situations uniform solutions that are likely to be ineffective, to the extent that they are too gentle in those countries that are mainly responsible for the surpluses, and inapplicable to the extent that they are unfair in countries with deficits or small surpluses.

In our view, very different and far more incisive measures should have been taken leaving the individual Member States the responsibility — as a previous speaker said — for the surpluses they produce. Such measures could, for example, be the fixing of a production quota for milk — as is the case for sugar — for each country, the freezing of the appropriations in the Guarantee Section of the EAGGF for the milk and milk products sector, and lastly a brake on the growing incentive to produce too much milk by means of a different policy from that of premiums. On the other hand, we approve — as did the majority of the Committee on Agriculture — the charge on vegetable oils. Unlike all other agricultural products imported into the EEC, which are subject to duty and levies, vegetable materials used to make fats, oils and margarine, to say nothing of animal feedcake, are imported free of duty, levies, quantitative restrictions or charges of any kind. Exports — mainly American — therefore come into Europe at the rate of millions of tonnes and hundred of millions of dollars, creating the surpluses, driving animal fats off the market and forcing down traditional animal feedingsuff production. Such a situation is clearly absurd.

The big margarine-producing multinationals (UNI-LEVER) even made its presence felt in this House by sending each of us leaflets, I remember, the only beneficiaries from this situation, brandish the spectre of an increase in the price of margarine to the consumer. It should be noted that the charge would have an insignificant effect on the final price. In addition — a highly important fact — the consumer of margarine is at the same time a taxpayer and it would be far more agreeable for him to pay a few more lire per kilogramme of margarine than to contribute to

## Ligios

the enormous costs of the milk and milk products sector which — as we have seen — amount to several thousand million.

In everyone's interest — consumers, agricultural producers and taxpayers — it is therefore necessary to bring in a charge on vegetable oils and fats and to resist the pressure from the multinationals involved and the exporting countries — particularly the United States — who are threatening continued reprisals.

Mr President these are the comments that I wished to make in the short space of time allowed me.

*(Applause)*

**President.** — I call Mr Bourdellès to speak on behalf of the Liberal and Democratic Group.

**Mr Bourdellès.** — *(F)* Mr President, ladies and gentlemen, this excellent report by Mr De Koning contains a number of positive points which, on behalf of the very great majority of my colleagues in the Liberal Group, I am happy to stress. The rapporteur considers that it is not desirable to ask for a financial contribution from milk producers until the damage caused by the drought in the summer of 1976 has been accurately assessed. We support him fully on this point because the introduction of a levy on milk products at the present time would be a real provocation with regard to the small producers who, because of this wholly exceptional calamity, have suffered a further reduction in their standard of living, officially recognized as being the lowest paid category of workers in Europe.

We also support the proposal not to apply the levy to mountain and hill regions or to the less-favoured areas. We also agree entirely with the wish of the Committee on Agriculture that producer groupings organized at Community level should be given a say in the management of the funds which they produce and we agree that the Commission should be invited to look unceasingly for ways of expanding markets for milk products within the Community and in other countries by using the yield from this levy for this purpose and exclusively for this purpose.

Lastly, we cannot but approve the Commission's proposal for an action for the eradication of brucellosis, tuberculosis and leucosis in bovines.

However, a number of my friends in the Liberal Group and myself cannot possibly vote in favour of this report unless Parliament accepts certain clauses that we regard as essential for the success of the proposals we are considering.

Firstly, Parliament must agree with the Commission and the Committee on Agriculture both of which, the first deliberately — for which I congratulate it — and the second after some hesitation, invite the ministers of agriculture in our 9 countries to bring in a charge on vegetable oils and fats at the same time as the co-responsibility levy. This measure seems to me essential at the economic level and desirable, contrary

to what might be imagined at first sight, at the social level as well.

The point is, what would happen if the price of milk were increased without any increase in the price of margarine? Let us assume — and, as Mr Scott-Hopkins reminded us a moment ago, no-one in this Assembly is naive enough not to believe that this would be so — that this so-called co-responsibility levy is reflected in an increase in the price the consumer has to pay for his milk, butter and cheese. This would produce the following result: the price of butter would go up and butter would then become practically inaccessible for people with small incomes. Psychologically this would be a bad thing. Next, with the consumption of milk and its derivatives declining, we would be running counter to the objective of this proposal. If those members disagreeing with the charge on vegetable oils wanted to help the powerful margarine industry, dominated by a few multinationals, to the detriment of our dairies and our dairy cooperatives they would do exactly that and yet I am convinced, ladies and gentlemen, that this is not their intention. Are we going to allow production to grow of raw materials that are used for vegetable oils and fats in other countries, some of which are richer than ours, to the detriment of European milk producers who would then have no other option but to sell their livestock and leave. But to go where and to do what, I ask you?

But the problem is also and above all economic. At a time when the trade balances of most of our countries are showing a net deficit are there not grounds for reducing imports as much as possible and turning to account all the resources we have?

I have, moreover, on behalf of the Liberal Group, tabled two amendments, the first calling for progressive application of the co-responsibility levy, if it were to be applied, on the basis of the quantities sold direct at the farm or delivered to dairies. Ladies and gentlemen, small producers running a family farm in mainly stockfarming areas and whose small size does not allow mixed farming derive most of their income from milk production. Can we honestly penalize them in 1977 by bringing in the co-responsibility levy when they have just had two very difficult years? I have heard Members of this House state, on different occasions, that we were helping the big producers too generously through the price mechanism and that it would be better to assist the individual, not the product. At last, ladies and gentlemen, we have an opportunity to give this viewpoint, which I myself have sometime supported, practical expression. Let us charge, if necessary, the big milk producers but let off, partly at least, the small ones. Let us propose a progressive levy based on quantities delivered so as partly to correct the difference in the cost price of a litre of milk in the two cases but not let us say: let us help the small farmers and at the same time squeeze them a little more.

**Bourdellès**

Hit by a levy making milk less profitable, the big producers will produce less but they have other strings to their bow and will convert to other activities. But a small farmer with only a few hectares, often unsuitable for anything but grazing, will have only one alternative when milk no longer earns him a reasonable living and that is to leave the land and swell the number of unemployed and unskilled workers in the towns.

These are the reasons why we tabled Amendment No 17 and supplemented it with Amendment No 22 in the following terms :

'Also calls for the introduction of a basic abatement for the first 30 000 litres of milk :

30 000 litres of milk hardly represent a farm of 10 dairy cows. Do you really believe that a farmer with only 10 cows can be held responsible for the surplus production from which we are currently suffering in the Community ?

Mr President, ladies and gentlemen, the Liberal Group will vote for Mr De Koning's motion if Parliament accepts the three conditions I have just outlined : the charge on vegetable oils and fats, a progressive co-responsibility levy based on the quantities of milk supplied and the exemption of the first 30 000 litres of milk from the levy.

Whilst, therefore, we realize that a solution needs to be found for the reorganization of the European milk market it needs to be considered very carefully. Let us never lose sight of the fact that the movement off the land is still continuing and that unemployment is little by little eating away at our 9 countries. In the present situation we cannot afford to 'push the agricultural sector around'. The abandonment of our farms would be a misfortune for all : the towns do not have the facilities to cope with the influx and industry has no jobs to give to our farm workers.

*(Applause)*

**President.** — I call Mr Cointat.

**Mr Cointat.** *(Group of European Progressive Democrats)* — *(F)* Mr President, I am speaking on my own behalf because I am fundamentally opposed to this whole set of measures. In my view this proposal is of exceptional gravity.

Under the clever pretext of absorbing milk powder surpluses, it is a blow below the belt at the common agricultural policy. I will have nothing to do with it ; I will not be party to the killing — all be it unintentional — of European agriculture by slow poisoning.

Let us look at the reasons why I am so vehemently opposed to this proposal to introduce the idea of milk producer co-responsibility. Firstly, it is technically speaking, nonsense. The proposed measures reveal a complete failure to understand the special features of milk production. Stockfarming is a medium-term spec-

ulation on which price mechanisms have no immediate effect. Any drop in price will cause productivity to go up. If you bring in a 2.5 % levy you will force farmers to make up for the loss in income by improving production by 2.5 %. In the end you will have more milk than before and that is not the object in view.

Secondly, from the economic point of view, the exemptions provided for mountain and hill regions, or the less-favoured areas as they are called — are incomprehensible. You penalize the farmers who are competitive. It is most unusual to penalize those who are top of the class. You encourage anti-economic production in the name of a misguided social policy. Where is the consumer in all this ? Where is the interest of the producers ? Where is the Community's interest ? Give direct assistance to mountain farmers to enable them to live but do not incite them to produce milk in impossible conditions.

Lastly, at the political level, the measure envisaged — and I have to say this very honestly to the Commission and the Council — is catastrophic. It attacks the principle of Community financial solidarity. If tomorrow we have producer co-responsibility for cereals, fruit, vegetables, meat and wine — and why not if it is already applied to milk — all agriculture will again become national as it was 15 years ago when there used to be 'hors quantum', absorption levies, and quotas.

Community preference is unfortunately too often forgotten. With the compensatory amounts, free circulation is jeopardized. If, now, financial solidarity — the third main pillar of our Community — is threatened, this will soon mean the death of Europe. I am shaken to the roots, Mr Commissioner.

I agree there is a surplus of milk powder. The phenomenon is not new. Exactly 10 years ago I wrote an article entitled 'White river and butter mountain'. What have we done during 10 years to solve the problem ? We have taken a few sectoral and inadequate measures.

I fought for a structural planning policy. It was thought better to leave things solely to price mechanisms. The result is that milk is now produced in areas wholly unfitted for it. For two years I have been advocating an incomes policy, for two years I have been advocating a policy of direct assistance to the people concerned and still no-one listens. Today, in desperation, we are asked to demolish the structure we have taken such trouble to build over the last 20 years. It is irresponsible ! I cannot believe that true Europeans will agree to ratify this action.

As to the charge on imported oils and fats I am just as distressed to have to say that this is an illusion because the problem is badly put. Who will really pay this charge ? In the end it will be the farmers. The Americans trade off their prices against soya oil or

**Cointat**

soya cake and since they will not want to increase the price of margarine so that they can compete with butter they will increase the price of soya cake sold to farmers.

So the stockfarmers will have to foot the bill: their earnings will be short by the amount of the absorption levy and they will have to pay more for their oil cake.

As a politician, I shall be unable to explain the benefits of these measures to my electors who are among the most productive and competitive producers in the Community.

I am however prepared to vote for the charge on imported oils and fats, but on two conditions: firstly that the amount of imported oils and fats be regulated and that a ceiling be set for the price of oil cake in order not to penalize milk producers indirectly. But as regards the responsibility of milk producers, allow me to vote against, without qualification.

*(Applause from various benches)*

**President.** — I call Mr Lemoine.

**Mr Lemoine, (Communist and Allies Group).** — *(F)* Mr President, the report on milk problems that we are now discussing is important, as everyone here knows. The Commission's proposals on this problem are already old. The ministers concerned and governments have discussed them on several occasions. There have been long meetings but they have not yet produced any result and everything suggests that we are on our way to a new marathon of which the common agricultural policy is and continues to be so fond and for which farmers and agriculture always pay the bill.

I would like, in my turn, to contribute a few thoughts to this discussion on the situation in the milk sector. Firstly there is an unquestionable increase in production. Why? If we go along with the conclusions of the Statistical Office of the Community we note that improvements in efficiency are the basic cause for the increase in production, since, whilst the number of dairy cows in the 9 countries has remained practically the same over the last 15 years, total production and therefore yield per cow have increased very considerably.

Secondly, the Commission has for years been inviting farmers to improve and modernize their facilities and to improve their productivity. This they have done and, to do so, they have spent sometimes considerable sums of money and contracted heavy debts. Now we want to penalize them for having taken our advice and having modernized without increasing their herds.

Thirdly, milk is mainly produced by family farmers for whom milk provides supplementary income essential to the life of the farm and family. It is these family producers — 700 000 in France, for example — at which the Commission's proposal is aimed. And it is they, too, who were recently most badly hit by the drought. Making their life more difficult would be a

further step towards the disappearance of farms and a further step in the movement off the land, in the abandonment of the Community's poorest regions, and in the worsening of the imbalances between the Member States.

Already, the decline in the rural population has led to a sharp reduction in consumption on farms and direct milk sales and the production of farm cream, butter and cheese. In 1960, 75 % of milk production went to dairies; the figure in 1975 was 88 %. We say that this decline in consumption on farms is one of the effects of the policy of the Commission and the Council — a policy to discourage family farms, reduce the agricultural population and apply a policy previously exemplified by Mr Mansholt and now continued though with no name to it.

Lastly, it is interesting to consider the decline in butter consumption. This can be explained by competition from the margarine trusts but also by the levelling off or reduction in the purchasing power of the workers, due, among other things, to the implementation of the austerity plans so strongly approved by the Commission, the Council and each of the Member States. Was it not admitted in a recent Community bulletin that increases in the price of butter had prevented consumption expanding in potential markets? As far as we are concerned we believe that the Commission and the Council have not taken the necessary and essential measures to develop consumption or promote exports. Today we are told that there is no way of exporting milk powder to developing countries because of the problems of reprocessing the powder. But where and when has the Community made any serious effort to industrialize the developing countries or to conduct research into other ways of processing milk? We know too well that the policy of cooperation is essentially based on aid for the redeployment of the biggest monopolies to have any illusions on this subject. We know too well how Brussels yields without a fight to the pressure of the American agricultural and food trusts. It is time we thought about what the president of the National Federation of French Milk Producers said early this year:

'It is absurd to import 12 million tonnes of soya into the Community and to pay for them with strong currency at the very moment when 600 000 tonnes of milk powder have to be disposed of equivalent to about 400 000 tonnes of soya.' Today the quantity of milk powder that has to be absorbed is 1 300 000 tonnes but the comment is just as true for about 850 000 tonnes of soya. Now we import 12 million tonnes of soya bean — free of duty — mainly from the United States which imposes its law on the Community in this area as in the others. For example, in connection with the recent inclusion of milk powder in animal feedingstuffs, did the Commission not decide to finance the storage of imported soya bean so as not to upset American exporters? We communists refuse to sacrifice French farmers to American capital and the soya trusts.

## Lemoine

How can Community farmers fail to be worried when the press tells us that Mr Lardinois, talking about trade between the Community and the United States and speaking to the Americans, is said to have stated: 'I do not claim that the balance of our agricultural trade has to be in equilibrium. We consider it normal for your trade balance with Western Europe to show a surplus and even a big surplus'. At the moment this means a deficit of 20 000 million francs for the Community in its trade with the USA.

To conclude on this point, if the situation in the milk sector is causing concern today the responsibility lies totally with the Commission, the Council and the governments of the Member States, in other words the political friends of those of our members who are today violently attacking that policy.

I would now like to submit a few thoughts on the Commission's proposals. The essential object, in fact, is to charge the producers, to make them pay for the results of its bad policy and to make them pay twice over for the modernization of their farms and the quality of their stock. This levy would particularly affect the family producers already badly hit by the drought, the consequences of which seem, incidentally, to have been underestimated by the Commission experts. Was there not, in France, a 50 % drop in milk collection in the summer months and were not 20 000 animals slaughtered? It is suggested that the levy and the proposed measures, coming on top of all this, would achieve the planned target of 1 400 000 fewer cows in the next three years. We do not think that this policy will be effective. On the contrary it implies waste, the disappearance of farms and the abandonment of the land. It is a policy which will create unemployment and its social cost, to be met by each state, will be out of all proportion to the revenue it is expected to yield. This short-sighted policy is a threat to the production facilities for the milk which, as Mr Marcel Deneu, president of the National Federation of Milk Producers, has warned us, will be needed by the community in the next few years.

It has to be realized that these levies will not mop up the milk market surpluses as long as family farmers are unable to give up milk production without placing their farms in jeopardy. But no other source of income is offered them. If income from milk falls, producers will tend to increase production so as to survive. What is more, the expected yield — 550 million u.a. for 2 years — is equivalent to one half of what the Community will, at the present rate, have to pay out in one year to the United Kingdom alone in the form of compensatory amounts. No, milk producers should not have pay for the incoherence of the common policy. Economically ineffective, and a weapon wielded against small producers, the measures proposed by the Commission will bring no advantage to consumers either. With regard to the charge on

margarine, although it seems a good thing to us in principle it can — in our view — have good results only on two conditions: firstly if consumption of milk products and butter is encouraged by reducing taxation, for example, and secondly by increasing workers' purchasing power, and if there is no yielding to American demands. Unfortunately this does not seem to be the case and the soya example is there to prove it. We repeat that there should be equality of treatment between animal and vegetable oils and fats. Today, the latter have an advantage and the balance needs to be restored.

**President.** — Mr Lemoine, I must ask you to conclude now. We try to run these debates by allocating time to each political group very fairly. We must keep to that.

**Mr Lemoine.** — (*F*) Instead of this policy which we cannot accept, in a situation which must not be allowed to continue, what is necessary to provide agricultural producers and milk producers in particular with a reasonable income and to preserve our agricultural potential is a long-term policy. This policy would include boosting public consumption and preserving family farms.

(*Applause*)

**President.** — I call Mr Howell.

**Mr Howell, (*European Conservative Group*).** — Mr President, I shall concentrate my main attack on the decision-making process of this Community. While I appreciate the difficulties under which Mr Lardinois works — and I know that great effort has been put into these proposals — and I also recognize that Mr De Koning has done a great deal of work on this matter, but I simply cannot support them, and I find myself lined up with my colleague, Mr Scott-Hopkins, and others who are saying that the proposals will not work.

I do not think there is anybody in this Parliament who believes that these proposals will solve the problem — not even Mr Lardinois himself. Furthermore, we have been discussing these matters for six months and it will be another three months or four months before they are put into operation and it will be at least a year before anything effective happens in this field, although we knew that there was a problem a year before we started taking action. Mr Lardinois himself has admitted that despite the fact that, since these proposals were first drafted, we have experienced the worst drought for 300 (and some people say 500) years, yet we finish up with as much milk production as we had in the previous year. If we had not had the drought, we would have had a phenomenal increase this year, and I think there is nothing in these proposals which makes it certain that they will have any



**Howell**

effect at all. There are so many exemptions for one thing. Right across the board, there are exemptions for this, and exemptions for that.

I wonder if we have really thought what we are trying to do. Surely we are trying to influence individual farmers throughout the Community. Now, what is there in these proposals which is going to influence me as a milk producer to alter my farming pattern? I can tell you that, as far as I am concerned, I will take not the slightest notice of these proposals and I will go on increasing my dairy production. And I suggest that a great number of producers in the Community will take exactly the same decision. Therefore, to my mind we have neither done enough to alter the pattern of farming, nor have we done anything decisive to influence farmers to go into other forms of production. And obviously it is cereal production which we must go to, if we are to reduce our dairy production.

I find the co-responsibility levy of 2½ % neither here nor there. It is not going to affect me. I am not going to alter my farming patterns because of it, but as far as Britain is concerned this is a very unfair system because we are in deficit in dairy production, as is Italy, and many people have mentioned this. And it seems to me to be quite wrong that we should be penalized for other people's excess production, especially when other nations are getting so much more for their milk. I note that Germany in 1975 received 25 % more than the British dairy farmer and the French farmer was receiving 10 % more. But I would like to ask Mr Lardinois to answer one or two direct questions. First of all, has it been decided how this 2½ % levy is going to operate? Is it on the target price, or the guide price or the actual price which the individual farmer in the individual country receives? I do not know if this decision has been taken but I think that it is something that we should know and I hope that he will be able to answer me factually on this point. Again, as far as Britain is concerned, we are suffering from the non-alignment of the green pound and I believe that it is totally wrong that British dairy farmers should have to pay the levy while they are at such a disadvantage and while the British Government is insisting that there is to be no realignment of the green pound. I think Mr Lardinois himself will be sympathetic on this point.

But the main point I want to make is that we have no real marketing organization for milk in this Community. Look at the decision-making process. Proposals go from the Commission to the Council to Parliament and we have taken nearly 12 months to do anything at all, although we have known the problem has been with us for so long. And I believe that collectively we are totally incapable of taking the decisions as quickly as they need to be taken for managing the milk

market of the Community. The way we do it is clumsy, slow and inefficient and I therefore call for the setting-up of a European milk marketing organization. I note that one or two people are laughing but I have been calling for this for 2½ years and I am convinced that there will be no sense in our milk production system in Europe, and we will be in surplus until we institute such an organization, an organization of experts, not of parliamentarians, not of Commissioners, not of Council members, but of people who understand the milk market, both producers and the trade, and people from the consuming public. I am convinced that the way we do it now is inadequate and we need a new organization. I have tried to extol the virtues of the Milk Marketing Board but it has been put to me that this is not a fair example. May I therefore ask the Commission to study the situation in Canada, an exporting country which has a similar problem to that of the EEC as a whole and where they manage to operate a marketing organization and a pooled price.

**President.** — Before I call the next speaker I have a statement to make concerning Mr Van der Stee. The President of the Council has to be in Brussels by 11 o'clock tonight for an important meeting in preparation for the Council meeting on fisheries tomorrow morning. It is the one over which he will preside. He has his aircraft here and he had every reason to expect that he could remain until the end of this debate.

Unfortunately he has learned that the weather in Brussels is deteriorating, and unless he leaves this Chamber within the next ten minutes he may not be able to land at Brussels. I hope in these circumstances that the House will understand his problem and excuse him. I will see that a full report of the rest of this debate reaches him before next Monday's Council meeting.

I call Mr Pisoni.

**Mr Pisoni (Christian-Democratic Group).** — (1) Mr President, no-one denies the seriousness of the problem and the need to take urgent and appropriate measures. The cost (forecast at almost 2 500 million u.a. for 1977) of collecting and storing a product of which an insignificant part is not disposed of on the market is extremely high. Another dangerous feature is the psychological impact on public opinion and on consumers. There is no point in repeating that we are faced with structural surpluses due to a policy whose negative effects have been felt, in some cases, for years. The situation has never been tackled at the roots and all that has been done is to propose adjustments which have never produced appreciable results. The four proposals we are considering today likewise do no more than touch the surface and are confined to adjustments which do not depart from the pattern of Community policy for the milk sector. We cannot,

**Pisoni**

therefore, fail to entertain serious doubts about the effectiveness of these measures whilst examining with great attention the later attempt to put the sector into some kind of order and the efforts made by the rapporteur, Mr De Koning.

A few comments therefore, and very critical ones, are called for. Community policy demands that all the countries in the Community should be on the same footing and treated in the same way but applying the same standards to different situations is contradictory and in conflict with one of the basic principles on which the Community is founded: that of pursuing a policy for bringing about equilibrium through the progressive elimination of differences in the standards of living and levels of development of different countries and regions. These measures, treating everyone in the same way, preserve the differences and perpetuate the different levels. It is absolutely not my intention to deliver a selfish speech in defence of national or sectoral interests but to bring out the need to relate policy to levels of development and to meeting differing requirements. And this would not be a question of privilege or discrimination but sheer realism. Until the Community has really become one single market with no restrictions and has the necessary means of defending itself, until Community preferences cover all products and until incentives are given for agricultural production throughout the Community, according to need, types of farming, aptitudes and complementarity, with large-scale assistance in this direction and not just the crumbs of the Guidance Section, all we can do is to continue to adopt stop-grap measures and see the imbalances continue.

We realize that the lack of monetary union and the continuance of substantial differences in the independence of individual countries impels all of them, for balance-of-payments reasons as well, to seek self-sufficiency in all sectors though this is against Community policy. But this is one more reason to have reservations on the measures we are considering and to demand a different approach to the problem. In practical terms, we can agree with the analysis on which the measures are based and with the action against brucellosis, tuberculosis and leucosis. We can agree, too, with the attempt to promote milk consumption by distribution to schools. But we cannot agree to the proposal to suspend Community and national aids when this applies to countries in deficit like Italy where not only are there no surpluses but, in spite of the efforts made in recent years, the deficit in the production of milk and milk products is increasing alarmingly.

In our view, it would be a serious mistake, precisely because of the imbalances it would produce, to accept for Italy even a temporary suspension of aids to stock-farming. Such an action would be tantamount to rewarding — once again — the strongest. In our view

the amendments tabled along these lines — which incidentally are very conciliatory — may be accepted, not as a favour to anyone but for the objective reasons we have endeavoured to outline.

Our vote on the motion for a resolution will depend on whether the amendments tabled are accepted or not.

Through a sense of responsibility and in a Community spirit, and also because production costs are very high in Italy as well, we are prepared to accept, though at great sacrifice, the co-responsibility levy, subject to exemption for the hill and mountain regions and the less-favoured areas and provided that the imposition of this levy is accompanied by the charge proposed by the Commission on vegetable oils and fats.

**IN THE CHAIR : MR YEATS**

*Vice-president*

**President.** — I call Mr McDonald.

**Mr McDonald** (*Christian-Democratic Group*). — Mr President, I should very briefly like to compliment Mr De Koning on the excellence of the report which he has introduced and also, when it was going through the committee, the exemplary way in which he tried to accommodate all the views of his various colleagues.

Mr President, in my view it cannot be contested that action is required to correct the present imbalance in the Community milk market. Moreover, I accept that the problem cannot be solved by measures to increase consumption but some restriction of supplies is also required. However, I do not agree that the problem can be equitably solved by blanket provisions applied uniformly throughout the Community, nor do I consider that the Commission's package adequately deals with the root cause of over-production. My view is that the over-production is due to the fact that the price policy has had the effect of bringing poor or marginal land into milk production because of the availability of heavily subsidized fertilisers in some countries and I note, Sir, that the Commission's proposals for the suspension of national aids do not extend to these subsidies. The position, Sir, is otherwise in Ireland where grasslands eminently suitable for dairy production have not been developed to anything like their full capacity. And the Commission's package taken as a whole would seriously damage the dairy industry in my country in solving a problem to the creation of which our contribution has been minimal. Largely because of the efforts of *An Bord Bainne*, Ireland has not sold butter into intervention since we joined the Community and moreover the Irish share of the skimmed milk powder mountain has been small. I think of the 1.3 million tonnes held at the

**McDonald**

end of June of this year, Ireland's contribution was something like 110 000 tonnes and we have brought that figure down to about 50 000 tonnes, at the present time. While, therefore, the Commission's package contains some useful proposals, I do not believe that, taken as a whole, it sufficiently recognizes the Irish position and my comments on particular aspects of the package should be understood in the light of this general opinion.

The Commission's scheme involves the payment of non-marketing premiums to dairy farmers who undertake to stop milk marketing and the conversion premium to farmers who convert to beef production.

The scheme, I think, is mandatory in all Member States and would have to be 50 % financed from national funds. I disagree with the Commission's proposals to meet these problems, problems of production or indeed of over-production, problems in which our consumers have a vital interest as well. And I regret that this problem has not been approached from a regional viewpoint by the Commission. You all accept that this is not just one problem, it has a direct bearing on beef prices and production also. And if adopted as proposed it will run counter to the three important directives on farm restructuring. I am not convinced, that a simple global set of measures are sufficient in themselves to solve our surplus problem, having regard to the diversity of conditions and costs of production in the various regions of our Community.

In conclusion, when we consider that France, Germany, Italy and the Netherlands, and possibly Belgium, together produce some 70 % of the Community's milk production, using and heavily depending on high-cost concentrates in the process, I think that we should look at the Community's resources to a closer degree and contrast this figure with the 3.7 % which Ireland produces, in the main from grass.

So in conclusion I would support a regionally differentiated dairy policy a policy to utilize the full national resources of the various regions and a policy which takes into account the high costs of production from meals compared with grass. This type of policy would aim at promoting milk production only in predetermined regions, while working to achieve the necessary cutback in the dairy herd in regions where a large proportion of farms could be changed to other agricultural productions without causing severe loss of income to the farmers concerned.

In conclusion I should like to ask the Commissioner if the Commission have looked at that problem on a regional basis.

**President.** — I call Mr Kofoed.

**Mr Kofoed** (*Liberal and Democratic Group*). — (DK) Mr President, I do not think anything new can

be added to the debate. We have discussed the milk problem for several months and all that can be said has been said. Briefly, the Commission's proposal is an attempt, if not to solve the problem, at least to alleviate it temporarily. I think the Commission is quite well aware that this proposal does not solve the dairy and milk products problem.

I am satisfied with the rapporteur's report. I think he has done an excellent job in presenting the different views and the report shows what is politically and economically possible in Europe today. I think it shows what can be achieved in the present circumstances. What in fact is the problem? It is a structural problem and until we solve it we will not solve the production problem or the surplus problem. The structural problem is not merely a question of the size of the farm. There is also an economic structural problem because of the imbalance between the countries of Europe. Their differing degrees of economic stability are shown by overproduction in the milk sector. Monetary compensatory amounts are also a structural problem because of the way they work. It is not right that dairy production should be increasing so sharply in Germany for instance. But why is it increasing? Because Germany has an advantage over other countries — I am thinking of Italy and France. The dairy sector is thus not developing in countries that are perhaps better suited to dairy production.

I hope this proposal will make the dairy sector slightly more balanced. I do not think these provisions will lead to balance but I hope they will reduce the differences. I am therefore in favour of a temporary co-responsibility levy since it makes the producer his own insurer to some extent. I also feel that if a competitive balance is to be maintained there should be a levy on vegetable oil — for practical as well as psychological reasons.

In conclusion, Mr President, I would like to thank the rapporteur and express the hope that Mr Lardinois gets what he wants to some extent so that the imbalance in the dairy sector is not so pronounced as it has been so far.

**President.** — I call Mr Guerlin.

**Mr Guerlin**, (*Socialist Group*). — (F) I shall be very brief. On the substance of this debate everything has been said and our turn has come too late but I would like to explain why French socialists will be dissociating themselves, in the vote to be taken shortly on the package, from the majority of their Group on the two essential points of the discussion, namely the charge on margarine and the co-responsibility levy.

Guerlin

As regards the charge on margarine, we consider that it is wrong to give advantage to vegetable oils and fats by rejecting this charge and we note, with no surprise but some regret, that those who are against the charge on margarine represent countries where margarine is produced in very large quantities and by one big multinational firm in particular. I can understand that members should defend the interests of their countries but I too claim the right to defend the interests of mine which do not necessarily coincide with those of the other countries.

With regard to the co-responsibility levy, this seems to me to be the easy way out and we would have preferred other possible uses to have been investigated before imposing a levy on producers, for example milk powder because that is the main problem, particularly in France. Unfortunately the policy we are following in Europe is absurd: millions of tonnes of soya are imported from America with which we fatten livestock and make milk. Then, when the milk or dairy products are made we say there are too many and that their producers must be made to pay a levy. We believe it would be much more rational and reasonable to heed the French farmers and their insistent demand that we use this milk powder as animal feed. Apart, of course, from the use that has been mentioned on several occasions, namely exporting milk powder enriched with vitamin A to the underdeveloped countries, I think that it could be used, in particular, to start up veal production again which, as you know, has plummeted and badly needs this stimulus. It would be along the lines of the policy recommended, namely conversion from dairy products to meat production. We also believe this levy to be ineffective because it will not prevent the vast majority of small milk producers from continuing to produce or even producing more because, as I have already said, milk is the only resource they have in any quantity and represents, for them, the weekly or monthly wages of many workmen. I think that in France in particular this levy will not discourage the small producers from producing milk. Lastly, the levy is unfair because it affects small and large producers indiscriminately.

This is why the French socialists will be voting for the margarine charge but against the co-responsibility levy.

*(Applause)*

**President.** — Does Mr Lardinois wish to add anything to this debate?

**Mr Lardinois, member of the Commission.** — Yes, Mr President, but not too much because we already had quite a discussion a few months ago about this, and I don't want to repeat what I said then. But listening to most of the speakers today, I got the feeling that the debate two months ago served no useful purpose, because most of the points that were covered then have just been repeated.

Mr Laban began by saying something about certain press articles that appeared as the result of a press conference. I read some of these articles with surprise, at least with regard to the direction in which emphasis was laid. That does not mean that I did not say that the Commission had made mistakes on certain points in the last four years. I find this normal. So far I have been a member of one European Commission and two Netherlands cabinets, Mr Laban. Looking back, I must say that the Netherlands cabinet has been mistaken at least once, including when I was a member, and I would be very surprised if the cabinet that is so dear to him — the present cabinet in the Netherlands — did not go wrong on a number of points. I believe that we ourselves may say that this Parliament has often made mistakes, perhaps even the Socialist Group in this Parliament. But that has not yet caused me to 'jump over my political shadow' etc.; I am surprised at this kind of remark.

Like many others, Mr Laban has not, in my opinion, understood our programme on milk. He — and Mr Scott-Hopkins as well — referred to reducing production by 10 % but that is not in the programme. The intention is to reduce production by 5 % and to expand the consumption of milk and milk products by 5 %. That is the essential object. The amount of the levy — say 2.5 % — is intended not so much to bring production down as to pay for certain uses for skimmed milk, particularly for animal feeding stuffs. The point is that we can manage the whole annual milk powder surplus of between 5 and 600 000 tonnes if we are in a position to finance the return of this surplus to farms as skimmed milk at the guaranteed price which farmers obtain. This is wholly possible with a levy of 2.5 % and that means that the whole surplus can be wiped out in this way. That is the primary intention of the levy, not to reduce production as such. Once again I repeat that the purpose of this programme is twofold: on the one hand to reduce milk production and on the other to promote sales. And I would also point out that the so-called milk marketing boards also operate in this way. Milk can be used for various purposes — high-grade and low-grade purposes — and because in Europe we just do not have any milk marketing board, let us try to do it through this mechanism. I thought that, after so many long discussions, this ought to have been clear to the members of the Committee on Agriculture.

On the subject of the quota system I would like to say that, if we had a structure in the Community like the milk production structure in Scotland, the most obvious solution, in my view, would be an individual quota system. But Scotland has only 7 000 farms producing milk. Europe has a total of 2 million and the vast majority have a very, very unsatisfactory structure. And particularly because of the latter fact I feel that we cannot afford to apply resources which would tend, whatever happened to maintain these structures,

## Lardinois

apart from the difficulty of control, etc. and perhaps also apart from the fact that the present circumstances are far from propitious for the introduction of such a quota system. I believe that all nationalistic feelings would be so whipped up in the fight for quotas that we really should not go out of our way to look for it at the present time. I am also surprised, Mr President, at how many purely national arguments have been put forward today. This has distressed me deeply and I have never experienced this to that extent in this Parliament. When, three years ago, Parliament discussed the same subject and voted for a levy on milk, this never emerged. Then the Council was opposed to it. I have the feeling that the situation is now reversed and that it would be wrong — certainly on this point — to speak of progress in the Community approach in this Parliament.

Mr Laban also spoke about the margarine charge. I am sorry that he makes comparisons such as those he made between the increase in oil prices decided by OPEC and our proposal for a charge on vegetable oils and fats. I find this kind of comparison below Mr Laban's intellectual level. These are not comparable quantities and Mr Laban darned well knows it.

Another comment was that we should have proposed the premium regulation earlier. I wonder when we ought to have done so? In 1974 or 1973? In a period of beef surpluses? I would like to have heard Parliament if we had done so. But we did do so Mr Laban, 14 months ago, in October 1975 immediately after we had had the crisis in the beef sector. If this sort of comment or criticism is to be made by someone that follows the day-to-day work in the Committee on Agriculture of the European Parliament I would much appreciate it if he would make some attempt to keep his calendar or diary up to date.

In October 1975, the Commission put forward proposals regarding the premium regulation that we have been talking about in this House and at the end of November in the same year adopted them and submitted them to the other institutions. Parliament discussed the matter early in 1976 and the Council was unable to take any decision. I cannot, therefore, accept what Mr Laban so lightly says: that the Commission too is responsible if prices have been set too high etc. It is in fact possible that the matter would run aground if the Commission were to lean back in the Council. During the last four years I have believed it was my duty not to allow discussion in the Council of Agriculture Ministers to come to a standstill as it has in most or rather all the other Councils in this Community. Otherwise there would have been very little left of the agricultural policy. In general I would say that, in the present phase of development in the Community, we should be careful about throwing our weight around in the Council of Ministers or anywhere else. At the moment that would be rather risky. This I would like to say personally and

with emphasis and, if need be, give as advice to those who will be following me.

I cordially thank Mr Martens and the group on whose behalf he spoke for his support of the proposals. Mr Liogier spoke mainly against the levy on milk. He finds 'co-responsibility' an ill-chosen term. If he knows a better term I would be glad to hear it. On the other hand he is in favour of the margarine charge. I am therefore led to conclude that the left in this House is for the levy on milk and against the charge on margarine and that the right takes exactly the opposite position. This gives me the feeling that I have probably found something like the philosopher's stone. At least I have the feeling that it is a balanced package and this I was particularly concerned to propose. Mr Liogier and, later, Mr Cointat asked: why a levy on milk? We have never heard of such a thing before. We have had this system for more than 8 years in one or other form for sugar and at a far higher level than 2.5%. At the beginning of this year we introduced it in the wine sector, not in the form of a levy but in the form of an imposed obligation with regard to excess wine production. Mr Liogier must surely know what I mean — this, too, is a co-responsibility levy. He says that we do not have one for pigmeat, I agree; indeed we do not have it for pigmeat. Neither would we need it for milk if we had the kind of guarantee system for milk that is still, at the moment, in force for pigmeat. Mr Scott-Hopkins I have already answered with regard to the 2.5%. When he says 'excepting only the real mountain and hill areas', I agree with him fully. I also agree with him that taking exceptions too far creates conditions that are unacceptable to others. One could for example, envisage exempting small farms or making an exception for the first 30 000 litres as proposed by Mr Bourdellès. This would mean that one Member State would get a lot and another practically nothing. In 1973, Mr Bourdellès, we proposed to exclude the first 10 000 litres.

That was the reason why various delegations in the Council simply did not want to discuss it. I can tell you that the COPA, which includes all the combined agricultural organizations, gave its advice, too, at the time and the advice was this: we agree, but on condition that no exceptions are made, except perhaps for the mountain and hill regions. That is the advice from COPA and I can tell you that, there too, they are keenly aware of what is and what is not possible.

As regards the aid measures, I do not agree with Mr Scott-Hopkins. I am not against aid measures if it can be shown that they will not lead to an increase in production. If you can suggest aid measures of this kind you will have my immediate support and agreement. But I know that when aid has had to be decided in this sector and when, of course, the farmers concerned have also had to pay, they want to get more production out of the extra capital of their own that they have put in, in order to make it yield a return.

### Lardinois

But if you can give me a clear example of aid measures that do not lead to extra production then I am prepared to make an exception for them.

I thank Mr Hughes for his very constructive contribution and the wealth of ideas that he put forward. What I feel is a pity, however, is that I have not heard from him in what direction we ought to look for a solution. All that I have heard is that, in his view, nothing of what we have proposed is any good. This is his right, but then I feel that, as a professor in agronomics, he should at all events have said something about what could be done. But I heard nothing, Mr President, nothing now and nothing in October, so my opinion is that I simply cannot take his criticism seriously. I have to conclude that a number of features of the proposals do not suit him on purely political grounds. Well, I knew this and I could, in any case, have guessed it. But in that case I do not think he is right to couch his criticism in the way he did. To mention just one thing, I can well understand that he does not agree with the charge on vegetable oils and fats, but then to declare generally that the Council of Ministers in 1963 and in 1968 and successive Parliaments which, up to and including 1972, have continuously insisted on this and often voted for it were all idiots and that I am an idiot because I have accepted the opinions of 15 years of European Parliament and Council, seems to me to be a remarkably insular reaction.

I think that the figures quoted by Mr Ligios regarding present stocks are somewhat out of date. The stock of skimmed milk powder is no longer 1.4 but 1.1 million tonnes, at least it was at the end of last month. The stock of butter amounts to 270 thousand tonnes, a figure that does not alarm us particularly since we have 4 or 5 winter months in front of us, for which a large part of the butter is precisely intended.

Mr Vitale spoke, among other things, against any increase in the target price for milk in March or April, I shall pass this on; I have never heard this from the Communist Party since I have been in this Parliament but I cannot say that, seen from their viewpoint, this is foolish. I just note that, to my knowledge, it has never taken this standpoint before in this Parliament.

Mr Cointat could not agree with the proposals regarding a charge on vegetable oils either. He says the Americans will just increase the price of oil cake and let oil prices fall. I cannot imagine that they will be able to do this because we import at least as much oil cake, and there are no trade restrictions on it, either in North America or in West Europe. It would be difficult for them to influence that without at the same time affecting their own market in the same way because these are two communicating vessels and individual producers can definitely not play one against the other without losing the market. Mr Lemoine quoted my lecture in Monterey in California or at

least a couple of lines from it. It is a pity that when he quotes he does so out of context — this is not up to his standard. I would have been grateful if he had put it in its context and quoted it in its context for then it would have given exactly the opposite impression to the one he has now created.

Mr Pisoni, whom I listened to with interest, has naturally approached the subject very firmly from the regional angle. It is undoubtedly true that if an exception is made for hill and mountain regions then, relatively speaking, it is above all Italy that will benefit from the exception.

Mr McDonald spoke about 'heavily subsidized fertilizers'. I would be glad to know where Mr McDonald has got these subsidies for fertilizers from.

I thank Mr Kofoed very much for his extremely constructive contribution.

Mr Guerlin told us that we should use milk powder as animal feed. In my view we should strive in the future to cease using milk powder as animal feed except, of course, for calves. Milk powder is normal feed for calves and as such fetches a relatively acceptable price. But for the rest we should make much less milk powder and return milk as such, before it becomes powder, to the farms. This is the way that produces the lowest losses and it is also the most traditional way in Europe. We must avoid drying all skimmed milk into powder and then mixing the powder into animal feed because then skimmed milk brings no return and has no value at all. Any value that it still has for animal feed is lost in the drying process and packing, etc. However I consider that what is over should go into animal feed but before it is turned into powder, otherwise it is pure madness.

In conclusion I would like to turn to the rapporteur and thank him sincerely for the constructive contribution he has made in his report and also for his advice, at least on most points. With regard to school milk he said, among other things, that not only whole milk but also semi-skimmed and skimmed milk products should be considered. I can agree with this and we have amended our proposals in this respect but in such a way, of course, as not to give the same subsidy for semi-skimmed milk as for whole milk. Semi-skimmed milk will be subsidized in proportion to its fat content.

I have already spoken about vegetable oils and fats. Once again I repeat that if there are aid measures which produce no direct or indirect increase in milk production then I am ready to co-operate in them.

*(Applause)*

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

I call Mr Laban on a point of order.

**Mr Laban.** — *(NL)* Mr President, I thought that, if the Commission gave answers to a number of comments with which the speakers themselves did

**Laban**

not agree, it was the practice that the latter should at least be given an opportunity to reply. That has nothing to do with the group's speaking time because otherwise the matter is left open and if you consider that this is not possible and that we must all accept what comes from one side of the table without being able to put things straight then I shall accept your ruling but I consider it a strange parliamentary custom.

**President.** — Mr Laban, this debate was organized in accordance with the provisions of Rule 28. A certain amount of time was allocated to each group. It is for the groups to decide for themselves whether they wish to use up all their time before the Commissioner has replied or whether they wish to reserve a certain amount of time for possible replies after he has spoken.

I call Mr Hughes on a point of order.

**Mr Hughes.** — Mr President, it would seem to me that we should adopt, for all our convenience, a procedure whereby only the mover of an amendment should speak very briefly, the spokesman for the Committee on Agriculture should give his opinion and nobody else should speak, and we should then proceed to a vote immediately on that basis.

**President.** — I would like to thank you Mr Hughes for reminding Members of what was in fact announced by the President at the beginning of this debate when he said:

'The political groups have therefore had enough time to consider these amendments. For this reason when we come to vote only the rapporteur and the authors of the amendments will be able to speak on each amendment'.

Before considering the motion for a resolution, we must first vote on the amendments that have been tabled on the various proposals of the Commission.

On Article 1, paragraph 2, of the proposal for a regulation (I), I have Amendment No 12 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group which proposes to reinstate the text of the Commission for this paragraph.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Mr President, I have already said that if one is going to have a levy, let us have equal misery throughout the Community. Once you start to differentiate between this area and that area, the whole thing becomes unworkable and unfair. I believe that, in this particular case, the only people who should be excluded are the mountain farmers who are operating in these impossible areas. Other than that, I think nobody at all should be excluded from paying the levy. Mountains farmers, after all, have a separate directive which deals with their situation, and I think Mr Lardinois agreed with me, when he was summing up the debate just now, that once you start making exceptions you are likely to get into the most awful mess. Therefore, I would hope that the House would agree that one should not make any

special exceptions, and that the Commission's text is the right one. Sir I beg to move.

**President.** I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture considered that the same arguments could be applied to problem agricultural areas as to mountain areas and that the problem areas could, therefore, also be exempted from the milk levy. I am surprised that the Commission has proposed excluding both the mountain areas and the problem areas from the suspension of the support measures. In doing so, it has unequivocally recognized that the mountain areas and the problem areas are comparable. The Committee on Agriculture feels that this comparable position also holds good for the milk levy, and that consequently Mr Scott-Hopkins' amendment should be rejected.

**Mr Lardinois, Member of the Commission.** — (NL) Mr President, I should like to say just one word about this. The Commission quite rightly recognized that the so-called problem areas lie somewhere between the genuine mountain areas and the normal areas. That is the reason behind the support measure, but it does not entail exemption from the levy.

**President.** I now put Amendment No 12 to the vote. Amendment No 12 is adopted.

Also on the proposal for a regulation (I) I have Amendment No 4 tabled by Mr Pisoni, Mr Ligios and Mr Pucci proposing the insertion of a new Article 3a after Article 3:

*Article 3a*

By way of derogation from the provisions of the preceding articles, the Council may decide to exempt from the co-responsibility levy producers in regions which are characterized by a low degree of self-sufficiency. The list of such regions shall be drawn up by the Council on a proposal from the Commission.

The Committee on Agriculture has delivered an unfavourable opinion on this amendment.

I call Mr Pisoni.

**Mr Pisoni.** — (I) Mr President, to explain my amendment I have to repeat some of the arguments I put forward during the general debate.

We believe that in adopting these regulations in the form proposed we would be pursuing a contradictory policy and would be helping to increase further the disparities between regions. We do not wish to stand outside Europe and I reject absolutely the accusation made by Commissioner Lardinois that my speech was regionalistic. Probably the Commissioner did not understand the spirit behind the comments I made in the general debate. I meant simply that uniform measures cannot be applied to diverse situations, because otherwise injustices would be perpetuated. We are not asking for favouritism or exceptions; we are simply asking for the different circumstances to be respected.

**Pisoni**

As long as the difference between supply and demand continues to increase in Italy and the food deficit in the milk and milk products sector continues to rise we will continue to lose out. To try at this stage to block state aids and to attempt to introduce a co-responsibility levy means continuing a policy which is determined to perpetuate the differences, to favour the rich, to help only those who have vested interests and to leave the poorest regions, those which have greatest need of structural aid and which need to recover a certain balance — not at the cost of other regions but simply to avoid remaining constantly dependent — in the situation in which they find themselves. We believe that this is unacceptable.

Mr President, I think that these comments should be enough to make our colleagues aware of this problem. I would like to stress once more that this is in no way a regionalistic problem.

**Mr De Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture delivered an unfavourable opinion on this amendment. It feels that the milk levy is aimed at influencing the Community's market policy. This means that the principle is valid for all the Member States, except for certain areas. The adoption of this loosely-worded amendment will, therefore, solve none of the difficulties experienced in the mountain areas or the other problem areas. But reference to self-sufficiency will cause uncertainty in the specialization and allocation of production factors in the Community. We believe that this amendment is incompatible with the Community's market policy, and the Committee on Agriculture recommends that this amendment should be rejected.

**President.** — I put Amendment No 4 to the vote. Amendment No 4 is rejected.

On the proposal for a regulation (II), I have Amendment No 3 tabled by Mr Pisoni, Mr Ligios and Mr Pucci, proposing the insertion of a new Article 3a after Article 3 :

'Article 3a.

By way of derogation from the provisions of the preceding articles, the Council may authorize the granting of national and Community aid for investments in the milk product sector in regions which are characterized by a low degree of self-sufficiency. The list of such regions shall be drawn up by the Council on a proposal from the Commission.'

The Committee on Agriculture has delivered an unfavourable opinion on this amendment.

I call Mr Pisoni.

**Mr Pisoni.** — (I) Mr President, I think it would be useless to repeat the arguments I put forward a moment ago, since this amendment has the same purpose as the preceding one. I am, however, amazed

that members should adopt this attitude to a situation which is genuine and has not been deliberately falsified.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, like Mr Pisoni, I can support the remarks concerning the previous amendment. And as for this amendment, the Committee on Agriculture feels that it should also be rejected.

**President.** — I put Amendment No 3 to the vote. Amendment No 3 is rejected.

On the proposal for a decision (IV), I have Amendment No 21 rev. II, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, proposing a new wording for paragraph 2 of Article 7 :

'2. The Guidance Section of the EAGGF shall pay to Member States 60 units of account per cow and 30 units of account per bovine animal, other than cows, slaughtered in relation to the actions mentioned in Chapter I, such aid to be given to farmers whose cattle have been slaughtered under the scheme mentioned in Chapter I, so as to ensure that the compensation reaches a minimum level of 100 % in all Member States.'

I call Mr Nolan.

**Mr Nolan.** — Mr President, the reason for this amendment is, as we are all aware, that where aid is given by EAGGF, or, indeed, by any of the Community funds, it very often gets lost in national budgets; we would therefore like to see that whatever aid goes from the Community goes direct to the farmer in addition to aid from Member States.

The second point I would like to make is that if any disease-eradication scheme is to succeed, then you must get farmer participation, but the farmer will not participate in the scheme unless he sees that he is going to get compensation. I am aware, from speaking to farmers in Ireland, of animals being sold at, say, one third of the market value that had brucellosis or some other similar disease. Therefore we must get farmer participation, and if we are going to get farmer participation we must ensure that they will get 100 % of the value. This amendment is to ensure that 60 units of account for each cow and 30 units of account for other types of cattle should be added to the State grant so that farmers will get as near as possible to 100 % of the value of their animals.

**President.** — What is Mr De Koning's position ?

**Mr De Koning, rapporteur.** — (NL) Mr President, may I point out that — at least in the Dutch translation of this amendment — reference is made to a minimum level of compensation of 100 %. Surely that should be a maximum of 100 %. Nobody would



**De Koning**

want to compensate more than 100 %, but I believe that the Members tabling this amendment do not fully understand that this measure relates to a contribution to national programmes for the eradication of animal diseases so that these programmes may be more rapidly extended. This means, then, that while aid will be granted by the Community to these national programmes, payments will be made by the national scheme to the individual farmer; it is not our aim that Community aid to the national programmes should be paid directly to the farmers concerned. The Committee on Agriculture advises you to reject this amendment.

**President.** — Before putting this amendment to the vote, I should mention that I understand that a second revision of this amendment has in fact been circulated deleting the word 'minimum', so that there is no possibility of more than 100 %. We are therefore voting, in fact, on the second revision of this amendment.

I put Amendment No 21, as revised, to the vote.

Amendment No 21/rev./II is rejected.

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On the recitals three amendments have been tabled:

- Amendment No 26 by Mr Hughes calling for the deletions of all the recitals after the first
- Amendment No 6 by Mr Scott-Hopkins, on behalf of the European Conservative Group, calling for the deletion of all the recitals after the second, and
- Amendment No 27, by the Socialist Group, calling for the deletion of the third recital.

The appropriate Committee has delivered an unfavourable opinion on these three amendments. These amendments are mutually exclusive but they may be considered together.

Mr Hughes is not moving his amendment? I understand Amendment No 26 is withdrawn.

I call Mr Scott-Hopkins to move Amendment No. 6.

**Mr Scott-Hopkins.** — Mr President, I beg to move the amendment standing in my name. I believe in point of fact that these recitals are repetitious and tedious and boring and say absolutely nothing which is worthwhile. I beg to move.

**President.** — I call Mr Laban to move Amendment No 27.

**Mr Laban.** — (NL) Mr President, I support the arguments put forward by Mr Scott-Hopkins.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) I said in my introduction that the recitals to the resolution were

my attempt to link the decisions we are now taking with those we took last October on the Commission's action programme.

I feel, therefore, that they are an important feature of the resolution; the Committee on Agriculture shares my opinion and recommends that you reject both amendments.

**President.** — I call Mr Gerlach.

**Mr Gerlach.** — (D) Mr President, excuse me, but it was not clear from the translation what we are about to vote on. Could you please repeat what you said.

**President.** — I put the first recital to the vote.

The first recital is adopted. I put Amendment No 6 to the vote.

The amendment is adopted.

Amendment No 27 is therefore void.

I put paragraph 1 to the vote. Paragraph 1 is adopted.

On paragraph 2, I have Amendment No 7, tabled by Mr Scott-Hopkins, on behalf of the European Conservative Group, seeking to delete the paragraph.

The appropriate committee has delivered an unfavourable opinion on this amendment.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Mr President, I won't weary the House. As we have already passed an amendment which dealt with paragraph 2 — subsection 2 Article 1 — this really is consecutive to that. There must not be exceptions. It is the same principle as before. Therefore I formally beg to move this amendment.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur, (NL)** — Mr President, the Committee on Agriculture feels that the modernization of dairy farms must proceed as far as it can, except when we have to prevent an increase in production capacity. Mr Lardinois has just said in his reply that he could accept this line of thought; however, we cannot discuss in detail at the moment just which projects comply with the standards of modernization but do not increase production capacity and those which lead to modernization involving production capacity increases. I believe that we must follow the Committee on Agriculture's line in each case and that we shall doubtless all reach agreement when the concrete measures are drawn up. The Committee on Agriculture requests you to reject Amendment No 7.

**President.** — I put Amendment No 7 to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The amendment is rejected.

(Protests)

**President**

I call Mr Molloy on a point of order.

**Mr Molloy.** — Mr President, I wonder if you could guide me. There are some of us who can count just as well as the people on your side and we have arrived at a different conclusion on the last vote that was taken.

*(Cries of 'Hear, hear')*

Would you therefore please be prepared to consider that, insofar as there is feeling that the vote count taken by those who sit up there with you is different from some of us who are very well used to counting votes, the vote be taken again?

**President.** — I think I should point out that, in fact, the visibility from up here is somewhat better than from down there. But, while the vote was a close one, I particularly asked those who were taking the count whether they were absolutely certain of the result.

I was assured, and I accept, that there is no doubt.

I call Mr Memmel.

**Mr Memmel.** — *(D)* Mr President, the speech by my colleague on the right was not a motion of censure against you as President — you yourself were not one of the tellers — but the fact is that the counting was carried out on your right and on your left. That is what we object to. It would perhaps be better if there was only one teller, but at present we have one on the left and one on the right and the sum of the two results may be incorrect.

The whole system applied here is unsound — unlike other parliaments, we do not use parliamentary secretaries or take a proper count.

**President.** — All I can say, Mr Memmel, is that I am quite satisfied with the accuracy of the result.

I have declared the result of the vote and there is no further possibility therefore of continuing with this matter.

*(Protests)*

I will hear no further points of order on this matter.

*(Protest)*

I have declared the result of the last vote. I will hear any points of order on other matters but not on the vote that has been taken.

I call Lord Bruce.

**Lord Bruce of Donington.** — We demand a roll call.

**President.** — I would refer Members to Rule 32, which states that a Member who has asked leave to speak on a procedural motion, namely (a) to raise a point of order, may do so under Rule 32, and only the following should be heard in debates on the above matters: the mover of the motion (i.e. the mover of the point of order), one speaker for, one speaker

against and the chairman or rapporteur of the committee concerned. In other words one cannot have a continued debate of this nature on a point of order.

I call Mr Molloy on a point of order.

**Mr Molloy.** — Could you tell me, Mr President, as to how I could move a resolution to remove you from that chair and have someone else take the chair so that we can have a fresh vote. When that is decided, you could then come back.

*(Mixed reactions)*

**President.** — That is not a point of order. I am strictly carrying out the rules of this Assembly. The rules of this Assembly say that, when the result of a vote has been declared, that is the end of the matter.

I call Mr Hughes.

**Mr Hughes.** — May I ask for your ruling, therefore, on how you interpret your present judgment in the light of Rule 35 (2) which reads:

If the result of the show of hands is doubtful, a fresh vote shall be taken by sitting and standing.

Rule 35 (3) says:

If the result of this second vote is doubtful or whenever ten or more Representatives so desire, the vote shall be taken by roll call.

I happen to believe there are 10 persons who would wish to have this vote taken by roll call. I therefore wish to suggest that, if 10 persons stand up to support my request for a roll call vote, this is precisely covered under Rule 35 (3).

*(Cries of 'Hear, hear')*

**President.** — I would refer Members to the provisions of Rule 8 (2):

‘The duties of a President shall be to open, adjourn and close sittings, to ensure observance of these rules, maintain order, call upon speakers, close debates, put questions to the vote and announce the results of votes.’

I put the question to the vote and, in accordance with Rule 8, I announced the result of the vote.

The question whether a vote is doubtful was discussed at the last part-session. We cannot go over this old ground again.

I have declared, in accordance with Rule 8, that the result of the vote was not doubtful, and that is the end of the matter.

I now put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3 I have Amendment No 15 tabled by Mr Früh and Mr Martens on behalf of the Christian-Democratic Group:

This paragraph to read as follows:

## President

'3. Believes that the Community and the Member States should continue to encourage the rationalization and modernization of dairies manufacturing dairy products in respect of which there is no provision for intervention on the market;'

The appropriate committee has delivered a favourable opinion on this amendment.

I call Mr Martens.

**Mr Martens.** — (NL) Mr President, one of the objectives of the Commission's proposals is that less milk should be processed into butter and milk powder, and that as a result more milk should be marketed as drinking milk, milk products and, for example, cheese. On the basis of this we feel that under certain circumstances aid might still have to be given for the conversion of the dairy industry to the production of drinking milk, milk products and possibly cheese. That is the reason behind the amendment we have tabled.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, it is clear that the suspension of support measures in the proposals of the Commission of the European Communities aims at preventing surpluses. If we are talking about encouraging the production and marketing of dairy products for which no intervention is required, then that is in itself very desirable. Mr Martens has rightly pointed out that in the case of cheese, condensed milk, yoghurt, ice cream etc., the pressure on the dairy produce market can be reduced by support for such products. The Committee on Agriculture feels, therefore, that the amendment tabled by Mr Früh and Mr Martens should be adopted.

**President.** — I put Amendment No 15 to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

Amendment No 15 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

After paragraph 3 I have Amendment No 1 tabled by Mr Pisoni, Mr Ligios and Mr Pucci proposing the insertion of a new paragraph 3a :

'3a. As regards the suspension of national and Community aid, asks the Council and Commission to take due account of the particular circumstances facing Italy, which is obliged to import 50 % of its milk and milk product requirements to the detriment of its balance of trade, and therefore to provide for appropriate derogations to enable that country to reduce its considerable deficit in this sector.'

The Committee on Agriculture has delivered an unfavourable opinion on this amendment.

I call Mr Pisoni.

**Mr Pisoni.** — (I) Mr President, this amendment follows the same lines as that put forward by us previously.

We regret that the House is not prepared to accept our amendments and has expressed hostility to them. We regret this not only because our views are not shared but also because the Community spirit behind these amendments has not been understood. Therefore, as I said previously, we are obliged to vote against the whole motion for a resolution.

**President.** — What is the rapporteur's position ?

**Mr De Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture has grave objections to Amendment No 1 tabled by Mr Pisoni and others. Not that it does not wish to take due account of Italy's position, but because it feels that if this must be done, then it must only be done with regard to the suspension of national and Community aid measures. The Committee on Agriculture accepted amendment No 16 tabled by Mr Früh and Mr Martens, which urges that an agricultural policy must be pursued which takes better account of the needs of Italian agriculture. We would support such an amendment. Consequently, we feel that Amendment No 1 should be rejected.

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

Amendment No 1 is rejected.

We now come to a series of amendments on paragraphs 4 and 5. There are 6 amendments. The first is Amendment No 19/rev. tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats seeking to replace paragraphs 4 and 5 by the following single paragraph :

'4. Rejects the proposed co-responsibility levy, but considers that if it is introduced, such a levy should be subject to the conditions mentioned in the following paragraphs, and draws attention to paragraphs 14 to 19 of the resolution contained in the De Koning report on the action programme for reorganization of the milk market.'

An unfavourable opinion has been given by the relevant committee.

The next is Amendment No 8 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and aimed at the deletion of the word 'temporary' in paragraph 4.

The next is Amendment No 9 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group seeking to add the following to the end of paragraph 4 :

and in particular draws attention to the acceptance by Parliament of paragraph 22 of that report which rejected the proposed tax on certain vegetable oils.

**President**

The next is Amendment No 16 tabled by Mr Früh und Mr Martens on behalf of the Christian-Democratic Group seeking to add the following at the end of paragraph 4 :

... and asks that account be taken of the degree of self-sufficiency in the milk sector in Italy, where it is lower than anywhere else in the Community, with a view to establishing an agricultural policy which better satisfied the real needs of Italian agriculture ;

This amendment has been given a favourable opinion by the Committee on Agriculture.

The next is Amendment No 17 tabled by Mr Durand, Mr Durieux, Mr Jozeau-Marigné and Mr Bourdellès seeking to amend paragraph 5 as follows :

'5. Calls for the progressive application of the co-responsibility levy on the basis of the quantities sold direct to the farm or delivered to the dairies ;

An unfavourable opinion on this amendment has been given by the Committee. The next is Amendment No 5 tabled by Mr Martens seeking to amend paragraph 5 as follows :

'5. Approves the rate of the co-responsibility levy set at 2.5 % of the target price for milk as from 1 April 1977, but believes that the levy must be proportional to the different quantities of fat and fat-free dry matter in milk.

The amendments may all be considered together.

I call Mr Lenihan.

**Mr Lenihan.** — Mr President, Amendment No 19 relates to the most serious aspect of the Commission's package relating to the introduction of a co-responsibility levy of 2.5 % on dairy farmers. Now, very briefly, I wish to state that this amendment is being introduced because we do not believe that this levy on dairy farmers under the co-responsibility principle is going to effect the limitation of production that is sought, nor is it going to benefit the consumer. It will be absorbed in administration costs. And we feel very strongly that one of the main causes of the present high level of milk production lies in the unlimited quantities of cheap imported cereals and proteins, which end up being fed to cows and are translated therefore into milk, and there is nothing in the proposals to deal with this fundamental problem. Indeed I wish to say here very positively that we would prefer if there was restraint exercised with regard to milk prices rather than this levy principle under the guise of co-responsibility being introduced. Because if this type of levy principle is applied across the board with regard to farm production, it must have a negative effect. We would prefer to see a positive measure and we feel strongly that some form of restraint in regard to prices would be infinitely preferable to imposing this form of levy. And on that basis

we are tabling Amendment No 19, to deal with this very critical and serious aspect of the Commission's proposal which in our view is negative rather than being positive. And if there was some indication that this levy would be in some way allocated to some other area of farming, to enable farmers to change their type of farming, restructure their type of farming, then that again could be worth consideration. But merely to apply the crude mechanism of a 2.5 % levy across the board as far as milk farmers are concerned in our view is negative and not going to lead in the required direction.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I refer to Amendment No 8. The word 'temporary' is unnecessary. No principle, in my view, is temporary, or should not be so if you believe in it. Secondly, if you construe the word 'temporary' in regard to financial co-responsibility, it is unnecessary because it is going to be related to the market situation and therefore will go up and down or be withdrawn. Therefore I beg to move that this word is completely unnecessary and should be deleted, basically because no principle in my view should be temporary.

As far as Amendment No 9 is concerned, I wish to withdraw it because we will be dealing with that under paragraph 11.

**President.** — Amendment No 9 is therefore withdrawn.

I call Mr Martens.

**Mr Martens.** — (NL) Mr President, as regards Amendment No 16, we have tried to meet Italian problems at least half way. The fact is that Italy must reckon with a shortfall in production. Although, as the rapporteur noted, the Commission's proposal is a matter of market policy which must be valid for all, we still feel that account must be taken of the situation in Italy in other spheres, above all, perhaps, that of the structural policy. There we can more easily show understanding for Italy in the framework of a market regulation.

**President.** — I call Mr Bourdellès.

**Mr Bourdellès.** — (F) As a joint signatory to Amendment No 17 I ask you: does not responsibility for overproduction of milk depend on excessive deliveries on the milk market? Should it not therefore be laid at the door of the major producers? The co-responsibility levy should therefore be fixed not only in relation to quantities sold, but should also be progressive. This would be a disincentive and would encourage the major producers to reduce milk production to avoid having to pay the higher rates of tax.

**President.** — I call Mr Scott-Hopkins on a point of order.

**Mr Scott-Hopkins.** — Can we not deal with paragraph 4 and get it out of the way and then go on to paragraph 5? As I understand it, Mr Bourdellès has just moved an amendment to paragraph 5.

**President.** — Amendment No 19/rev. deals with both paragraphs 4 and 5 and therefore I am afraid we must do it this way.

What is the rapporteur's position?

**Mr De Koning, rapporteur.** — (NL) Mr President, I should like first to say something about point 4 and finish that off and then deal with Amendment No 17 at the same time as the other amendments concerning point 5. Amendment No 19 refers to both points 4 and 5, since it begins with the statement that the proposal for the co-responsibility levy should be rejected. May I remind you that last October Parliament accepted the principle of the co-responsibility levy. I find, then, that this amendment contradicts that decision and should be rejected.

As for amendment No 8 tabled by Mr Scott-Hopkins, the Committee on Agriculture feels that we must clearly state that only in the case of extremely large surpluses should the intervention mechanism be supplemented by levies on particular products. If we delete the word 'temporary' from our text, we feel that the principles of the market and price policy could be undermined, if the practice of imposing continuous levies in surplus situations were to be permitted. Levies are an emergency measure, to be used, let me say once again, only in exceptional circumstances and the Committee on Agriculture feels therefore that the word 'temporary' must be included and that Amendment No 8 should be rejected.

As for Amendment No 16 tabled by Mr Früh and Mr Martens, the Committee on Agriculture also recognizes that Italy produces relatively little in the way of milk products but must however conform to the market policy which must be uniform over the Community as a whole. Italy does, however, have a right to have its specific problems taken into account in an agricultural policy. Mr Martens just mentioned the structural policy. We might add to that the need for special attention to be paid to fruit, vegetables and other typical Italian products. The Committee on Agriculture feels that Amendment No 16 should be adopted.

**President.** — I put Amendment No 19/rev. to the vote.

Amendment No 19/rev. is rejected.

We now consider the two remaining amendments which concern paragraph 4 alone. These amendments are not mutually exclusive.

I put Amendment No 8 to the vote.

Amendment No 8 is adopted.

We consider the two amendments which concern paragraph 5 alone. These amendments are mutually exclusive.

I put Amendment No 17 to the vote.

Amendment No 17 is rejected.

I call Mr Martens.

**Mr Martens.** — (NL) I withdraw this amendment.

**President.** — Amendment No 5 is withdrawn.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

I now have Amendment No 22, tabled by Mr Durand, Mr Durieux, Mr Jozeau-Marigne and Mr Bourdellès, adding the following new paragraph :

'5a. Also calls for the introduction of a basic abatement for the first 30 000 litres of milk;'

The appropriate committee has delivered an unfavourable opinion.

I call Mr Bourdellès.

**Mr Bourdellès.** — (F) Mr President, we are trying to obtain an exemption from this tax for small producers, producing not more than 30 000 litres of milk. I think that those with less than 10 dairy cows, which roughly corresponds to the number of animals necessary to produce 30 000 litres of milk, cannot be held responsible for overproduction of milk in any Member State whatsoever.

**President.** — What is the rapporteur's position?

**Mr De Koning, rapporteur.** — (NL) Mr President, this amendment is really a concrete expression in figures of Amendment No 17 which we have just rejected. For the same reasons as I gave for the rejection of Amendment No 17, I feel that Amendment No 22 should be rejected. If not, we should be exempting about half the dairy farmers in the Community from paying this levy. If we want to see the levy as part of the market policy, we cannot pursue social policies with it at the same time. This should be done in other ways. The Committee on Agriculture advises you to reject this amendment.

**President.** — I put Amendment No 22 to the vote.

Amendment No 22 is rejected.

On paragraph 6, I have Amendment No 10, tabled by Mr Scott-Hopkins, on behalf of the European Conservative Group, proposing a modification to the text of this paragraph :

**President**

'6. Is of the opinion that, in the case of the co-responsibility levy which the Commission has stated need not apply to mountain and hill regions listed pursuant to Article 3 (3) of Directive 75/268/EEC, no exception should be made for the less-favoured areas referred to in Article 3 (4) and (5) of this directive ;'

The appropriate committee has delivered an unfavourable opinion.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — This particular amendment is in direct application of that particular amendment to Article 1 paragraph 2, sub-section 2, and therefore I ask the House to accept this. I made a point of this during my speech at an earlier stage and I don't want to weary the House again. But we really must have equal misery for everybody, equal pain for everybody, with one exception : that is the mountain areas. Fortunately the Commissioner himself has agreed that this is the right principle to go on. The House has already accepted this in the first amendment I moved and I beg to move formally again.

**President.** — I call the rapporteur.

**Mr De Koning, rapporteur.** — (NL) Mr President, Mr Scott-Hopkins is quite right. Parliament has adopted Amendment No 12, against the advice of the Committee on Agriculture. I consider that we must be consistent and adopt Amendment No 10, or else we shall be contradicting ourselves. I would personally recommend Parliament to adopt Amendment No 10.

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

Amendment No 10 is adopted.

After paragraph 6, I have Amendment No 2, tabled by Mr Pisoni, Mr Ligios and Mr Pucci, adding the following new paragraph :

'6a. As regards the co-responsibility levy, asks the Council and Commission to take due account of the particular circumstances facing Italy, which is obliged to import 50 % of its milk and milk product requirements to the detriment of its balance of trade, and therefore to exempt that country from application of the levy, thus enabling it to reduce its considerable deficit in this sector ;'

The appropriate committee has delivered an unfavourable opinion on this amendment.

I call Mr Pisoni.

**Mr Pisoni.** — (I) This is on the same lines as the previous amendments, and is self-explanatory.

**President.** — I call the rapporteur.

**Mr de Koning, rapporteur.** — (NL) Mr President, I too can be brief. Parliament has adopted Amendment No 16 which says in general terms what is here

requested in specific terms. The Committee on Agriculture has objections to such specific terms after Amendment No 16 has already been adopted. All the more reason to reject amendment No 2.

**President.** — I put Amendment No 2 to the vote. Amendment No 2 is rejected.

On paragraphs 7 to 9, I have no amendments.

I put these texts to the vote.

Paragraphs 7 to 9 are adopted.

On paragraph 10, I have Amendment No 11, tabled by Mr Scott-Hopkins, on behalf of the European Conservative Group :

'At the end of this paragraph, add the following :

'but urges the Commission to use its best endeavours to promote cereal production for food aid purposes ;'

The appropriate committee has delivered a favourable opinion this amendment.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Sir, I am not amending the paragraph, I am adding to it. It is an addendum to the paragraph. The words are self explanatory. I beg to move.

**President.** — Well, it is an amendment to the paragraph if there is an addition being made at the end.

I call the rapporteur.

**Mr de Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture agrees to this addition. I would advise you to adopt this amendment.

**President.** — I put Amendment No 11 to the vote.

Amendment No 11 is adopted.

I put paragraph 10, as amended, to the vote.

Paragraph 10, as amended, is adopted.

On paragraph 11 I have amendment No 13, tabled by Mr Scott-Hopkins on behalf of the European Conservative group ;

This paragraph should read as follows :

'11. Consistent with the decision of Parliament in paragraph 22 of Mr De Koning's report on the action programme for the reorganization of the milk market, rejects wholeheartedly the Commission's proposal for a levy on certain vegetable oils and fats ;'

On the same paragraph I have also amendment No 24 tabled by the Socialist Group ;

This paragraph to read as follows :

'11. Rejects the Commission's proposal for a charge on vegetable oils and fats and refers in this connection to paragraph 22 of the resolution on the action programme for reorganization of the milk market ;'

I call Mr Prescott.

**Mr Prescott.** — Mr President, may I bring to your attention on paragraph 11 that we will be demanding a roll call on Amendment No 13 and Amendment No 24.

**President.** — A demand for a roll call has been made on Amendments No 13 and No 24. If there are ten members who wish to support this, will they please stand?

The vote will be taken by roll call.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I don't see any reason why we shouldn't do it. Of course the House does realize that when we vote by roll call we have to have a quorum, that is understood is it not?

**President.** — That is correct.

We are now dealing with Amendment No 13 by Mr Scott-Hopkins to introduce this amendment.

**Mr Scott-Hopkins.** — It is self-explanatory. I have already talked about it during the debate. I beg formally to move.

**President.** — I call the rapporteur.

**Mr De Koning, rapporteur.** — (NL) Mr President, I can only state that in our October part-session we rejected wholeheartedly any levy on vegetable oils and fats, and that the Committee on Agriculture, as I said in my introduction, adopted a different text by a majority vote at the last committee meeting, stating that a levy on milk is only admissible if it is combined with a levy on vegetable oils and fats. Those are therefore two distinct points of view, and I think that Parliament must deliver an opinion on that now. As rapporteur, I shall abstain.

**President.** — I put Amendment No 13 tabled by Mr Scott-Hopkins to the vote.

(The roll was called)

Does anyone else wish to vote?

The vote is closed.

Here is the result of the vote.

Number of Members voting : 77

Abstentions : 2

Votes cast : 75

For : 41

Against : 34

I note that the quorum of one-third of the Members of Parliament required for the adoption of Amendment No 13, has been attained.

The amendment is therefore adopted.

Consequently, Amendment No 24 is void.

The following Members voted :

For :

Mr Ajello, Mr Albers, Lord Ardwick, Mr Behrendt, Lord Bessborough, Miss Boothroyd, Lord Bruce, Lord

Castle, Mr Delmotte, Mr Evans, Lady Fisher, Mr Frehsee, Sir Geoffrey de Freitas, Mr Gerlach, Mr Glinne, Mr Haase, Mr Hansen F., Mr Hansen O., Mr Howell, Mr Hughes, Mrs Kellet-Bowman, Sir Peter Kirk, Mr Laban, Mr Lautenschlager, Mr Lezzi, Mr Mitchell, Mr Molloy, Lord Murray, Mr Normanton, Mr Patijn Mr Prescott, Lord Reay, Sir Brandon Rhys Williams, Lord St. Oswald, Mr Scott-Hopkins, Mr Shaw, Mr Spicer, Mr Suck, Mr Tomney, Sir Derek Walker-Smith, Lord Walston.

Against :

Mr Boucquerel, Mr Bourdells, Mr Brégègère, Mrs Cassanmagnago Ceretti, Mr Cointat, Mr De Keersmaecker, Mr Durieux, Mr Giraud, Mr Guerlin, Mr Van der Gun, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kofoed, Mr Lemoine, Mr Lenihan, Mr Liogios, Mr Liogier, Mr McDonald, Mr Martens, Mr Mascagni, Mr Meintz, Mr Memmel, Mr Ney, Mr Noè, Mr Nolan, Mr Nyborg, Mr Pisoni, Mr Pucci, Mr Spénale, Mr Squarcialupi, Mr Vernaschi, Mr Veronesi, Mr Vitale, Mr Yeats.

Abstentions :

Mr De Koning, Mr Van der Mei.

On the paragraph 12 I have two amendments. Amendment No 18 rev. tabled by Mr Bourdellès, proposes the replacement of this paragraph by a new text :

'12. Considers the Commission's proposal for the sale of whole milk at reduced prices in schools to be sound, would like to see a similar proposal covering barracks and invites the Commission to consider the possibility of extending this regulation to skimmed and semi-skimmed milk and to fresh dairy produce.'

The appropriate Committee has delivered a favourable opinion on this amendment.

Amendment No 25, tabled by the Socialist Group, proposes the deletion of the last part of paragraph 12 from : 'but invites the Commission to study...'

These two amendments are mutually exclusive, but may be considered together.

I call Mr Bourdellès.

**Mr Bourdellès.** — (F) Mr President, as this amendment has been supported both by the rapporteur and by the Commissioner, Mr Lardinois, I hope that the Assembly will adopt it.

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

**Mr Hughes.** — I moved this in committee and I a move it here because it seems to me that there is a strong case for educating the young persons of this Community to drink whole milk, not skimmed and bowdlerized milk, not stuff that has had the goodness removed from it but I know that this is not something

**Hughes**

which obtains the support of most of my colleagues and therefore I wish to withdraw this Amendment No 25.

**President.** — Amendment No 25 is withdrawn.

I call Mr de Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture feels that this amendment can be adopted. It is aimed at a comparable age-group so that considerations of both health and education support the adoption of this amendment.

**President.** — I call Mr Lardinois.

**Mr Lardinois, Member of the Commission.** — (NL) Mr President, I would ask the House to reject revised Amendment No 18/rev. because in my opinion, such a measure will not lead to greater sales of milk but will oblige us to take on part of the cost of providing food in the barracks.

**President.** — I put Amendment No 18/rev. to the vote.

Amendment No 18/rev. is rejected.

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On paragraph 13, I have Amendment No 23 rev., tabled by the Socialist Group, proposing the replacement of this paragraph by a new text :

- '13. Approves the Community measures for the eradication of brucellosis, tuberculosis and leucosis in bovines, but points out that they cannot be achieved completely until the provisions adopted under Article 43 of the EEC Treaty in respect of action to combat epizootic diseases have been harmonized.'

The Committee on Agriculture have delivered a favourable opinion on this amendment.

I call Mr. Hughes.

**Mr Hughes.** — I beg to move the amendment.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, I am in favour of this amendment.

**President.** — I put Amendment No 23 rev. to the vote.

Amendment No 23 rev. is adopted.

On paragraph 14 I have no amendments listed.

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

I have Amendment No 20/rev./II, tabled by Mr Liogier, Mr Gibbons and Mr Hunault on behalf of the Group of European Progressive Democrats, proposing the insertion of a new paragraph after paragraph 14 worded as follows :

- '14a. Considers that the aid from the Guidance Section of the EAGGF should be given to farmers whose cattle have been slaughtered under this scheme in such a way as to ensure that the compensation reaches a level of 100 % in all the Member States ;'

The appropriate committee has delivered an unfavourable opinion on this amendment.

I call Mr Nolan.

**Mr Nolan.** — Amendment withdrawn, Mr President.

**President.** — Amendment No 20/rev./II is therefore withdrawn.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

After paragraph 14 I have Amendment No 14 tabled by Mr Howell on behalf of the European Conservative Group, proposing to insert the following new paragraph after paragraph 15 :

- '15a. Urges the Commission to institute a European marketing organization for milk ;'

The appropriate committee has delivered an unfavourable opinion on this amendment.

I call Mr Howell.

**Mr Howell.** — Mr President, the House is well aware of my views on this subject. I won't delay the House many seconds, but I would say that I am convinced that neither the original report nor the amended report will solve this problem. Sooner or later we will have to set up a marketing organization for milk in the Community as a whole, and in a year or two's time I will have the satisfaction of saying, 'I told you so'. I do hope that as many as possible will also have the opportunity of saying that.

**President.** — I call Mr De Koning.

**Mr De Koning, rapporteur.** — (NL) Mr President, the Committee on Agriculture shares Mr Howell's admiration for the Milk Marketing Board in the United Kingdom but is aware that it was set up under very special economic circumstances and that such a system could not easily be applied in the Community as a whole. For this reason the Committee on Agriculture advises you to reject this amendment. •

**President.** — I put Amendment No 14 to the vote.

The amendment is rejected.

On paragraph 16, I have no amendments listed.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

Before I put the motion for a resolution as a whole to the vote Members may give explanations of vote.

I call Mr Martens.



**Mr Martens.** — *(NL)* Mr President, so far I have been speaking on behalf of my political group, but now I should like to state my own feelings. We have said that this is a package of measures and that the measures, in our opinion, cannot bring about a solution independently of each other, especially if one of the most important measures, the levy on maragarine, is deleted. I am convinced that the Commission's programme simply cannot be implemented if the income is lacking — as usual because of lack of funds. That is why I shall vote against.

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, I should briefly like to say that I will be voting against this report because I feel that it is insensitive to the needs of many areas.

**President.** — I call Mr Bourdellès.

**Mr Bourdellès.** — *(F)* My explanation of vote is the same as Mr Martens'. This proposal forms a whole. Since the essential part of it has been rejected, I am obliged to vote against it.

**President.** — I call Mr Gerlach.

**Mr Gerlach.** — *(D)* We are in a divided situation. Since we have made such great efforts on behalf of consumers, I shall vote in favour.

**President.** — I call Mr Liogier.

**Mr Liogier.** — *(F)* For the same reason as that put forward by Mr Martens and approved by Mr Bourdellès, our group will vote against the motion for a resolution.

**President.** — I now put the motion for a resolution as a whole to the vote.

The motion for a resolution as a whole is adopted.

#### 17. Agenda for next sitting

**President.** — The next sitting will be held on Tuesday, 14 December 1976, at 9.00 a.m. and 3.00 p.m. with the following agenda :

*9.00 a.m. and 3.00 p.m.:*

- statement by the Commission on action taken on the opinions of Parliament
- joint debate on the Berkhouwer, Hamilton and Memmel reports on the amendment of Parliament's Rules of Procedure
- Shaw report on the financial regulation
- Terrenoire report on the ECSC levies and operational budget for 1977
- Bangemann report on the discharge for the financial years 1972, 1973 and 1974.
- Cointat report on amending budget No 3
- Schwabe report on road transport (without debate)

*From 11.30 a.m. to 1.00 p.m.:* Question Time

*3.00 p.m.*

- Introduction and discussion of the supplementary Bruce report on the draft general budget for 1977
- Possibly, continuation of the morning's agenda
- Debate on the motion of censure.

The sitting is closed.

*(The sitting was closed at 10.50 p.m.)*

## SITTING OF TUESDAY, 14 DECEMBER 1976

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#### IN THE CHAIR : MR SPÉNALE

*President*

*(The sitting was opened at 9.05 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.

I call Mr Shaw on a procedural motion.

**Mr Shaw.** — Mr President, at its meeting last evening, at which you were present in the earlier part, but not when this was discussed, the Committee on Budgets asked me to give notice this morning at the outset that an urgent motion was to be tabled and taken without debate. The text will be circulated shortly.

Mr President, this motion will fulfil the understanding reached between our delegation under your own leadership and the Council. The matter concerns the addition to the interim financial regulation approved last September by this House of three additional areas in which commitment authorizations could apply. This I think, was a move welcomed and agreed by us all, so that in no sense do I believe it to be controversial. It is of course connected with an interim financial regulation, and therefore the urgent motion concerns this year's budget only, as indeed did the original interim Financial Regulation. This is just to put the matter in order, Mr President.

**President.** — I shall consult the Assembly on the matter of urgent procedure when the text has been circulated.

Do you not think, Mr Shaw, that in view of the unanimous agreement reached in committee, this motion for a resolution could be taken without debate?

**Mr Shaw.** — I would sincerely hope so, Mr President. If somebody objects, then so be it. But the House as a whole has agreed entirely to the matter concerning the motion and therefore we just have to formally pass it.

##### 2. *Motion of censure*

**President.** — I call Mr Hamilton.

**Mr Hamilton, Chairman of the Committee on the Rules of Procedure and Petitions.** — Mr President, at your request the Committee on the Rules of Procedure and Petitions discussed yesterday the problem of the time which must elapse before a vote on a motion of censure can be taken. In view of the urgency of the matter and the lack of time, our committee only discussed the actual situation and not the general subject. Although there is a slight difference between the first paragraph of Article 144 of the Treaty and Rule 21 (3) of the Rules of Procedure, in our view the latter prevails. The committee took the view that the meaning of Rule 21 (3) is obvious and I quote :

The vote shall not be taken on the motion until at least three clear days after such announcement.

A clear day starts at midnight and ends at midnight. This means in practice that a motion which has been tabled on Monday cannot be voted before Friday. Such is the rule, and this should be applied. The committee thought it impossible to interpret a clear rule in a different manner from that. It considered Rule 21 (3), however, unsatisfactory, because under the present Rule 21 a motion of censure can only be voted on Friday, so that there will be difficulties in reaching the two-thirds majority of the vote cast, pursuant to the second paragraph of Article 144 of the

## Hamilton

EEC Treaty. It decided that it would be preferable to study this question in more detail during our next committee meeting.

**President.** — This means that the vote on the motion of censure cannot be taken until Friday. I therefore propose that it be taken as the first item on the Friday agenda at 9 a.m.

Are there any objections?

That is agreed.

I call Mr Prescott.

**Mr Prescott.** — Mr President, you have ruled that the vote on the motion of censure will now take place on Friday morning. Could you inform me whether it is possible for the mover of that motion to withdraw it before Friday morning if he so wishes, or does the vote have to take place whatever the circumstances?

**President.** — A motion can be withdrawn by its author or authors at any time, including immediately before the vote.

### *3. Action taken by the Commission on the opinion of Parliament*

**President.** — The next item is the statement by the Commission on the action taken on the opinion of Parliament.

I call Mr Thomson.

**Mr Thomson, member of the Commission.** — Mr President, I have been asked to make the monthly statement on the Commission's follow-up to Parliament's opinions. If I may, Mr President, since this is the last meeting of Parliament in the mandate of the present Commission, I would just like to take stock of this procedure as it has worked out over the last 2 years. The Commission makes every effort to do the maximum possible in following up Parliament's opinions. The Commission modifies its proposals on the basis of the second paragraph of Article 149 of the EEC treaty in each and every case where it feels able to accept your amendments. Mr President, you yourself are informed in writing of the details of these modifications. This relatively new procedure — although I recognize the Parliament's dissatisfaction with some aspects of it — has, I think, been useful and you, Mr President, kindly sent Mr Ortoli a letter of thanks in October of last year.

I thought the House would like to know the overall picture. During this period of two years Parliament has given 281 opinions on the Commission's proposals. The vast majority of these — 207 — have been favourable ones. In 74 of its reports Parliament has proposed amendments and in 52 out of these 74 cases the Commission has been able to accept them, either partly or wholly. In only 22 cases has the Commission been unable to follow Parliament's amendments. Moreover, during the course of the debates on these 22

issues, Parliament has very often shown that it appreciated the Commission's reasons for being unable to follow Parliament's advice. That is the general position over the last two years. The current position is the following: there remain only a few parliamentary opinions — they all in fact date from July — which have still to be incorporated into modified proposals for transmission from the Commission to the Council. These include the reports by Mr Mursch and Mr Schwabe on transport tariffs. Here it makes more sense to consider these in conjunction with Mr Albers' report to be debated this part-session. Secondly, there is Mr Guldberg's report on the aircraft industry action programme. This has been studied by the Commission in great detail and the Commission hopes to send the Council a modified proposal before the end of the year. The Commission also hopes to do the same in the next few weeks with regard to Mr Ney's report on veterinary medicine and Mr Guerlin's report on fresh poultry meat. Finally, there is Mr Howell's report on the transformation and marketing of agricultural products and Mr Bourdellès' report on a market organization for potatoes. The Commission hopes to be able to tell Parliament at its next part-session that its amendments have been incorporated in modified proposals.

Mr President, turning once again to the actual procedure for informing this House of the results of its opinions', I recognize that it is a pretty drab and dry procedure, and the Commission is well aware of Parliament's complaints in this matter. I do not think, however, that it is easy to see an attractive alternative. The Commission's oral statement must necessarily be brief. I cannot go into detail, and the aim of the statement is obviously not to re-open the previous debates, otherwise your timetable would be much at risk.

Finally, Mr President, I am happy to tell Parliament that since its last part-session the Commission has sent the Council proposals modified in the light of the report by Lord Bessborough on the Community's multiannual programme in the field of technical and scientific education and, secondly, Mr Brégégère's report on jam, jellies, marmalades and chestnut purée. Furthermore, the Commission has just sent the Council a new proposal concerning a market organization for ethyl alcohol, adopted in the wake of the Community's enlargement.

### *4. Decision on urgency in respect of the motion for a resolution on the meeting of the Council of Research Ministers*

**President.** — I shall now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Springorum on the meeting of the Council of Research Ministers (Doc. 456/76).

Are there any objections?

The adoption of urgent procedure is agreed.

**President**

I propose that this motion for a resolution, on which a vote without debate has been requested, should be placed on the agenda for Friday.

Are there any objections?

That is agreed.

### 5. Amendment of the Rules of Procedure

**President.** — The next item is the joint debate on three reports drawn up on behalf of the Committee on the Rules of Procedure and Petitions:

- Report (Doc. 210/76) by Mr Berkhouwer on the addition to the Rules of Procedure of the European Parliament of a new Rule 22A on the conciliation procedure embodied in the Joint Declaration of the European Parliament, the Council and the Commission of 4 March 1975
- Third report (Doc. 408/76) by Mr Hamilton on the Amendment of Chapter XI of the Rules of Procedure of the European Parliament
- Report (Doc. 409/76) by Mr Memmel on the amendment of Rule 48 of the Rules of Procedure of the European Parliament (Petitions).

I would remind the House that as a quorum is required for the adoption of these reports, the vote will be held on Thursday after the vote on the budget.

I call Mr Berkhouwer to introduce his report.

**Mr Berkhouwer, rapporteur.** — (NL) Mr President, the report which I am introducing on behalf of the Committee on the Rules of Procedure and Petitions deals with the inclusion of a new rule 22A in the Rules of Procedure. This is being done in response to a request by the Bureau which, at its meeting of 22, 23 and 24 June decided that the Rules of Procedure must be adapted to the new conciliation procedure between the European Parliament, the Council and the Commission, on which Parliament adopted a resolution on 19 February 1975. We are not concerned here with cooperation under the budgetary procedure but with consultation on decisions of general importance with substantial financial implications, where these decisions do not necessarily result from existing texts. The three institutions concerned made a joint declaration on this subject on 4 March 1975. The first initiative for this consultation was actually taken in 1970, as is apparent from a letter of 22 July 1970 from Mr Scheel, who was President-in-Office of the Council at the time, to Mr Scelba. This letter recalls that in the case of Community legal acts with financial consequences — which represent a considerable proportion of Community activities — the Council undertakes to inform the European Parliament of its reasons, should it be obliged to depart from opinions of Parliament.

Rule 22A now stipulates that Parliament may initiate the conciliation procedure with the Council if the

latter proposes to depart from opinions adopted by Parliament. In our Rules of Procedure reference is of course only made to the opening of this procedure on our initiative. However, it is also possible according to the joint declaration of 4 March, that the Council may itself request this procedure. This possibility might be mentioned in the selected texts accompanying the Rules of Procedure — the pink pages. But we as a Parliament can only lay down provisions relating to our own procedure. We cannot oblige the Council to follow a particular course of action through our Rules of Procedure.

Four conditions must be met for the application of the new rule. Firstly, it can only apply to Community decisions of general importance with substantial financial implications which do not necessarily result from existing texts. Secondly, the Council must be proposing to depart from Parliament's opinion; thirdly the Commission must specify on submitting its proposal that the decision in question is one to which the conciliation procedure may apply; and finally, Parliament must make use of its right of initiative when it delivers its opinion.

My comments on Rule 22A (2) will be brief; this paragraph relates to the composition of the delegation. Mr President, an amendment has been tabled by Mr Aigner on the subject of this composition and a further amendment by Mr Krieg. Mr Aigner proposes that the delegation for conciliation should consist of nine members of specified committees and Mr Krieg proposes that the nine members should reflect the political composition of Parliament. I have no objection to these two amendments, Mr President, and I recommend that Parliament should adopt this new Rule 22 A when it votes on the matter on Thursday. The date of the vote was made known well in advance because a specific qualified majority is needed, exactly as in the case of the budget.

**President.** — I call Mr Hamilton to introduce his report.

**Mr Hamilton, rapporteur.** — Mr President, it is with much pleasure that I rise to ask the House to debate, and on Thursday to adopt, the report by the Committee on the Rules of Procedure and Petitions on Rule 47 of the Rules of Procedure, which relates to oral questions with debate. This marks the completion of the reform of the Rules of Procedure in relation to questions, for which I was appointed rapporteur for the committee. It has been a long haul. We started work more than a year ago on questions, and for that reason at least, both the committee and, I hope the House, will either unanimously, or with a resounding majority, adopt this third report.

## Hamilton

At this point I should like to remind Members that after the referral back of the second report on questions in July, the committee decided to deal separately with Rule 47 on the grounds that it raised difficult and important issues which required special attention. And after lengthy but I think amicable discussion, I am pleased to say that the committee adopted the third report unaimously. We were faced with a difficult situation in regard to oral questions with debate, as their number had been increasing alarmingly in the last 3 sessions. If I might give one or two statistics: in session 1973-74 out of 45 such questions 25 were tabled by political groups. In the following session, 1974-75, the total had jumped to 82, of which 51 were tabled by the political groups, and in session 1975-76 there was a total of 72 such questions, of which 41 were tabled by the political groups. The percentage of oral questions tabled by the groups in those 3 sessions was 56 %, 62 % and 57 % respectively and in view of that the committee concentrated their attention on oral questions with debate tabled by political groups.

As rapporteur, my chief function is to explain to the House the amendments we have proposed to the existing Rule 47 and the reasons for those amendments.

If I might turn to paragraph 1 of Rule 47, the third subparagraph contains a major amendment. At each part-session each political group is to have the right to have not more than one oral question with debate. On this point the Bureau made a request to political groups in June 1975 not to table too many oral questions with debate, particularly after the Bureau had adopted the draft agenda. This request was based on proposals put by the Socialist, Liberal and Progressive Democrat Groups. So there was even then a majority in the Bureau for restriction of the numbers of oral questions. Following this clear indication that the Bureau favoured some restriction of the number of oral questions, the European Progressive Democrat and Socialist Groups tabled amendments respectively to restrict the number to one per political group per part-session and to six per part-session in all. After discussion my committee unanimously rejected both these amendments and also a compromise amendment of my own, and adopted a new text, based on all three amendments, restricting oral questions to one per group per part-session. The new text also made the following provisions: firstly, no oral questions shall be debated at a part-session if the subject of the question has already been entered on the agenda for debate. It would be possible, however, to include oral questions in such a debate. This proposal was adopted by the Bureau in June of 1975 when it was supported by the Socialist Group. Secondly, if an oral question

relates to a report of a committee submitted to, but not yet considered by Parliament, Parliament must vote as to whether the question should be placed on the agenda. This idea originated in an opinion from the Legal Affairs Committee and was also supported by the Bureau. The suggestion that Parliament should vote derived from one of Mr Krieg's amendments and will, I believe help to clarify the exercise of powers.

Thirdly, the Bureau is given the power to decide the order in which oral questions shall be placed on the agenda.

I now turn to paragraph 2 of Rule 47. Three amendments are proposed here. The first provides for complete flexibility in dealing with oral questions with debate. The Bureau is empowered to transfer them into questions for written answer, into oral questions at Question Time, or into oral questions without debate. This was recommended in 1975 by the Liberal and Allies Group and the Secretary-General to assist groups, if oral questions by groups were to be restricted. So we are in effect giving back with the second hand some part of that taken by the first.

The second amendment to paragraph 2 was necessary following the adoption of the restriction of one oral question per group, per part-session, and consists in suppressing the automatic right of groups to have questions dealt with under Rule 47.

The third amendment to paragraph 2 consists in reducing from six weeks to five the period of notice required to be given to the Council and the Conference of Foreign Ministers of an oral question. With the increasing participation of the Council in our proceedings and the possibility of questioning the Conference which, of course, we welcome, the committee felt that some reduction in the period would be acceptable, and we are grateful for the acceptance by the bodies concerned of this proposal, which is also dealt with in paragraph 3 of the proposed text.

I now turn to paragraph 4 of Rule 47. The only change here which the committee proposes is to reduce the time limits for speaking on oral questions. The speaker introducing the question is to have ten minutes instead of twenty and other speakers five minutes instead of ten. Members may speak only once and provision is retained for unlimited time for answer by a member of the institution concerned. In proposing to the House these time limits, the committee is following the guidance of the Bureau at its meeting of June 1975. The Bureau's view was based on an opinion by Mr Jozeau-Marigné for the Committee on Legal Affairs and on a proposal by the ad hoc study group and the Secretary-General. So I think we have unanimous backing in proposing the amendment.

**Hamilton**

I turn now briefly to paragraphs 6 and 7. The committee proposes the insertion in Rule 47 of two new paragraphs based on present entries in the selected texts or pink pages. Paragraph 7 provides that oral questions can be withdrawn by their authors but may be taken over immediately by another Member if Parliament so decides by vote without debate. The paragraph was unanimously adopted by the committee, taking account equally of amendments by the Socialist and European Conservative Groups. So I can say with impunity, I think, that our committee adopted an objective approach on all occasions to all the amendments which were put to us. The effect of the paragraph is that even though an oral question with debate may be withdrawn by the committee, political group or five Members who have tabled it, any political advantage to be gained thereby is balanced by the possibility of another Member taking it up, subject to the agreement of Parliament.

Mr President I have tried in the briefest time compatible with accuracy to explain to the House the amendments proposed by the committee. In all, five amendments were tabled by the Progressive Democrat and Socialist Groups. Given that two Socialist amendments were alternative one to the other, we accepted unanimously the sense of all these amendments. That being so, I feel justified in asking the House to vote for the amendments on Thursday. And here I might say, in parenthesis, Mr President, that I apologize that I myself will not be here on Thursday, because we have got fairly important business in our own Parliament on that day which necessitates my absence from here.

My concluding words are to thank once again my committee for their constructive and non-partisan approach to the problems posed by Rule 47. If the House adopts their amendments, I think full credit should be given to the Members of the committee, who have worked so very hard on them for so long.

*(Applause)*

**President.** — Before I call Mr Memmel, there is a question I wish to raise. I hope, once this procedure has been adopted, that it will not be open to misinterpretation.

The new paragraph 7 of Rule 47 states that when a question is withdrawn 'it may be immediately taken over by any other Member, under the conditions set out in paragraph 1 above'. I wonder if that means that a question that has been withdrawn can be taken over in the name of a committee, or a political group, or five or more members, or, as the text seems to indicate, that it may be taken over immediately in the name of any single Member. I think there is some confusion here that should be cleared up.

**Mr Hamilton, rapporteur.** — Mr President, it is a well-known precedent in the House of Commons that on a question like that the Minister answering requi-

res notice of it. And I think I can only give that answer. I think my committee will need to look at that problem. But I agree with you that the wording, as it stands, would imply that a single Member can take over the question, but subject to the agreement of Parliament. The Parliament will be the sovereign body determining whether the question shall be taken over by an individual Member, and I think that is probably a sufficient safeguard. But I think my committee will have a look at that again, and if the matter needs clarification then we can do that subsequently.

**President.** — I call Mr Memmel to introduce his report.

**Mr Memmel, rapporteur.** — *(D)* Although you have called on me to speak as rapporteur, please allow me first to make a general observation. I promise to be brief.

We have somehow got into the habit of dealing with an amendment to the Rules of Procedure at every plenary part-session of Parliament. This use I regard as an abuse. To my mind, the Rules of Procedure are a kind of Magna Carta, a basic law of Parliament, and we should not tinker with them at every plenary part-session. We would do better to go through the entire Rules of Procedure and re-edit them; otherwise our printers will no longer be able to cope with all the amendments we adopt month after month.

Having made my point, I should like to go on to my report. We now have a Committee on Petitions. Clearly this makes it necessary to make some changes to the provisions of the Rules of Procedure, and this is what has happened with the report you have before you as Document 409/76. The amendments to Rule 48 suggested in the report serve in general both to underline and to supplement the existing provisions. The only slight difficulty we encountered was in delimiting geographically — if I may so put it — the right to present petitions. In other words, what we want is to make sure that the Committee on Petitions is not referred to on matters that lie outside the Community's borders, for example with conditions in China or Pakistan and such places.

A further problem — also amounting to an abuse — was that most of the petitions that have so far reached Parliament have been presented, not by the ordinary citizen, but by privileged citizens of this Community — that is, officials and other members of Parliament's staff. This point has not been settled in the report, our committee having come to the conclusion that it ought to be dealt with in the famous 'pink pages'. Moreover, some scope exists for limiting this right to petition of officials and other members of the staff, not in the legal sense, but in practice. I have already put forward suggestions in committee as to how this could be done. What above all is to be avoided is that the Committee on the Rules of Procedure and Petitions



**Memmel**

should become involved in a roundabout way — that is, through petitions — in matters that concern relations between the staff of Parliament and its President and fall within the terms of reference of the Staff Committee.

I would ask, therefore, that the motion for a resolution contained in my report be adopted. I shall give my views on the proposed amendments tabled respectively by Mr Granelli and Mr Vernaschi when the reasons underlying these two proposals have been made known.

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

**Mr Yeats.** — Mr President, first of all might I refer to the valuable point that has just been made by Mr Memmel with regard to the undesirability of repeated amendments to the Rules, with discussions, such as we are having today, continuing perhaps month after month. We must remember that there is some backlog. It is a considerable time, I think, since we had any substantial amendments to the Rules. There were certain matters which needed to be dealt with. I think most of them, perhaps all of them, have now been dealt with, and this is therefore to some extent a non-repetitive procedure, but I think that it is clear that the basic reason why we have been dealing with them so much in the past few months is that, because of the nature of the majority needed to change the Rules, it is a matter of practical parliamentary fact that this really needs to accompany the budgetary procedure: in other words, at a time when we require a substantial majority on the budget, it is convenient also to change the Rules. I think the basic answer to Mr Memmel is that it will not again be possible to have a vote on the Rules for a considerable time to come, because we simply will not have the type of majorities which the budget requires.

I think we must congratulate our three rapporteurs for the valuable work they have done. Mr Memmel's report provides a number of useful clarifications of the procedure for dealing with petitions which I think will be a useful addition. Then we have Mr Berkhouwer's report which, in a sense, institutionalizes the important new consultation procedure that until now has been on a sort of *ad hoc* basis; it is right that it should have a definite place in the Rules. On this there is an amendment put down by Mr Krieg on behalf of my group which seeks to ensure through the Rules, as indeed has been the case in practice, that the committee taking part in the consultation procedures should be representative of all sections of political opinion in the House. There is another amendment by Mr Aigner which effectively does the same thing as our amendment in somewhat more detail. Should Mr

Aigner's amendment be put first, then I think our group will have no hesitation in supporting it as well.

Mr Hamilton was perfectly right in pointing out that there has been a substantial increase in the number of oral questions month after month, and, obviously with the congestion of business that we have seen this week, for example, something needed to be done about this. I think that the changes in the Rules suggested by Mr Hamilton are a fair compromise between the requirements of the groups in being able to have matters discussed and the requirements inevitably laid before us by the congestion of business. I think that the compromise whereby each group is entitled, as of right, to have one oral question debated each month is a fair one.

After all, it is always open to the Bureau to sanction a larger number of oral questions either from groups or else from members of groups. The withdrawal of oral questions with debate is something which has caused some problems recently, as you know, and I think the suggestion here is a useful clarification. I think, Mr President, that your point about the phrase referring to paragraph 1 is a good one. I would suggest that we might consider deleting it altogether. I do not think there is any problem at all in the fact that one Member can take over a question although five Members had put it down originally, because, as Mr Hamilton has pointed out, it is subject to the decision of the Members of the House. I think that is the safeguard, but at the same time, to say that it is to be done under the provisions of paragraph 1, which does require five Members, would seem to be inconsistent, and I suggest that we might delete the phrase altogether. But I do not think that there is any danger involved in questions being put by one Member, because this is subject to a majority decision. So I think that we can congratulate the three rapporteurs and welcome these reports as incorporating useful amendments in the Rules.

**President.** — I call Sir Derek Walker-Smith to speak on behalf of the European Conservative Group.

**Sir Derek Walker-Smith.** — Thank you, Mr President, for the opportunity to say a very brief word on these three reports, which represent a further stage in the work of this Parliament and its committee in revising and improving our Rules of Procedure.

I would join with Mr Yeats in congratulating the rapporteurs with particular pleasure, and perhaps I might be allowed in this context to make special mention of Mr Memmel, because I understand that this may be the last or almost the last service which he will render to this Parliament, which he has served so long and with such distinction.

(Applause)

### Walker-Smith

I say a further stage in the work of the Parliament, Mr President, because of course it is not a final one.

There can be no finality in the improvement of the procedures of this Parliament, which is necessarily in an evolutionary stage, having regard to the idiosyncratic nature of its functions as defined in Article 107 of the Treaty as 'advisory' and because of its multilingual multinational composition.

The European Conservative Group welcomes these reports as improvements and steps in the right direction, and we have ourselves no amendments to propose. I will therefore confine myself to some very brief observations on the text and on the amendments which are proposed by others.

In regard to Mr Berkhouwer's report, the new Rule 22A is a useful step in the implementation of the conciliation procedure — itself an important innovation in the relations between the political institutions of the Community and an important aid to improving and strengthening the participation of this Parliament. The amendments refer in the main to the composition of the delegation. In principle, this is clear: the delegation should be authoritative, representative and not unwieldy. I think that principle is broadly met by paragraph 2 as drafted but, so far as the amendments are concerned, we would support Amendment No 1 from Mr Krieg, though I would prefer to see the words 'so far as practicable' inserted. Amendment No 2 by Mr Aigner, we would support in principle, though I would again prefer to see the words 'a maximum of nine members' in case the number cannot, on all occasions, be achieved with convenience.

Amendment No 3, by Mr Broeksz, I take to be a clarifying amendment, implementing what is in any event the intention of the conciliation procedure and, as such, we would support that.

Turning to Mr Hamilton's report Rule 47 on Oral Questions with debate has proved a difficult one to get right. I gave my views of this in our previous debate, and have no intention of repeating anything now. As Mr Hamilton has said, the committee was unanimous on the third report, and now no amendments are presented. It is obvious that the original unamended text, giving an unlimited right to political groups to initiate oral questions with debate, gave rise to the possibility of the agenda being overwhelmed and prejudice arising to the other work of Parliament. The amendment now proposed is a reasonable solution — one such debate per part-session per group as of right, and all groups treated on an equal footing.

In regard to the question which you raise, Mr President, with your perceptive Presidential eye, in regard to paragraph 7 of the amended rule, I think the answer as a matter of construction — if I may say so with great respect — is clear. We did discuss the drafting of this paragraph in the committee. The reference to the words 'the conditions set out in paragraph 1' is of

course to show that those taking over the rights cannot exercise a right superior to those with whom that right originates. That must be so as a matter of law and construction. The assignee or transferee cannot have greater rights than the assignor or transferor. It may be that the wording is not entirely happy; that is what happens when one is drafting for six languages, but the intention is clear. There is a double safeguard in regard to the operation of this: first, it has to comply with the basic requirement of paragraph 1, secondly there has to be a consensus of Parliament. As the rapporteur very properly said, this could be looked at as a matter of wording, but I think, with great respect, Mr President, the answer to the question that you so properly and pertinently raise is the answer which I have ventured to give just now.

Turning then to the Memmel report on petitions, the right to petition is of course important and should be free from unnecessary limitation. It is also important, however, that petitions should be related to matters in which the Community has an interest, a function and a status. If no such limitations apply, then that would depreciate the currency of petitions, in that a mass of generalized, ineffective petitions would swamp the relevant and useful ones. In this context, the redraft in Mr Memmel's report of paragraph 4 is a clear improvement on the original text, in that it imposes more precise limits on admissibility. We would certainly lend our support to Mr Vernaschi's Amendment No 2, which seems clearly appropriate in principle. In regard to Mr Granelli's Amendment No 1, with the proper prudence of the rapporteur, on that I think we would wait and see what is said in explanation and commendation of it.

May I add one final word, Mr President, in the hope of averting possible future difficulties in regard to the matter of petitions by officials, to which Mr Memmel has referred? Paragraph 5 of the explanatory statement deals with petitions submitted by officials of this Parliament and these, as the rapporteur has said, have in practice been very numerous and, at any rate, *ex parte*, disproportionate to the number of petitions from the generality of citizens. I wholly agree with the point of view expressed in the second sentence of paragraph 5 of Mr Memmel's explanatory statement, but I must just make this cautionary observation: he goes on to suggest a statement in the guidelines. With the greatest respect, I doubt the practicality or the efficacy and, indeed, possibly the constitutional propriety of that. Guidelines can only properly interpret the rules. They cannot derogate from them and should not be made to appear to do so. As the rules in question impose no limitation of this sort to the admissibility of petitions, it may be open to a legal or constitutional objection as being a derogation in the guidelines from the Rules of Procedure themselves, which, as I have said, is legally inappropriate. The desired objective is certainly a sensible one. For myself, I would have pre-

**Walker-Smith**

ferred to see it incorporated in the Rules, and there would have been no technical difficulty about it. But perhaps the Committee on the Rules of Procedure and Parliament itself can keep an eye on this matter, to see that the constitutional right of petition is maintained without there being any abuse thereof.

Subject to that, we agree that the proposals in this report also constitute a useful contribution to the necessary clarification of the petition procedure, and, I repeat, the thanks of this Parliament are due to the rapporteur for his labours in this regard.

**President.** — I call Mr Hamilton.

**Mr Hamilton, Chairman of the Committee on the Rules of Procedure and Petitions.** — Mr President, I don't wish to delay the proceedings any longer than necessary, but I think what Sir Derek has just said in reply to the question that you put yourself is a sufficient answer to warrant us not taking this back to the committee for reconsideration. I think paragraph 7 of Rule 47 is intended to work as follows: first of all, the Bureau accepts an oral question tabled by a political group, a committee, or five members. Secondly, if the authors wish to withdraw it by mutual agreement, any other individual Member may then adopt it, but must obtain the agreement of Parliament by vote without debate, as I have said. Thirdly, the reference to the conditions set out in paragraph 1 is necessary to ensure that the oral question, as adopted by the individual Member, still fulfils the criteria set out in paragraph 1. In other words, he is not treated any more favourably than the Members or group who originally tabled the question. I think that clarifies that position.

On another matter, if I might refer in my personal capacity, to the Memmel Report, I should say that I myself have received from the Chairman of the Staff Committee and from a trade union of this House, letters which reflect the emotion of the staff on the proposal contained in the explanatory statement of the report to limit the right of addressing petitions to the Parliament for members of the staff. This proposal is considered as a discrimination between officials and other citizens of the Community. The Committee on the Rules of Procedure and Petitions was of the opinion that instructions should be elaborated by the Bureau in order to avoid the tabling of too many petitions by members of the staff, but the committee is fully aware of the necessity to respect the right to petition of the members of the staff, which is a fundamental right, as Sir Derek said. I don't know how we can remedy this, but I think, taking account of the wishes of the staff and in view of the fact that in the new text of Rule 48 it is already provided that only petitions referring to a general interest will be considered admissible, I would hope that further thought might be given to this matter to prevent the view gaining credence that we are somehow discriminating against staff in

the presentation of petitions, as compared with other citizens of the Community. I shall leave it at that.

I just want to say in general terms that this has been a very profitable exercise — in many ways frustrating, but in the event, worthwhile — in bringing a more democratic content into our Rules of Procedure. It will, I hope, make for more liveliness in this Assembly: I think the more we can generate outside interest in the workings of this Parliament in the run-up to direct elections, the better it will be for democracy and for the Community as a whole.

IN THE CHAIR: MR MARTENS

*Vice-President*

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (*F*) Mr President, I shall be very brief, since Mr Hamilton has already expressed better than I could have done what I wanted to say about discrimination against officials of the European Parliament as regards the right to petition. My remarks will refer to Rule 48 (1) of the Rules of Procedure mentioned in the excellent report by Mr Memmel, whom I too congratulate on the work he has done, while adding — as did Mr Hamilton — that he was helped in this by members of the committee who worked on these three reports during several sittings.

The proposed new text of Rule 48 (1) provides that the date, place of birth, name, occupation, nationality and permanent address of each signatory should be shown in petitions, and point 4 of the explanatory statement of Mr Memmel's report states that 'this information is required to ensure that only petitions from persons who have reached the age of majority are addressed to the European Parliament.'

The first question that arises here is what is the 'age of majority'. Is this the same in all Member States? If not, there could be discrimination, based on nationality, as between future petitioners. I would also add that under French law even minors are allowed to present petitions. The right to petition dates back to the revolution of 1789. It is an inviolable right, and every inhabitant of France and even of another country — including persons convicted under ordinary law and minors — may present petitions. I cannot help wondering, therefore, if we really ought to restrict the right to petition to persons who have reached the age of majority.

Clearly, these remarks do not exactly arise from Rule 48 (1) as it is worded. This is why I should like to ask Mr Memmel whether paragraph 4 of his explanatory statement establishes a precedent or whether the provisions of Rule 48 (1) will be strictly complied with.

**President.** — I call Mr Memmel, who will speak also on behalf of the Christian-Democratic Group.

**Mr Memmel, rapporteur.** — (D) Mr President, to reply first to Mr Lagorce's question, I would point out that the committee deliberately inserted the date of birth in point 4. The right to petition must naturally be restricted to persons who have reached the age of majority, the precise nature of which it is for the lawmakers of each state to decide. There is no such thing as a European age of majority. This is a subject which we ought perhaps to tackle fairly soon. I am therefore in favour of the right to petition being tied to the age of majority. The objection raised by Mr Lagorce that in France even children — he spoke of minors but it amounts to the same thing — have the right to petition may be quite justified as far as that country is concerned. But I do not think it would be a good thing to introduce it in our countries. As to this objection that even convicts are allowed to present petitions, naturally a convict can address a petition to any parliament, including the European Parliament. But we wanted to keep to the subject, which is the age of majority.

I have now answered Mr Lagorce in my capacity of Rapporteur. Now, however, I must speak for the Group on the Berkhouwer report, and this I should like to do right away.

Mr Broeks's amendment also meets with our approval.

As regards Mr Krieg's amendment, we must bear in mind that an amendment has also been tabled by Mr Aigner. So far, no one has expressed an opinion on that amendment. If Mr Aigner's amendment is adopted, then that tabled by Mr Krieg will be dropped, and vice versa. This is why I should like to say a word or two on the Aigner amendment. Rule 22A (2) (new) in Mr Berkhouwer's report does not specify the size of the delegation. Moreover, it is concerned only with the functions of members of the delegation, for mention is made only of the President of Parliament, the rapporteur and the chairman of the committee concerned. Mr Aigner's motion for an amendment provides for membership of this delegation to be limited to nine members. This, I believe, is a good thing, for a large body is not as effective as a smaller one. Moreover, it is essential that the delegation should reflect the political composition of Parliament, for in theory it would be quite possible for the members of this Parliament appointed to the delegation on the ground of the function they perform, to be members of the same political group. More attention should therefore be paid to Parliament's political composition, and hence the need for *the delegation to reflect Parliament's political composition*.

I would therefore be for adopting Mr Aigner's amendment and then rejecting, if it is not previously withdrawn, the amendment tabled by Mr Krieg, who, after all, has the same end in view, having spoken of balanced representation of political views.

**President.** — As no one else wishes to speak, the joint debate is now closed.

#### 6. Amendment to the Financial Regulation

**President.** — The next item is the report (Doc. 469/76) drawn up by Mr Shaw on behalf of the Committee on Budgets on :

The proposals from the Commission of the European Communities to the Council concerning :

- a regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities
- the application of the unit of account to the European Communities' budget (draft resolution of the Council and proposal for a Council Regulation (ECSC, EEC, EURATOM) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities)

I call Mr Shaw.

**Mr Shaw, rapporteur.** — Mr President, in moving my report I am bound to say that I am well aware that the Financial Regulation is not in any sense the favourite reading of any Member of this Parliament. Nonetheless it is a regulation that is fundamental to the health and well-being of the Community, and nothing can stress that more than the fact that Mr Cheysson, who had, I know, very important engagements this morning, has seen fit with his usual courtesy to take a tremendous amount of trouble to be with us to discuss this whole matter, and I say, on behalf of Parliament, that I am grateful to him.

The issues, Mr President, of this report are of considerable significance to the European Parliament, to the Commission and indeed to the Communities as a whole. The matter is an important one because the Financial Regulation sets out the procedure for preparing and establishing the general budget of the European Communities, for its implementation and for the presenting and auditing of its accounts. It also touches on the role of this Parliament as the body responsible for overall financial control and for the giving of the discharge when the accounts have been finally closed. The Financial Regulation, Mr President, springs from the provisions of Article 209 of the Treaty establishing the European Economic Community, as amended, of course, by Article 18 of the Treaty of 22 July 1975, which reads as follows :

The Council, acting unanimously on a proposal from the Commission and after consulting the European Parliament and obtaining the opinion of the Court of Auditors, shall make financial regulations specifying in particular the procedure to be adopted for establishing and implementing the budget and for presenting and auditing accounts.

The report before the House takes up the Commission's proposals, which are contained in a massive

## Shaw

document (No. 166/76.) This document sets out many improvements and amendments to the Financial Regulation of 25 April 1973. The proposal from the Commission took account of many of the suggestions made by us here in Parliament over the past 3 years, of the annual reports on the budget and, especially, of the report of the Cointat *ad hoc* working group, Document No 143/76, which was approved in this House some 6 months ago. I should like to emphasize that the tremendous amount of work that has gone into the consideration of the Commissions document and the drawing up of my own report has been in very large measure a team effort of the Committee on Budgets, because our chairman has played a significant part in seeing that our work got through.

Mr Cointat has played an equally significant part in the way that he guided the *ad hoc* group through to certain conclusions, many of which are embodied in this document. Lord Bruce has played a part, too, as he went through the procedures of the 1977 budget.

To give some idea of the wide range of revision put forward by the Commission, I would cite the following proposals: that the nomenclature be settled annually in the context of the budgetary procedure; that the research part of the budget be simplified; that provision be made for the European unit of account: that a generalized commitment appropriations procedure be adopted; that references to the Court of Auditors be built into the Financial Regulation; and that provision be made for the collection in full of own resources. That isn't an exhaustive list, but it gives some indication of the wide field that the document covers.

The Committee on Budgets has added to this list by approving several dozen further amendments to the Regulation, and in some cases these tend to bring the Commission's proposals closer to the presentation favoured by Parliament. However, the bulk of the amendments by the Committee on Budgets in fact break new ground, and I would like to give some typical examples of what these relate to: firstly, the strengthening of the position regarding the follow-up to be given to Parliament's comments in the context of discharge reports; clarifying circumstances in which supplementary or amending budgets could be considered appropriate; ensuring — and this is very relevant in view of what we have heard this week — that the European Parliament secures all the necessary documents and information which it might require in the context of its control work; giving power to the Court of Auditors to follow up topical issues arising from matters brought to the notice of Parliament; and all sorts of other amendments, including amendments to try and stop another butter mountain incident such as we have had before and such as will be referred to in the Bangemann report which we consider later on today.

These are some of the key issues covered by the report before you, and I am quite certain that if we adopt

this regulation, we shall have a Financial Regulation that is more up to date, more flexible and certainly gives us a better control over the budget arrangements.

I propose now, Mr President, to say, very briefly, a few words about the key amendments that we ourselves have put into the report. First and foremost, of course, we must refer to the question of commitments. There has been a feeling in Parliament, and indeed in Council and Commission as, well in, recent years, that the budget of the Communities should be able to cope, in a flexible and transparent way, with the authorization and financing of projects extending over several years. We must get over the need to put the whole cost of a project into one year, and thereby have to carry it forward, with little or no control, into the future. The way that we have adopted will, I think, get over this matter, and although the basic concept is relatively simple, the working out of an appropriate mechanism for its presentation in a form which would afford maximum clarity has given rise to a considerable amount of discussion in your committee. Indeed, at one stage, Mr President, we even had recourse to a blackboard and chalk. However, to cut a long story short, the committee opted for the presentation which is illustrated on page 46 of my report and I hope that this will find acceptance in Parliament. Certainly, as far as I have been able to discover, it is a solution that is acceptable to the Commission and, I hope, in due course will also be acceptable to the Council.

Another matter that has caused considerable concern in the past has been the question of transferring sums of money from one title to another. We were fully aware of the fact that between forty and fifty per cent of the appropriations in the budget have been moved around in the course of recent years. These extensive movements could alter the whole character of the budget and could have serious policy implications. In view of this, amendments have been effected to Articles 21, 107 and 113, which provide for fuller involvement of Parliament in transfers than has been the case heretofore.

Under Article 12, a number of important amendments are proposed which are considered desirable in regard to letters of amendment, supplementary budgets and amending budgets. As regards letters of amendment, it is thought that Parliament should have sight of these from Council in reasonable time before the second reading of the budget. We had the quite impossible situation this year — and those of us who were in the Committee on Budgets will remember it — when the letter of amendment came before us for the first time with Parliament due to consider it the next day. This just really isn't good enough.

As regards supplementary and amending budgets, the view of Parliament has been that these should only arise in circumstances which are unavoidable, exceptional and unforeseen. We believe that such an amendment should be written into the Financial Regulation, and so we have done.

**Shaw**

With regard to the control aspects, the experience of the Control Sub-Committee has shown that there is need for a strengthening of the provisions of the Financial Regulation. We know that the part of the Financial Regulation dealing with the Court of Auditors will be re-examined soon after the Court of Auditors is established. However, pending that re-examination, we do feel that it is necessary to make quite sure that the work of the Audit Board shall be transferred smoothly to the Court of Auditors without hindrance. This has also been dealt with.

I will skip over many of the other points, because all of them can be found to have been fully dealt with in the explanatory statement. Save to say this: that research and investment have been dealt with in the past in a very complicated way, and here we have tried to simplify the means of presentation, although we fully realize that this will have to be looked at again in the near future.

So far as the European unit of account is concerned, everybody is aware that an unsatisfactory system now exists because the unit of account defined in the present Regulation has ceased to reflect market relationships. This of course, as you will recall, springs from the original Bretton Woods Agreement on the International Monetary Fund. We have now accepted that there should be a move towards generalized use of the European unit of account based on a basket of Member State currencies. And whilst we have spelt out the basic acceptance here in this document, the Committee on Budgets will be returning to a detailed study of its application when it examines Document No 362/76.

May I say, Mr President, that this Regulation is not a static document; we have, therefore, built into it the provision that it shall be revised regularly every three years. If there is nothing to change, so be it; a report can be made to that effect. But this will ensure that if matters need to be changed, they can be looked at regularly and brought up to date as the Community evolves, as was stated in our earlier discussion this morning.

The Financial Regulation constitutes an act of general application which has appreciable financial implications. It should, therefore, be capable of being the subject of conciliation procedure provided for under the joint declaration of the European Parliament, the Council and the Commissions. Thus, if the Council were to intend to depart from the views of the European Parliament on this report, recourse to the conciliation procedure would be necessary, and that too is said in the report. I hope that the Council will expedite its consideration of this proposal, so that, even with a conciliation procedure, the amended Financial Regulation will be adopted in time for it to become operable in relation to work on the 1978 Budget.

Now finally, Mr President, when a delegation of Parliament met Council on 22 July to discuss matters pertaining to the 1977 Budget and aspects of the Financial Regulation, an assurance was given that steps would be taken to expedite the work on this report so that it could be adopted in Parliament before the end of this year. This promise of course did not bind this House. But there was, we believed in the Committee on Budgets, a moral obligation for us to do just this. And therefore I am glad to say that the text is before you today, and I hope that we shall finally carry out this pledge by passing it in full.

I have already mentioned our relationships with the Commission. They have given us tremendous help and cooperation in the work that we have done. Sometimes we have reached agreement, sometimes we have agreed to differ, but, in the main, thanks to their great help, and may I say too the help of the staff of the Committee on Budgets, all of whom in one way or another I think have been engaged on this matter, we have managed to prepare a document that will be of real value to the strengthening and good working of the Community.

And, finally, may I mention the good relations that we also established with the Council — and in furtherance of that, of course, we had the interim Financial Regulation which, as it were, was a formal statement of the goodwill that existed between us. I trust that that goodwill will continue and that they will be able to fulfil their pledge to get on and approve this Financial Regulation. Then we can have a milestone both for better control and also as a real example of the three institutions working together to improve the activities and the future of the Community.

Mr President, I beg to move the adoption of this report.

*(Applause)*

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

**Mr Lautenschlager.** — *(D)* Mr President, ladies and gentlemen. My Group congratulates Mr Shaw on his report. He has made an outstanding effort to cover this difficult field in his report and to explain the problems that will continue to face us after the adoption of the report and the resolution, and this is the first point I should like to make, Mr President.

We feel that this report should now be adopted so as to ensure that from 1 January 1978 the budget can be drawn up and dealt with in accordance with this Financial Regulation. We have yet to be convinced, however, that the Financial Regulation in its new form is the real answer to the problem. This is not meant as a criticism of the rapporteur or of his report but a general observation endorsed by the committee as a whole.

**Lautenschlager**

We have come to the conclusion that for the time being we must accept this compromise so long as the distribution of powers within the Community differs from that existing in any other democratic State. The procedure in all the Member States consists in the government making a statement and then seeking authorization from the parliament for the allocation of the funds needed to achieve the aims set out in the government statement. Here the sequence is reversed. The budgetary authority, which consists of Parliament and Council, has to establish a budget, set forth certain aims and, in implementing the budget, take into account wishes expressed by the Commission. But it is not possible to have a definite idea of what is to happen this year or next year, because the Council of Ministers can still, during the financial year, take decisions which will have financial implications for both the current budget and future budgets. In the past this has led to the submission, far from welcome to the finance ministers of Member States, of eight, nine or ten supplementary budgets, which were an additional heavy burden on the national budgets, particularly where the country concerned was faced with difficult economic and financial problems. We are now going to remedy this situation by trying at the very beginning of the year to fix the appropriations required to carry out projects in the current year and years that follow.

I now come to a subject which is still under debate and which this report settles only provisionally, namely, compulsory and non-compulsory expenditure. This is an anachronism dating back to a time to which I shall briefly allude when considering the budget as a means of implementing policies. Normally it is not the practice in the Community's financial regulations to include together in one budget appropriations for current commitments — that is, a proper budget — with appropriations provided for when the corresponding revenue is available either in the form of current items of revenue or of credits. Such a practice always leads to inconsistencies and to arguments between Council and Parliament. For Parliament regards certain appropriations as non-compulsory, and therefore as falling within its province, while the Council disputes this, especially when the implementation of programmes based on non-compulsory appropriations extends over several budgets.

We shall still be confronted with this problem even if this report is today adopted, for it needs to be finally cleared up. The best thing would be if a future financial regulation were to make a clear distinction between current expenditure resulting from commitments entered into during the current financial year or earlier and shown in a normal budget with normal sources of revenue, and projects which can be carried out only when, in the event of extraordinary revenue or of credits, the requisite funds become available. This would enable Parliament to exercise suitable

control of revenue and of the policies pursued by the Council and the Commission. This is clear as clear can be, and what my Group will continue to strive for is a financial regulation capable of being understood by all. It accepts the present compromise only on the assumption that the establishment of the 1978 budget will not be further delayed.

We must also point out, Mr President, that there are still too many funds that are not really funds. A fund should be understood as a store of pecuniary resources which is made up of voluntary donations and given out, in accordance with a statute, for specific purposes. That is what a fund is. Now all manner of things in the Community are described as funds, although they are in fact nothing of the kind. And all these many resources must be incorporated in the budget in order that they can be brought under Parliament's control. This has not unfortunately yet been done, and both the Council and the Commission are displaying some reluctance to call in Parliament over the control of appropriations already handed out or planned for the future.

While on the subject of control, Mr President, allow me to draw attention to another unsatisfactory state of affairs, namely the failure by Member States so far to ratify the agreement on the establishment of the Court of Auditors. Parliament asks the Council, the Commission and the Member States to do so as soon as possible, for it is really absolutely essential that an independent Court of Auditors should be called in on the control of the management of the Community's expenditure. We have, admittedly, a form of internal control, for example in the Commission. I can well remember a time when the Commission hesitated to permit, in addition to numerical control, subsequent checks. The situation has now improved, and I congratulate the Commission on coming round to this.

However, the purpose of internal control is to check expenditure to see (a) whether it was materially justified, (b) whether the funds were available in the budget and (c) whether the figures are accurate. This preliminary check yields certain information and conclusions which are incorporated in an internal report which should then enable the Commission to detect and rectify any abuses or mistakes. This is to be welcomed, and it is essential that all the Community authorities should carry out a preliminary internal check, so that matters are not allowed to drag on until the Court of Auditors is in a position, perhaps only after two financial years have elapsed, to carry out checks and to step in during the actual audit, recording its findings in a letter.

I repeat, this internal check must be supplemented by the Court of Auditors, which can scrutinize all transactions, to which it must be given access, and which must also have the right to carry out checks in the Member States on the management of funds laid down by the Community.

**Lautenschlager**

Finally, Mr President, I would add that my Group intends to approve the motion for a resolution and the related report, and looks to the Council and Commission to bear in mind our reservations and doubts as regards a future financial regulation.

*(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — *(F)* Mr President, Mr Shaw has shown me the great civility of noting my presence this morning in this House, but I feel that my being here is the least that can be expected of the Commissioner concerned during the consideration of a text of such outstanding importance. I would add that my presence now is due to the courtesy of the Council of Ministers, which was considerate enough to sit till a very late hour yesterday evening so as to dispose of the items of the agenda that directly concerned me.

Mr President, as is pointed out at the beginning of the resolution now before you, special significance attaches to this document. It is not only that 89 of the 120 articles of the Financial Regulation are amended. In addition, in this new version appear the full powers of the European Parliament as they flow from the treaty of 22 July 1975; in it we see the establishment of the Court of Auditors, an essential instrument for the exercise of control and, therefore, for the full enjoyment by Parliament of the inviolable rights it has in this area, and the beginnings of the institutional balance of the future in this Parliament shortly to be elected.

The work accomplished has therefore been considerable, and I would ask you to allow the Commission to express its gratitude towards the Committee on Budgets. Since our proposal was tabled last May, the committee has devoted no less than eight meetings to this question. It has therefore done its work with remarkable speed, a circumstance I would very much like the Council to take as an example.

May I also express my admiration for the rapporteur. The subject was a technical one, difficult, at times highly complicated, all the more, as pointed out by Mr Lautenschlager just now, because it raises concepts which sometimes, at Community level, differ from those existing at national level. It was therefore necessary to explain these differences without losing the political thread, the leading idea, when now and then this or that detail was liable to confuse the members of the committee. In carrying out this task Mr Shaw has displayed a political sense, an awareness of what is possible, to which the Commission can only pay tribute.

The result is that the Committee on Budgets now proposes, with Mr Shaw's report, that you adopt a motion for a resolution and the amendment of thirty-two articles of the Financial Regulation as worded

in the Commission proposal. I would add from the outset that we have no comment to make on twenty-six of these amendments, which will be left as they stand. On a few others we entertain some doubts or have some explanations to offer. I shall be doing this shortly.

I shall not waste the House's time, Mr President by going into all the details. Perhaps I may be allowed to indicate the main lines.

First there is the adoption of the European unit of account, which puts an end to the anomaly of resorting to long outdated rates of exchange and permits us to stabilize our financial rate of development on the basis of a unit of currency, representing bank or other forms of financial credit, of our very own. On this point no problem arises as between the Committee on Budgets and the Commission. As you know, a proposal from the Commission was tabled on 4 October on the detailed application of the European unit of account from 1 January 1978. We thus have a clear means of expressing the Community's own resources. Here again, Mr President, there are no differences between us. One small point of detail: the Commission feels it would be better to enter revenue in the budget at the time it is actually received, whereas the rapporteur and the Committee on Budgets propose that this should be done at the time it is noted. We are worried about the delay of two months between the moment when an item of revenue is ascertained and that at which it is actually received. We do not know what to do with the first two months of the year when revenue has been recorded but not yet paid in. Although there is no difficulty as to the basic idea, this is a matter of wording which will have to be looked into again with the Committee on Budgets. Of course, the budget covers revenue and expenditure in its entirety. As you know, the Commission is in complete agreement with point 2 of the resolution, namely with all the provisions which Parliament recommends on the setting out of borrowings in the budget.

The really novel feature of this change in the Financial Regulation — one that has been pointed out repeatedly in this House, by Mr Shaw, Lord Bruce and many others — is the systematic introduction of commitment appropriations where the Community's operations extend over several years. The nature of commitment appropriations has been clearly defined, and we are fully in agreement with the rapporteur on the definition. This will make for the utmost transparency. As to the way commitment appropriations are presented and explained in Articles 1 (3), 6 and 16, we have a slight preference for our wording, which strikes us as simpler, but this is a mere detail and simply a matter of editing.

The introduction of commitment appropriations will do much to make things more intelligible, but it will



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also clearly have an effect on carry-forwards from one year to another. Point 15 of the resolution expresses Parliament's satisfaction, and we, Mr President, are no less pleased. The fundamental principle of the annularity of the budgetary decision thus comes fully into play, as indicated in point 6 of the resolution. In this way a commitment becomes all it ought to be, namely the authorization to enter legally into an obligation as regards specific operations.

The consequences are immediate. These commitment appropriations ought naturally to be defined as part of the budgetary procedure, and on this point the Commission, as you know, regrets that a provisional regulation adopted a different approach.

The second consequence is that there can be no transfer between commitment appropriations without consulting the budgetary authority, the commitment being the fundamental fact. It is this which determines the budgetary charge on the Community; payment becomes no more than an automatic consequence spread over the years. It is because payment is nothing more than the consequence of the commitment, on which the powers of the budgetary authority are complete, that we should like to see a little flexibility in effecting the payment. This is the only difference of any importance, so far as I know, between our views and the recommendations of the Committee on Budgets.

The other improvements, Mr President, are more precise and more detailed. I can therefore review them very briefly. Nomenclature will be decided under the budgetary procedure, as pointed out in point 13 of the report and point 3 of the resolution. An annual report will be made to the European Parliament. We feel a slight hesitation as regards the merging of the report on the implementation of the budget — expenditure — and the report on the state of the treasury — revenue. But if Parliament wants the two to be merged, we fully agree, it being understood that such a procedure will entail an additional delay in the presentation of the report on implementation, which will then have to be published in all the Community languages.

We are also in agreement as regards the arrangements worked out for transfers during the financial year and the three months following its end. Although the Commission originally put forward a different text, it endorses the argument advanced by the Committee on Budgets on Article 113, for it considers — we shall return to this point in a moment — that Parliament ought to be consulted on operations involving large transfers for the EAGGF.

Finally, we welcome what has been done to simplify the way research appropriations are presented and to enter the appropriations of the Publications Office in a more sensible way. An addition has been proposed on the transitional period, for the time the Court of Auditors comes into operation. Although we do not regard this as indispensable, provision having already been made for it in the treaty of 22 July 1975, we are of course prepared to agree to it.

There is still one subject, Mr President, which will probably give rise to a more lively discussion in the course of the day but which I feel I must mention now. Article 92a, as now worded on the recommendation of the Committee on Budgets, provides that 'all institutions and all agents of the European Communities shall provide to the European Parliament any information and any documents which it calls for...'. It seems that this probably goes beyond the intention of the drafters. The words 'any information and any document', you will all be ready to grant, do not allow for the exceptions, unfortunately necessary, covering the secrecy of banking operations, legislation on competition, security problems in our countries, the applications of the Euratom Treaty and the independence of the Financial Controller. As I say, we shall be returning to this point later. I merely wanted to record here and now the hesitancy we feel on this matter.

The Commission will now naturally, as provided in Article 149(2) of the EEC Treaty to which the rapporteur referred in point problem of the resolution, reconsider its own proposal. About some twenty-eight articles there is no problem at all; the two or three amendments are accepted by us with a slight change in wording here and there. There remain two more difficult points to which I alluded a short while back, but they will not take long to settle. Let us hope, Mr President, that the Council will be prepared to act as rapidly as the Commission. It certainly ought to act in concert with the European Parliament, as the resolution rightly points out.

As you will recall, Mr President, the Commission had proposed rather more, and when the increase in Parliament's budgetary powers came up for discussion in 1973, 1974 and 1975 it had asked that the amendments to the Financial Regulation should be made the subject of a compulsory agreement, a consensus between Council and Parliament. We expressed regret on this point — just for once — that Parliament was more conciliatory than we. However, the conciliation promised by the Council ought to be provided unreservedly in the present case. When these two great institutions meet, the Commission will do all it can to help with the modest means at its disposal. Rapid action is essential, for — as Mr Lautenschlager pointed out a short while ago — the new Financial Regulation should be in force in sufficient time for examination of the 1978 budget. The regulation could be revised every three years. A new article providing for this has been proposed by the Committee on Budgets and will be taken over in full in the Commission's proposal.

This then, Mr President, is how the institutional edifice of tomorrow is taking shape. I should like once again to pay tribute to those who, on the Parliament side, have contributed to it so rapidly, and to say that, in one of my last speeches as Commissioner for budgetary affairs, I am deeply proud of being associated with this enterprise.

*(Applause)*

**President.** — I call Mr Shaw.

**Mr Shaw, rapporteur** — As no one else wants to speak, I would just like to sum up. May I say to Mr Lautenschlager that I am grateful to him for his remarks, and I fully accept all that he said about the need for continued work on this matter until it has been accepted by all three institutions. He is quite right; it will need to be implemented in sufficient time for the 1978 budget to be carried out under the new Financial Regulation.

He said, and how right he was, that this document was something of a compromise. Now I think that is inevitable with a document of this complexity dealing, as Mr Cheysson said, with the traditions of so many different countries, all of which are conditioning the minds of each member of the Committee on Budgets. We had to get together, and to a certain extent we had to compromise. But nonetheless, out of our discussion I believe has been forged a worthwhile tool of government that we can use for the next three years. So I welcome what he had to say to us.

To Mr Cheysson may I again express my thanks for the work that he and his whole department have put in; initially, in preparing the first document and then in helping us in our work. As can be seen from what he said to us today, we have not always been in agreement with him. But nonetheless there have been many areas when we have been able to adjust because we were all aiming at the same thing and reached a solution that was satisfactory to all of us.

I shall not go over all the points that he has raised because they have already been gone over very thoroughly indeed. And, if my colleagues will excuse me, I will simply say this: the points that he has raised were discussed by us in very great detail, and I have no doubt we shall have further discussions. But, basically, I am glad that on some of the points, he has been able to come over to our opinion and, for the present at any rate, we in Parliament still believe that the views that we have put forward in our report will, in fact, give a better control than the original proposals. However, let's not go into that now. I gratefully accept the fact that there is such a wide measure of agreement, and I equally accept that in certain matters during the discussion with the Council and so on further discussions between us may be necessary. Finally, Mr President, may I thank Parliament for the way in which it has helped, at all stages, to get this very complicated, but very important document to this stage. I would welcome the support of everyone in finally giving it full approval.

(Applause)

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.

### 7. ECSC levies and operational budget for 1977

**President.** — The next item is the report (Doc. 476/76) drawn up by Mr Terrenoire, 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 1977.

I call Mr Cointat.

**Mr Cointat, deputy rapporteur.** — (F) Mr President, please excuse the absence of Mr Terrenoire, who is travelling abroad and has asked me to present his report for him.

I would point out that on 16 November last a meeting was held between the four committees concerned with the ECSC budget, and that on that occasion these committees made three observations.

First, they noted the existence of a crisis in the coal and steel sectors. Secondly, they felt it necessary to limit to the utmost the financial burdens borne by undertakings. Thirdly, the amount of the ECSC levy ought to be kept down to a bare minimum. The four committees therefore concluded that the levy rate should be maintained at 0.29 %, as in previous years. On 2 December last the Committee on Budgets reached the same conclusion, and therefore proposes to you that the ECSC levy rate should be maintained at 0.29 %. Allow me, Mr President, to add one or two remarks.

First of all, I note that the levy rate has stood at 0.29 % for six consecutive years — equivalent to a sum of about 100m u.a. During the same period, however, the industry's demands for loans have risen steadily.

The second point I want to make is that the industry, no doubt because of the crisis raging in this sector, is each year becoming more reluctant to pay this levy and, despite its modest rate, is asking for it to be reduced or, alternatively, for a longer period in which to make payments.

I believe it is important — and here I am addressing the Commission — that undertakings should be given more time to make payment, especially in view of the fact that the ECSC budget still shows reserves and there is no need for such rapid payments. If the undertakings were allowed to make payment when the steel is sold instead of when it is produced, this would appreciably increase the funds available to them — in other words, they should be given 4, 5 or 6 months in which to make their payments. This would not affect the ECSC budget in any way, since it has the necessary reserves, and would be likely to meet certain demands.

Thirdly, during this time the ECSC's 'investment' budget, that is, the borrowings made on the international markets, is assuming substantial proportions. We have more than 1000 m u.a. for the 1977 financial year alone, and I note that there is an outstanding debt of 4000m u.a.

Again, I note that the Commission tends more and more to transfer to the general budget a number of

**Cointat**

operations which should normally be financed by means of the ECSC levy. One example is the aid given for stockpiling coal or that for the utilization of coal in thermal power stations.

Finally, we are witnessing a change in the way the ECSC levy is being utilized, a faulty adjustment of this levy to the needs of the coal and steel sectors. This should lead us to consider very carefully whether in fact all ECSC operations should not perhaps be integrated into the Community's budget, or least whether the levy should be budgetized. I believe this calls for detailed study; this cannot be done now but should be carried out in 1977.

Subject to what I have said, Mr President, the Committee on Budgets asks Parliament to approve the 0.29 % levy rate as in previous years.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) Mr President, each year the Commission takes pleasure in noting the exemplary nature of this budget. I shall not harp on that, nor on the fact that it is a budget of commitments and therefore of a nature quite distinct from that of the general budget. But I shall come back to this when answering Mr Cointat very shortly.

Mr President, from point 1 onwards, the resolution dwells on the fact that the budget has been set out in an improved form in a way that lends greater transparency to our proposals. This is the outcome of a systematic analysis of the data relating to the various budgetary lines and of the addition of a number of annexes on the implementation of the operational budget, the facts and figures relating to the levy, the amending budget and the breakdown of loans.

Finally, in response to Parliament's request, the budget is presented within an economic, political and financial framework and is accompanied by a statement on the general trend of the Commission's policy in the coal and steel sectors and by carefully-thought-out justifications for each budgetary line.

As to transparency in implementation, the Commission has adopted a set of internal rules and set up a revised system of budget accounting which should make it not only easier to keep an eye on the implementation of the budget but also to do so in a more systematic manner than was possible in the past.

Let us bear in mind, to begin with, the utility of the annual report of the auditor, and let us hope that the new European Court of Auditors, when it takes up its duties, will immediately be able to take over its predecessor's work.

Mr President, following the recommendation that any surplus proceeds of the levy should be allocated to supplementary social projects, the surplus shown in the amending budget has been entirely devoted to the aid decided by the Community in the form of reduced-interest loans for the victims of the Friuli disaster,

I would point out that the Commission has decided to put off for two months the date of collection of the levies relating to steel production during the period from March to December 1976, and that it has modified the basis for assessing levies, so as to make it possible to limit the rise in average values where an economic downturn makes it likely that these will be lower than those noted during the reference period.

Briefly then, the Commission has followed up all the observations contained in last year's resolution.

As to the resolution put forward this year, the Commission would recommend Parliament to adopt it. The Commission itself fully endorses it.

Given the present economic conditions, it feels, as the rapporteur has just observed, that the levy rate cannot be changed but should be maintained at 0.29 %. But this means that the operational budget will be frozen into rigidity. There is no denying this. The scope for devoting the bulk of resources to conventional operations and to embark on other structural measures should be carefully studied, bearing in mind that funds are at the moment limited.

As to the relationship between the ECSC budget and the general budget, this is a subject that calls for a cautious approach. The ECSC budget has characteristics all its own. As I pointed out earlier, it is a commitments budget, not a payments budget. In other words, it is a budget designed to support a systematic loan policy which we surely do not want to see disappearing at a time when such a policy does not effectively enough exist within the context of the general budget. To merge the budgets strikes us as being contrary not only to the Treaty but also to the interests of the industry. We are dealing with a sector which was wanted as such. The ECSC budget should be devoted exclusively to it; it must therefore preserve all its characteristics and its remarkable lead on the general budget.

Moreover, it is because this budget is used largely to support a borrowings policy that last year the Commission noted with considerable reluctance Parliament's recommendation that there should be certain deferments in the collection of the levy. I feel obliged to express the same reservations this year. Obviously, with undertakings suffering difficulties, we shall consider what scope there is to accommodate them, but please do not forget that with the present interest rates every month of delay in collecting levies means a considerable loss to the ECSC budget. Above all, let us not forget that the borrowing capacity of the ECSC stems from the regularity of its financial resources. With a budget of some hundred million units of account each year, we raise on the market several hundred million units of account annually. This capacity for raising funds on remarkable terms — the American AAA — would disappear or be severely blunted if provision were made for deferments, longer and longer each year, in the collection of the levy.

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I do not think therefore that it is possible simultaneously to do one thing and its contrary. I recognize, with the rapporteur, that it is not desirable to increase the levy rate at a time when needs in this sector are growing, but if this cannot be done the levies must be collected on the reliable basis on which our borrowing capacity rests.

In conclusion, after thanking the rapporteur for the work he has done, I would again recommend Parliament to adopt the resolution which has been submitted to it and which the Commission fully endorses.

*(Applause)*

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.

8. *Discharge for financial years 1972, 1973 and 1974*

**President.** — The next item is the report (Doc. 460/76) drawn up by Mr Bangemann, on behalf of the Committee on Budgets, on :

- I. the accounts of the European Parliament and the discharge to be given in respect of the financial years 1972, 1973 and 1974
- II. the giving of a discharge to the Commission in respect of the implementation of the budget of the European Communities for the financial years 1972, 1973 and 1974 and on the reports of the Audit Board for those financial years
- III. the motion for a resolution embodying the opinion of the European Parliament on the giving of a discharge to the Commission in respect of the activities of the European Development Funds in 1972, 1973 and 1974
- IV. the motion for a resolution on the comments accompanying the decisions giving a discharge in respect of the implementation of the budgets of the European Communities for the financial years 1972, 1973 and 1974 (Article 92 of the Financial Regulation of 25 April 1973)

Mr Bangemann is unable to be present, but he has informed me that he has nothing to add to his report.

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

**Mr Notenboom.** — *(NL)* Mr President, the rapporteur has no need to expand orally on his detailed explanatory statement, and I too can be very brief. I see two essential points in these four motions for resolutions. Firstly the discharge of the Commission in respect of the implementation of the budget for 1973, in connection with the sale of butter to the Soviet Union. The Committee on Budgets had some difficulty here. Thanks in part to the efforts of Mr Bangemann — to whom I wish to express my appreciation

— and to the good cooperation by the Commission a compromise was, however, found in that the Commission promised in future to consult the budgetary authority before taking a decision of special political significance or a decision whose implications extend beyond the normal budgetary framework and which has unusual budgetary consequences. Mr President, we find this highly satisfactory and necessary, as otherwise it would have been still more difficult to give the discharge. We therefore agree to the giving of the discharge and stress the value we attach for the future to the compromise which was arrived at.

A few words about the fourth report which contains a number of observations regarding the decisions to give a discharge in respect of the implementation of the budget of the European Communities for the years 1972, 1973 and 1974, in accordance with Article 92 of the Financial Regulation. A considerable number of recommendations are made which I do not propose to deal with in detail here. Many of them are aimed at improving our control and the transparency of this control — hence at an improvement of cooperation between the Community's internal and external auditors and also between the individual Member States, pending the creation of the European Court of Auditors. My group wishes to stress this point and it also appeals to the administration of our Parliament and to the Commission and other institutions to adopt an open attitude to controls and to abandon any reticence for which there might have been some reason in the past. This is particularly important because we shall very soon be directly responsible to the European population for budget amounts which will rightly be increasing. I do not wish to go into the details but shall end by expressing our satisfaction with the recommendations made by Mr Bangemann in his resolutions to Parliament. My group will vote in favour of this text.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — *(F)* Mr President, the Commission would like first of all to thank the Committee on Parliament, the Control Subcommittee and Mr Bangemann, through Mr Notenboom, for having exhumed — there is no other word for it — these discharge documents, which were rotting away in some far-off drawer. It appeared to him desirable that the provisions of the Financial Regulation should be applied and that the budgetary authority should pronounce on the discharge within the stipulated time-limit, that is, before 30 April in the year following that covered by the report. This is all the more important because in future, as we all know, Parliament itself will be exclusively responsible for giving the discharge. This is one of the new and important powers vested in it under the treaty of 22 July 1975.

**Cheysson**

What had to be done then was to take up three old files and study them carefully, with all the difficulties that entailed, and the rapporteur has done this with quite remarkable speed. There is only one point which, like Mr Notenboom, I would raise in the resolutions submitted to you in respect of the discharge, and that is the famous affair of the butter for Russia.

As to the merits of the operation, a difference of opinion continues to exist between Parliament and Commission. We are, on the other hand, now fully in agreement as to the way this problem should be dealt with in the future. The Commission undertakes to consult the European Parliament, through the parliamentary committees concerned, before taking any decision likely to have political repercussions or financial implications going beyond the normal budgetary limits. This will be done even where budgetary provisions allow such consultation to be dispensed with. Our undertaking is quite clear. This we have already demonstrated in consulting the Committee on Agriculture and the Committee on Budgets on the measures we propose as regards the depreciation in value of stocks of skim-milk powder, although the question fell within our sphere of management. The same procedure will be followed in the future. I thank Mr Bangemann for noting this, and I therefore signify the Commission's full endorsement of the undertaking that appears in point 5 of the resolution relating to the discharge for 1973.

As regards the resolutions relating to the future, to working methods, the Commission will consider them very carefully, as also other resolutions, since they concern all the institutions.

These are exhaustive resolutions, covering thirty-four different points connected with subjects highly familiar to us — the European Development Fund etc. The Commission undertakes to take the measures necessary to comply with the observations contained in these resolutions. As is only right, the report it will present on the measures it will adopt will reach you in due course and show that we have kept our promise.

In passing, I will refer to the observations contained in items 8, 9, 10 and 11 of the motion for a resolution which relate to financial control, the need for independence of the financial controller — a principle we hold dear — and the links between internal and external control and also, I should add, with no intention of stirring up an old quarrel, on the personnel we at present lack for carrying out verifications not only for financial control but also for the tasks of authorizing officers. How can we hope to improve the control of food aid with the staff at present available, representing as it does less than a twentieth of the equivalent staff in international organizations for comparable quantities of food aid?

Mr President, the decision to give a discharge seems to derive from a formal procedure. That is not really

the case. It is the sanction of your control over the implementation of the Community budget by the institutions. It is the final act in a continuous control process which comes into effect when you examine the budget and culminates in the giving of a discharge, your exclusive right under the treaty of 22 July 1975.

We have today, if I may so put it, witnessed a very festival of control by this Parliament, since all features of it will have been considered by the end of the day, beginning with the budget, which we shall see towards the end, and terminating in the giving of a discharge by way of the Financial Regulation, which defines the conditions under which your rights are to be exercised.

Moreover, the examination of the accounts, which leads to the discharge, allows Parliament to level criticism at the organization and methods of the institutions. It is the ideal moment for Parliament and for the parliamentary committees concerned to deliver any judgement, level any criticism and put forward any recommendation regarding our working methods. If the rapporteur general on the budget will forgive me for saying so, it is probably a better moment than when the budget is being examined, because it is then, on the basis of supporting documents and of all the oral and written reports, that Parliament can deliver its judgment. Unrestricted democratic control is thus ensured. The giving of a discharge is a gesture of great importance, and once again we thank the Committee on Budgets for permitting it to be proposed now for the years 1972, 1973 and 1974.

**President.** — As no one else wishes to speak, I shall now put to the vote each of the proposed decisions and motions for resolutions contained in the report.

I put to the vote the proposed decision on the accounts of the European Parliament as at 31 December 1972.

The decision is adopted.

I put to the vote the proposed decision on the accounts of the European Parliament as at 31 December 1973.

The decision is adopted.

I put to the vote the proposed decision on the accounts of the European Parliament as at 31 December 1974.

The decision is adopted.

I put to the vote the proposed decision on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1972 and on the report of the Audit Board. The decision is adopted.

I put to the vote the proposed decision on the giving of a discharge to the Commission in respect of the implementation of the European Communities'

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budget for the financial year 1973 and on the report of the Audit Board.

The decision is adopted.

I put to the vote the proposed decision on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1974 and on the report of the Audit Board.

The decision is adopted.

I put to the vote the motion for a resolution embodying the opinion of the European Parliament on the giving of a discharge to the Commission of the European Communities in respect of the activities of the European Development Funds in 1972, 1973 and 1974.

The resolution is adopted.

I put to the vote the motion for a resolution on the comments accompanying the decisions giving a discharge in respect of the implementation of the budget of the European Communities for the financial years 1972, 1973 and 1974.

The resolution is adopted.

#### 9. Amending budget No 3 for 1976

**President.** — The next item is the report (Doc. 478/76) drawn up by Mr Cointat, on behalf of the Committee on Budgets, on draft amending budget No 3 of the European Communities for the 1976 financial year.

I call Mr Cointat.

**Mr Cointat, rapporteur.** — (F) Mr President, draft amending budget No 3 involves no additional appropriations but only a change in the establishment plan covering Euratom research staff. There were in Euratom establishment staff who belonged to categories C and D, and now that new staff regulations have been introduced these members of the establishment staff ought to be brought under them. All that is involved, therefore, is a straightforward conversion of posts.

The Commission had put forward a preliminary draft which was a model of a kind, but the integration pyramid it represented was standing on its apex. The Council changed this slightly, finishing up with a cylinder. Even lovers of archaeology described it as a Doric column. But this change has not changed the attitude of the Committee on Budgets, which feels that these members of the staff should be brought under the new staff regulations without delay.

This is why the Committee on Budgets asks you to approve draft amending budget No 3. It has only one observation to make to the Commission and Council: it regards this initial integration as only one stage and

that, with a view to ensuring the smooth development of careers, the grading of staff could be improved next year so that they can in the future secure the promotion they deserve.

(Applause)

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

**Mr Notenboom.** — (NL) Mr President, I should also like to speak briefly so as not to take up any more of Parliament's time. This is the second time we have faced this problem. We did discuss at length these questions arising from the staff regulations of Euratom staff, and trying to reconcile the standpoints of the Committee on Social Affairs and the Committee on Energy was a laborious and time-consuming job. We then delivered a political opinion, and what we are now experiencing is, as the rapporteur pointed out, merely the result of the change in the regulation. Let us not therefore waste too much time on this problem, which we are discussing for the second time. The Christian-Democratic Group backs the proposal.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) Mr President, as the two previous speakers pointed out, this amending budget involves no change in appropriations but a straightforward change in the establishment plan reflecting the new rights under the staff regulations created by the application of the Council's decision of 21 October 1976. I wanted merely to thank the European Parliament for examining this amending budget so rapidly and thus avoiding placing us in a difficult legal situation during the last two months of the year.

**President.** — As no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.

#### 10. Regulation on a system of bracket tariffs for the carriage of goods by road

**President.** — The next item is a vote without debate on the motion for a resolution contained in the report (Doc. 454/76) drawn up by Mr Schwabe, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on:

the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 3330/75 extending Regulation (EEC) No 1174/68 on the introduction of a system of bracket tariffs for the carriage of goods by road between Member States.

As no one wishes to speak, I put the motion for a resolution to the vote.

**President**

The resolution is adopted.

11. *Question Time*

**President.** — The next item is questions addressed to the Conference of Foreign Ministers of the Member States of the European Community, to the Council and to the Commission of the European Communities (Doc. 464/76).

In accordance with the decision taken by Parliament at its last part-session, *Question Time* will, for the first time, last for one and a half hours on Tuesday morning, and for a further one and a half hours on Wednesday morning. This constitutes an extension of an important procedure which Parliament introduced in 1973 for one hour only, subsequently extended to one and a half hours, and has now decided to conduct for three hours during each part-session.

To ensure that this new arrangement does not cause problems for Parliament or the institutions answering its questions, the new procedure will have to be applied flexibly, especially in the initial stages, while conforming to the pattern laid down in the Rules of Procedure and the directives adopted by the Bureau on 28 April 1976, which have been drawn to the attention of all Members. Since the new procedure requires that the second part of *Question Time* should begin with questions to the Council, we shall begin today with questions to the Commission. The same will hold good, in the interests of Members of this Parliament and the other institutions, during subsequent part-sessions.

Since it is the President who is required to determine the order in which questions are taken, the document containing the questions for this sitting has been drawn up in accordance with my instructions. I intend to call the questions in the order in which they appear in that document, starting with those that were held over from the previous part-session.

Questions that have not been accepted as admissible, in particular those relating to a subject on which a debate is included in the agenda, have not been included in this document. Their authors have been informed of this decision.

Unfortunately, one of the drawbacks of a last-minute change in the agenda is that a question may become inadmissible as a result of a debate on the same subject being added to the agenda. That is all the more reason for us to limit changes in the agenda as strictly as possible under the new Rules of Procedure.

IN THE CHAIR : MR SPÉNALE

*President*

**President.** — We shall start with the questions addressed to the Commission. The Commission representative concerned in each case is requested to reply to these questions and to any supplementary questions. At the request of its author, Mr Berkhouwer,

Question No 1 will be held over until the next part-session in January 1977.

I therefore call Question No 2 by Mr Sandri, for whom Mr Mascagni is deputizing.

Does not the Commission feel that the recent opening, once again, of personal dossiers on Community officials on the basis of a questionnaire containing inadmissible questions concerning their political opinions and their private lives is in sharp contrast with the democratic principles embodied in the Treaties establishing the European Communities?

I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — (F) Contrary to what the Honourable Member appears to suppose, there exist no personal dossiers on Community officials. The Commission, as it pointed out in the statement made by its spokesman on 29 October last, regards the political, philosophical and religious freedom of opinion of its officials as inviolable. Evidently, however, the Commission is responsible for preserving the secrets of which its staff may be required to acquire knowledge.

It all began with confidential information or documents relating to Euratom, to which has been added today, owing to the extension of the Community's powers and activities, documents dealing with external policy, international trade negotiations and monetary affairs. With this in mind, and only as regards officials required to have knowledge of information classified 'Secret', what are known as security investigations are carried out, from case to case, on the responsibility of the Member State of which the official is a national and in accordance with the procedures applicable to all nationals of that State. For this purpose the Commission sends the officials concerned a questionnaire covering only matters of civil status.

However, in the case of officials who are nationals of two Member States and in accordance with the procedures in force in those States, the national authorities concerned require them to fill in the questionnaires prescribed by the regulations in those countries. As the Community lacks both specific competence and means in this area, it is the authorities of Member States to whom these documents are sent which carry out the necessary checks and advise whether or not an official should be entrusted with secret information. This procedure is laid down by Regulation No 3 of the Euratom Council of 31 July 1958.

For your information, at present 350 officials are authorized to have access to secret information and 100 are in the process of being authorized. A number of further authorizations will probably be considered in the future. In the interests of the preservation of secrecy, the Commission intends to keep the number of officials so authorized down to a minimum.

**Mr Mascagni.** — (I) I should like to put another question to the Commission since the reply it has given does not satisfy me.

**Mascagni**

Does the Commission not feel that it would be more useful and more in keeping with the dignity of this Parliament and of the Community if it had said — and if it would now say — that the employment of these now well-known and unlawfully inquisitorial questionnaires :

- (1) amounts to a form of interference by individual states which dates back to a period we claim we have finally left behind us ;
- (2) is unlawful because it is contrary to the Staff Regulations of officials which lay down that 'an official's personal file shall contain no reference to this political, philosophical or religious views' ;
- (3) serves no purpose since it is absurd to believe that the security of the Community is protected by knowledge of the journeys made by officials, even to countries of the Eastern bloc ?

Let us, therefore, try to be more democratic and more down-to-earth !

*(Applause from the extreme left)*

**Mr Ortoli.** — *(F)* I have already said how this procedure originated. It has been in force since 1958 as regards all matters concerning Euratom, and does in fact call for security checks. The number of such investigations is, as I have already pointed out, limited. We cannot carry them out ourselves for we lack the means. We cannot set up and run an administration for security and the preservation of law and order to enable us to carry out investigations of this kind. But you know as well as I do that the need for security exists ; it must be possible to receive secret information. This security does not apply to the Commission's own confidential documents, access to which does not require the authorization of which we have been speaking, but it does apply to secret documents from Member States. Over the eighteen years during which this procedure has been in force, the powers of the Community have increased, but only a small number of officials, other than those of Euratom, have been subjected to it.

At all events, the Commission did not invent this procedure. I ask you again : how in practice can the Commission, when it is to receive secret documents, itself offer a guarantee of security in respect of each person it employs ? This would clearly be impossible. We are therefore asked to satisfy a twofold requirement : on the one hand that of maintaining security, and on the other that of refraining from setting up a policing system stretching out to the nine Member States — something which, when all is said and done, you would not in all probability accept.

**Mr Cifarelli.** — *(I)* Having noted what President Ortoli had to say regarding the aims, limits and legal basis of this procedure, I should like to ask the Commission whether it would not consider itself

Nothing up this necessary form of control independently, entering the resulting expenditure in the budget. In this way it would effectively avoid being subject to a form of tutelage or being in any way subject to interference of this kind by the Member States.

**Mr Ortoli.** — *(F)* Frankly, I do not believe that the Commission can set up a security organization to carry out investigations of this kind in order to deal with the very few problems I have spoken of. Moreover, if we did so we would be raising a fairly serious constitutional problem in conducting investigations in the Member States which in fact fall within their sphere of competence. An organization of this kind, if we are to set it up, would be extraordinarily costly and would raise the problem of the powers of the Community and of the Commission. I regret to have to say to Mr Cifarelli that I do not think that the Commission can itself carry out these investigations.

**Mr Albers.** — *(NL)* Does the reply mean that anyone in the Federal Republic who has had imposed on him a ban on practising his profession (*Berufsverbot*) is automatically excluded from a post with the European Communities ?

**Mr Ortoli.** — *(F)* I am not sure what you mean by a ban on practising a profession in the Federal Republic of Germany. What I can tell you is that anyone who enters the Community civil service is checked, not from the security angle, but in point of good conduct — a perfectly commonplace investigation such as any other administration carries out. The results are forwarded to us and do not affect the subsequent career of the official concerned. I do not believe anyone can say that we have prevented anybody from entering the Communities on political grounds.

**Mr Patijn.** — *(NL)* Can Mr Ortoli say whether the same questions are put to all officials of all Member States by the Commission, and whether he is prepared to give us some idea, by sending us the questionnaire forms, of the kind of question put to officials who wish to work at the Commission ? In other words, can the relevant forms be sent officially to the European Parliament ?

**Mr Ortoli.** — *(F)* I have already anticipated Mr Patijn's question. Not all officials are affected. I have already told you how many people — about 350 out of several thousand officials — hold authorizations giving them access to secret material. The questionnaires are not the Commission's but are prepared by the Member States, where, presumably, they are already familiar.

**President.** — Mr Ortoli, you have all the same still not answered the question as to whether these documents can be sent to the European Parliament.



**Mr Ortoli.** — (*F*) Mr President, these are not the Commission's questionnaires. I am prepared to pass on to you the individual dossier we are compiling, which contains the list of questions we are asking. However, as I have already explained, the questions asked are not questions put by the Commission and for which it accepts responsibility.

**Mr Normanton.** — The House I know will be grateful to the President of the Commission for the very full and fair answers which he has given to the questions on the order paper.

But would he not agree that this kind of question is typical, and indeed may well be a classical example, of the double standards which are adopted by the Communist party — a party who would believe so strongly in the concept of a totalitarian system?

(*Mixed reactions*)

**Mr Ortoli.** — (*F*) I have no reply to make to that question.

**Mr Bourdellès.** — (*F*) Does the Commission not think that by playing a decisive part in the mechanism of political cooperation Parliament will be exposing its officials to the danger of also having to fill in a questionnaire similar to that presented to Commission officials?

**Mr Ortoli.** — (*F*) I can assume no responsibility for the European Parliament. My responsibility is to ensure that the few people in our institution who receive documents classified 'Secret' should be in a position to do so. I fulfil this responsibility by following a procedure which is that of each of the Member States individually. It is no business of mine to judge how the European Parliament, in matters that concern it, would, if the case arose, lay down the conditions for authorizing its own officials to have access to secret documents.

**Mr Giraud.** — (*F*) Mr President, can you certify that this discrimination practised between officials according to the state of which they are nationals does not do harm to the career of officials coming from certain states?

**Mr Ortoli.** — (*F*) No harm is done to them. If someone is authorized to have access to secret documents, he remains a Commission official and, as far as he is concerned, his personal file will carry no trace of any opinions that may be attributed to him. Nothing of the kind in their personal files can determine their career or promotion. I think, therefore, that we can rest assured — and I believe this firmly — that officials cannot suffer any harm in this way.

**Mr Yeats.** — I should like while accepting the absolute need for complete security in these matters, to ask the Commission, if they would give an under-

taking that, whatever may be done by individual Member States, they as a Commission would no longer circulate to officials questionnaires in which they are asked not merely to express, in certain cases, their own political sympathies, but also the political sympathies of their friends?

**Mr Ortoli.** — (*F*) This suggestion at least I am inclined to consider. We shall have to see how it can be followed up. What I am not prepared to do is to take the place of the national authorities and carry out security checks. Nor would I consider refusing to comply with the provisions of the Euratom regulation, which requires the Commission to ask Member States, according to their own procedures, to authorize access to secret documents by officials who happen to be nationals of theirs.

**President.** — I call Question No 3 by Sir Brandon Rhys Williams.

Will the Commission encourage the production of a European standard car for disabled persons?

I call Mr Thomson.

**Mr Thomson, member of the Commission.** — The integration of handicapped people into normal living and working conditions is a priority objective of Community social policy. The Commission therefore shares the honourable Member's concern and recognizes the importance of the matter he raises. But given our present limited resources and possibilities, this is not a matter in which the Commission can directly or effectively intervene.

**Sir Brandon Rhys Williams.** — Would the Commissioner be prepared to reconsider that decision, which will be a very disappointing one for many people? Is it not obvious that a small effort by the Commission could have a significant and worthwhile result, because a vehicle which was produced on the scale of the whole Community would be much cheaper through mass production, and could also be designed and tested in the light of the widest experience in actual use? Surely we need to recognize the importance of mobility for disabled people, not only in helping them to lead a normal social life within the Community, but in enabling them to maintain themselves in regular work.

**Mr Thomson.** — I entirely agree with what the honourable Member has said about the importance of mobility for handicapped people, and the Commission is of course giving priority consideration to the general question of the integration of the handicapped in contemporary society. But when it comes to the question of the production of a standard car, one is entering into a different field of practical policy. I think what I could say is this, Mr President: the fact that the honourable Member has raised this important question in this House will itself be an encourage-

ment to the kind of ideas that he wishes to promote. But that is a different matter from the Commission being able to act directly in the field.

**Sir Geoffrey de Freitas.** — In considering whether the Commission should involve itself in such matters, will the Commission remember that it needs to do all it can to show that from time to time its policy of standardization can have a human aspect?

**Mr Thomson.** — Yes, I think that is an important consideration in this matter. But that is not in fact the question that was being pressed by the honourable Member who asked the original question.

**Mr Evans.** — Will the Commissioner accept that whilst it is important, if possible, to develop a European standard car for disabled people, advantage would accrue only to a very tiny minority of disabled people? Would he not accept that it is a better policy to be fair to all disabled people, and could the Commission consider producing a study which would give us some idea of what provisions the nine Member States within the EEC make on behalf of all disabled people, such as the United Kingdom Government's disability allowance? I think if we had information on those lines it would give us a clear idea of what it is that member governments are attempting to do in this field.

**Mr Thomson.** — Yes, I shall certainly look at the possibility of the Commission providing comparative information and I agree in general with what the honourable Member has said. This is a field, like all other fields of this kind, where there is the difficult question of priorities, and the Commission, within its limited resources, does give priority to the general help for the disabled underlined by the honourable Member.

**Mr Molloy.** — I was very encouraged indeed by the reply given by Commissioner George Thomson. I wonder if I may put a question to him, and I would readily understand if he is unable to give a direct answer? I know that he understands that, certainly in Britain, there exist very many voluntary organizations like, for example, the Disabled Drivers' Association, which have played such a very important role in seeing that the disabled in our country are at least mobile, both for pleasure and for work. And arising from his initial reply which, as I have said, I found encouraging, would it be possible for the Commission, if they were to take up the proposal made by Mr Evans, to produce a report on this question of providing vehicles of a European nature, if you like, for the disabled, and would it be possible, if this undertaking were embarked upon, for contact to be made not only with the voluntary disabled organizations in the United Kingdom, but also with similar bodies that might exist in other parts of the Community?

**Mr Thomson.** — Yes, I think that is a useful suggestion and it would be a service, I would have thought, for the Commission to perform, to provide not merely comparative information about public policy but some comparative information about the voluntary organizations that are active in this field, because, if they can operate at a Community as well as at a national level, that will be an additional help to the interests of the disabled.

**Mr Giraud.** — (F) Does not the Commissioner think that before full standardization, progress can be made at a lower level, namely that of inter-operability? A great deal has been said about this in the matter of armaments, and perhaps we should also consider it in relation to equipment for the disabled.

*(Applause from certain quarters)*

**Mr Thomson.** — Yes, if I understand the honourable Member's question right, I agree with it.

**Mr Normanton.** — The Commission will no doubt recall that twice during the last 18 months I have submitted a request for a Community contribution towards the cost of the design, development and construction of a prototype vehicle for use by disabled persons. This is already in an advanced stage of development by a dedicated team at the Manchester University Institute of Science and Technology. And only 50 000 u.a. are now required to prop up the considerable sums already forthcoming from charitable and public bodies. Will the Commission give further consideration to this fairly long-standing appeal and put it at a high level in its ordering of priorities?

**Mr Thomson.** — The honourable Member and those who share his point of view are very persuasive, and no doubt they will wish to press for further consideration of this matter by the new Commission. But I must say the view of the present Commission is to doubt the wisdom of Community involvement in promoting the production of a Community vehicle. We have limited resources, limited possibilities. There is good work I think the Commission can do in helping the handicapped on a broad front, and I cannot feel that this is a particular operation that the Commission has the capacity to undertake.

**Mr Albers.** — (NL) Now that we are hearing so much from the British side about a standard car for the disabled, can we expect them give some thought to the serious handicap which the non-standard traffic system in Britain presents to these people?

**Mr Thomson.** — The honourable Member is probably aware that the question that has been raised has been the subject of a good deal of controversy on both

**Thomson**

sides within the national parliament of the country from which the questioner comes.

**Mrs Kellett-Bowman.** — Do you accept that my colleague, Mr Normanton, was not asking the Commission actually to undertake this work at Manchester University, but to give the very small sum required as a pump-priming operation for this very useful prototype car, which might then be taken over? All he is asking at the moment is not that the Community undertakes the work, but makes this very minimal contribution to a very worthwhile objective.

**Mr Thomson.** — I entirely agree about the worthwhileness of the objective, but the honourable Lady will know that in all such matters the marginal sum that is involved is always a small one and looks very modest, but of course it is the implications of the policy that one has got to take into account. Given our resources, I think the Commission is right in taking the view that it does about its priorities.

**President.** — Since its author is absent, Question No 4 by Mrs Dunwoody will be answered in writing.<sup>1</sup> I call question No 5 by Mr Cifarelli.

Could the Commission specify in which area it would like to see agreement reached at the next meeting in Tunis of the International Commission for the Euro-Arab dialogue?

**Mr Cheysson, member of the Commission.** — (F) Mr President, the next meeting of the General Commission is planned for February 1977 in Tunis, which is at the moment the capital of the country filling the presidency of the Arab League. It will review the progress made since the Luxembourg meeting held from 18 to 20 May last. In the light of its findings, it will issue supplementary guidelines and instructions for the future activities of the seven working parties concerned, as well as of the subsidiary working parties set up by them. The working party on financial co-operation will meet at the beginning of January; its subsidiary, which is dealing with the protection of investments, met in Brussels last October. Moreover, eleven subsidiary working parties and the other six working parties have continued to push ahead with their work. A total of seventeen meetings were held between July and November in Europe and in the Middle East. Progress was made, particularly as regards the protection of investments, the general conditions of contracts, the introduction of uniform technical standards, and cooperation in scientific and cultural affairs. We hope that during the General Commission's next meeting, progress will be made as regards methods of jointly financing measures and projects proposed within the context of the Euro-Arab dialogue.

<sup>1</sup> see Annex.

**Mr Cifarelli.** — (I) Does the Commissioner not feel that the deadlock which the North-South Dialogue now finds itself may hamper the Euro-Arab dialogue, and if so, to what extent?

**Mr Cheysson.** — (F) There is no clear dividing-line between the various authorities discussing relations between countries of the North and of the South, and we are finding that the closer we work with our partners, the more progress we make. This is therefore greater under the Convention of Lomé and our Mediterranean agreements than in the Euro-Arab dialogue, and greater in the Euro-Arab dialogue than in the North-South Dialogue at world level. Nevertheless, there is obviously a certain interaction between all these levels.

**President.** — I call question No 6 by Mr Gerlach:

Does the Commission intend to submit to the Council a proposal for a directive or regulation for setting up a stabilization fund for eggs and poultry along the lines of the scheme introduced in the Federal Republic of Germany?

**Mr Thomson, member of the Commission.** — The Commission is actively seized of this important matter but it has not yet adopted a final position on the basis of which talks can be held with the professional organizations concerned. I know it is the hope of my colleague, Mr Lardinois, that the next Commission may be able to make a proposal on this subject.

**Mr Gerlach.** — (D) Can the Commissioner yet say whether all concerned — breeders, rearers and slaughterers, traders and farmers — will be participating in the Fund, and whether it is to cover all types of poultry?

**Mr Thomson.** — These are precisely the kind of considerations that are being discussed at the moment, and the list that the honourable Member gives is, I think, an indication of some of the difficulties that have led to the Commission not yet being able to adopt a position.

**Mr Scott-Hopkins.** — No matter what particular scheme the Commission does bring in, will it ensure that it does not lead to surplus production because the level of price is too high, or to an increase in cost to the consumer because of unnecessary high prices caused through either storage or intervention?

**Mr Thomson.** — The honourable Member certainly carries me with him in that proposition.

**Mr Bourdellès.** — (F) Can the Commissioner tell us what has been done to set up a professional poultry-farming organization at Community level? This seems to me to be a precondition for the setting up of the stabilization fund desired by Mr Gerlach.

**Mr Thomson.** — Yes, a good deal of discussion has taken place inside the services of the Commission about the general structure of such a professional organization but, as I have told the House, the Commission is not yet in a position to adopt a clear attitude on this.

**Mr Haase.** — (D) Does the Commission intend to participate in the Fund with financial contributions of its own?

**Mr Thomson.** — The Commission has no proposal to make at this stage but the matters that have been discussed do involve the question of a Commission contribution.

**President.** — I call Question No 7 by Mr Albers:

What action does the Commission plan to take with regard to the possibility of the Member States adopting a joint position on airline services in order to avoid unfair competition on the part of third countries?

**Mr Guazzaroni, member of the Commission.** — (I) The Commission has for some time concerned itself with the problem raised by the questioner, and has already put forward proposals in the past.

As far back as 1972, in its draft decision on the first elements of joint action in the field of air transport, it asked to be allowed to study, together with national experts, measures to improve the network of airline services within the Community, harmonize the rate-making policies of airlines in the Member States, and bring into line the development policies of airlines serving non-member countries.

More recently, in 1975, in its programme of action for European aviation, the Commission urged approval at Community level of the two general objectives of creating a European air space, also at Community level, and jointly negotiating agreements with non-member countries, particularly with regard to air traffic, with a view to improving international routes and services as much as possible.

The Commission is therefore convinced of the necessity for taking specific measures in this area and is prepared to urge the adoption of the proposals it has already put forward and which have not yet been approved by the Council.

**Mr Albers.** — (NL) Pending the adoption of a Community approach, is the Commission ready to take steps to prevent a situation where, when a Member State is obliged to take bilateral measures to protect its rights, other Member States in the Community take advantage of the fact?

**Mr Guazzaroni.** — (I) Wherever we are dealing with general rules falling under the Treaty, the Commission is ready to take steps to prevent abuses.

**Mr Scott-Hopkins.** — Whilst the Commissioner is looking into this particular matter, will he also examine the reasons as to why on the London-to-

Brussels line the charge per kilometre is about double that for an equivalent distance in America, and will he ask for an examination to be carried out as to why this incredibly high rate per kilometre should exist on this particular line?

(Applause from certain quarters)

**Mr Guazzaroni.** — (I) In reply to Mr Scott-Hopkins' complaint, I would mention that the Commission is looking into the possibility of carrying out a comparative study, results of which will be notified to Parliament as soon as they are available.

**President.** — I call Question No 8 by Mr Lagorce:

We appear to be particularly defenceless against pollution of the sea by oil, especially when oil is washed ashore from damaged oil tankers as has happened on several occasions and again only recently off the French coast. Does not the Commission feel that a generously financed European fund could be set up for researching, testing and applying more effective techniques than those at present available for fighting this kind of pollution?

**Mr Guazzaroni, member of the Commission.** — (I) There is certainly no lack of means for checking pollution of the sea by oil. The Community and the individual Member States have taken part, and are taking part, in a good five international conventions of a universal character, two specific regional agreements and two regional conventions on measures to combat such pollution. Hence, even if the means at times may prove inadequate, there is a large number of conventions specifically aimed at eliminating, in agreement with all the governments concerned, pollution of the sea.

As regards the specific proposal for setting up a European fund, the Commission feels that with the present situation such a proposal is highly unlikely to secure the unanimous approval of the Member States. For the time being, however, Member States can make the most of their experience and means of action in a joint effort to mitigate the harmful effects of oil-slicks. The Commission itself will strongly urge the various international organizations to ensure that new and more effective measures are taken in this area.

**Mr Lagorce.** — (F) I should like to ask about the responsibility of shipowners who are to blame for oil-slicks. There are, I believe, means of combating such forms of pollution far more effective than the mechanical and chemical ones so far employed.

Some hesitation is, however, felt about using such means because they are costly and there is no certainty that the shipowner concerned could reimburse the expenses incurred.

This is what made me think of a European fund. But, failing that, could not some procedure be introduced that would provide an assurance that any expenses incurred would be reimbursed? This would open the way to these highly effective remedies, for example, oil solidification and the use of cleansing vessels.

**Mr Guazzaroni.** — (I) The problem raised by Mr Lagorce is dealt with in individual States on a preventive basis, that is, through laws requiring shipowners to provide in such cases.

**Mr Mitchell.** — The question refers to a European fund. As all the Community countries, with the exception of Luxembourg, have extensive coastlines, why does the Commissioner think there will be objections from national States to some form of European action of this kind? I would have thought this particular type of activity was one thing that there could be united European action on.

**Mr Guazzaroni.** — (I) As I have already said, there exist organizations of a universal character: the Intergovernmental Maritime Consultative Organization has the task of adopting all the preventive measures needed.

Since all Member States belong to it and are therefore all represented in this forum, which is rendered all the more effective by its universal character, they feel, I believe, a certain reluctance to engage in any action whose scope is more limited, both from the geographical and from the financial point of view.

**Mr Cifarelli.** — (I) Clearly the action taken by the Community cannot be confined to setting up a fund, particularly as not every case of pollution calls for the urgent and costly remedies required by oil-slicks.

I would therefore ask the Commission whether it does not feel that it should lay down in a directive — or, better still, a regulation — a common approach by the Nine, entrusting the supervision of the way it is applied to the Member States, with the necessary co-ordination of the Commission itself.

I do not want to see, for example in the Tyrrehenian Sea, Italian or French oil-tankers washing out their tanks in the sea — whether or not facilities for control by the Italian or French authorities exist — and causing a form of pollution which, given the large number of oil carriers, has far worse consequences than the occasional oil-slick.

**Mr Guazzaroni.** — (I) The Commission in fact proposes, as part of the second programme which was approved by a Council decision of 9 December 1976, to tackle the problem and to work out a number of common guidelines. Moreover, it is thinking of introducing a system of cooperation between all the Member States within the existing international organizations to which I earlier referred.

**Mr Normanton.** — In view of the fact that the efficient clearance of oil pollution at sea calls for the deployment of naval vessels, would the Commission not agree that this highlights the growing need for the Community to establish some new institutional arrangements for the coordination of naval defence matters?

(Laughter)

**Mr Guazzaroni.** — (I) I think that this is a task that ought to be carried out by the individual Member States themselves.

**Mr Giraud.** — (F) I thought the Community was already a signatory of conventions relating to pollution of the sea. Is it not therefore its duty to take the initiative?

**Mr Guazzaroni.** — (I) The Community will take any action required under the conventions it has signed.

**Mr Howell.** — Mr President, may I urge the Commission to ignore this request and not to set up any more funds for anything and concentrate their efforts in cutting out some of the funds which have already been set up, and leave this matter to national governments?

(Laughter)

**Mr Guazzaroni.** — (I) I believe I have already answered this point in the course of my previous answers to questions.

**President.** — I call Question No 9 by Mr Evans:

Would the Commission say whether, in respect of aid from the Regional Development Fund to Friuli, all the applications have been received; how quickly they have been processed and approved; and whether any payments have so far been made?

**Mr Thomson, member of the Commission.** — I am pleased to be able to tell the honourable Member that not only have all the applications from Friuli for aid from the Regional Fund been received, but the Commission has already approved grants worth 15 m u.a., which is the full amount allocated as the Fund's special contribution to this area. The deadline for the receipt of applications was not until the end of this year, but the applications were in our hands by 22 October and the Commission, dealing with the matter as one of top urgency, managed to process them by 16 November. The Italian Government was duly notified the following day. No payments have yet been made, but they will be made *pari passu* with the payments to each project made by the private and public bodies concerned. This is an exceptional procedure, and has been welcomed by the Italian authorities.

**Mr Evans.** — I am sure the whole House will welcome the statement by Commissioner Thomson in respect of the aid to Friuli. I would like to congratulate him and his staff on the expeditious manner in which they have worked. Could the Commissioner inform the House whether or not he is satisfied that all the various assistance that is being given to the very unfortunate citizens of Friuli is now being applied in an efficient and coordinated way?

**Mr Thomson.** — I think the general picture is a satisfactory one now. The aid that I have been describing from the Regional Development Fund is of course only a part of the total Community aid — there are 45 m u.a. from the Agricultural Fund and 11 m u.a. from the Coal and Steel Funds of the Community, some of which is going to provide new housing.

I think in all these matters the cooperation between the Commission and the Italian authorities has been expeditious and is now showing results.

**Lord Bessborough.** — While joining with my honourable friend on the other side of the House in his congratulations on the role which the Commission has played in this — and I was very glad to hear his news — may I ask how many homeless people are still living under canvas in tents in the Friuli region during this winter weather?

**Mr Thomson.** — I couldn't, without notice, give a figure as to the number of people concerned, but I entirely agree with the honourable Member in drawing attention to perhaps the most serious human aspect of the continuing tragedy of Friuli. The Commission funds, as the honourable Member knows, have been devoted, particularly through the Coal and Steel Community, to provide houses for steelworkers facing the housing problem. The Italian Government has undertaken, on its own responsibility, the provision of emergency or prefabricated housing, to which I think it was the honourable Member who drew particular attention, following his visit there. I think what I would like to assure the House about is that, in the disposition of these funds for various purposes, including housing, the arrangements have been made with the full agreement of the Italian authorities.

**President.** — I call Question No 10 by Mr de la Malène :

Can the Commission state the reasons for its choice of ICL machines for the renewal of the Computer Centre's data-processing equipment?

**Mr Ortoli, President of the Commission.** — (F) At the time the Commission had to take its decision, it carried out searching studies of all aspects — particularly financial and technical aspects — of the various offers it had received, taking into account the special needs that had to be satisfied. Only when these studies had been completed was the decision taken.

**Mr de la Malène.** — (F) Did the Commission not have staff problems with the first equipment it was using, that is, the IBM/CII machines?

In view of these staff difficulties, has the Commission now worked out the cost of adapting personnel to the new machines?

**Mr Ortoli.** — (F) I am not in a position to reply point-blank to these questions. There are obviously always additional training problems when different equipment is chosen. But I would put Mr de la Malène on guard against the possible consequences of never changing anything simply to avoid training difficulties.

I should add that these problems were taken into account at the time that the technical and financial implications of the offer were assessed.

**President.** — I call Question No 11 by Mr Noè, for whom Mr Pisoni is deputizing :

Since the Council is due to discuss the reform of the European Social Fund in 1977, does not the Commission feel that this would be an appropriate time to propose that the Fund should concentrate its financing on certain fundamental problems, so that it is not spread too thinly as at present, and in particular, does it not believe that the Fund should, as a matter of priority, deal not only with problems of unemployment but also with those of under-employment and particularly the problems of workers who, although they have not been dismissed by their firms, have been laid off and therefore need help for retraining, income support and mobility incentives?

**Mr Cheysson, member of the Commission.** — (F) Council Decision No. 71/66 of 1 February 1971 concerning the reform of the European Social Fund is to be reviewed in 1977. The Commission believes, like the Honourable Member, that the Fund should concentrate its financing on certain fundamental problems so as to avoid any dispersion likely to detract from the effectiveness of its operations.

The problems of unemployment and under-employment ought to be given priority.

As regards under-employed or laid-off workers, where a reduction in manning strength is necessary, all the aids provided for in the Council's regulation of 8 November 1971 are being given to them within the context of the operations presented by the Member States for financing by the Fund.

**Mr Pisoni.** — (I) To what extent have Articles 1 and 2 of Title I, which refer to the field of application, been applied? It is those very regions that are threatened with a fresh wave of unemployment that the level of under-employment is on the rise.

Secondly, what has so far been the relationship between the operations of the Social Fund and regional policy, and what will it be following the application of the new Fund?

**Mr Cheysson.** — (F) I would first point out that the field of application of the Social Fund is defined by the regulation at the very head of which, in Article 1, reference is made to unemployment and under-employment in backward regions whose main activi-

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ties are on the decline. That, then, is the first priority in the utilization of the Social Fund; 62% of the appropriations are devoted to those regions.

As regards coordination of social and regional policies, this is a subject which, as you know, is one of the Commission's chief concerns. From now on, top priority regions are being defined in the same way in both cases, and this question will have our special attention during review of the Social Fund next year.

**Sir Brandon Rhys Williams.** — Does the Commission accept that one of the most fruitful ways they could assist the evolution of Community social policy would be by publishing regular, current, meaningful, up-to-date statistics using real purchasing power parities instead of the obsolete and meaningless figures which they have tended to publish up to now?

**Mr Cheysson.** — (F) Parliament is familiar with the conditions under which the Social Fund operates. It is therefore also aware of the considerable delays — which the Commission deeply deplores — that occur in making use of the Fund and, as a result, in ascertaining the results we could achieve.

**Mrs Kellett-Bowman.** — Would the Commission not agree that one of the most serious causes of immobility of labour is lack of housing? When the Social Fund is re-examined, would they consider the provision of cheap mortgages — on the lines of those given by the European Coal and Steel Community to steel workers who are redundant or obliged to move — for workers who are obliged to leave their own area to seek employment, and those such as railway workers, who have to move from one region to another?

**Mr Cheysson.** — (F) As the Honourable Member is aware, the present regulation prohibits the Fund from financing buildings, and therefore housing. Should this prohibition be removed in the review of the Social Fund? This deserves to be looked into, but let us not forget that other priorities ought also to be reviewed. These are the ones referred to by Mr Noè in his question.

**Mr Durieux.** — (F) With regard to statistics, does the Commission maintain regular contacts with each of the nine Member States — for these social problems concern them all — and if so, in what degree?

**Mr Cheysson.** — (F) Yes, we maintain regular contacts with the Nine. The Fund Committee meets four times a year and bilateral contacts are continuous.

**Mr Molloy.** — Mr President, would the Commissioner not agree that it is in this particular field of social services throughout the Community that ordinary people can understand how their endeavours,

irrespective of what particular nation they might belong to, can assist the unfortunate and those who are temporarily out of work and facing all sorts of problems? Is it not this sort of unified action by the Community that can enhance Community feeling throughout all our nation States almost as much as anything else? And, therefore, would he not agree with me that it is the Social Fund and its basic principles that can contribute so much to bringing people together to understand what they are trying to do to help each other?

Finally, may I ask the Commissioner this: would he be prepared to give a definite assurance that there will be intensive research into the problem of retraining people, particularly in this scientific and technological age, where a person can become redundant, not because he has lost his skills, but because new skills are required and, therefore, sometimes in middle age people need retraining, not merely to be able to look after themselves, but to make a contribution to the Community as a whole? Would not the Commissioner agree that the principle of retraining people in this modern age is something which must now receive top priority?

**Mr Cheysson.** — (F) The Commission is already acting in the area referred to by the Honourable Member. It has organized a number of programmes, such as in the field of electronics and other sectors demanding high skills.

To the first questions put by him I should like to reply with an enthusiastic 'Yes'. The social field is one of those in which public opinion looks to Europe. In this connection we have welcomed the pressure which this House has applied year after year for an increase in appropriations for the Social Fund. It is these that have increased most rapidly, and we are glad of this. We also welcome the fact that, at the joint meeting of Foreign Ministers and Finance Ministers last April, they accepted a single priority in spite of, or perhaps because of, the crisis — namely, the social sector. In this sector, now, we ought to have policies and not only means of payment.

**President.** — At the request of its author, Mr Ellis, Question No 12 has been postponed until the next part-session in January 1977. I call Question No 13 by Mr Howell.

Does the refusal of the British Government to realign the green pound constitute a breach of Article 40 of the EEC Treaty?

**Mr Cheysson, member of the Commission.** — (F) No.

**Mr Howell.** — Mr President, the answer which I have just received is totally unsatisfactory.

(Laughter)

**Howell**

Is the Commissioner aware that British and Irish producers are being subjected to totally unfair competition because of the failure of the British Government to act in a reasonable way in this matter? And is he further aware that the British and Irish producers are having to purchase their fertilizers, fuel and machinery at normal European rates and yet are being paid for their produce at a seriously reduced rate, putting them at a most serious disadvantage? What can the Commission do to see that they are properly compensated?

**Mr Cheysson.** — (*F*) Mr President, this question is of a legal nature. Mr Howell asked whether the refusal of the British government to realign the green pound constituted a breach of Article 40 of the EEC Treaty. The representative rate to be applied for the purposes of the common agricultural policy is fixed on the Council's decision. There can be no question therefore of a breach of a Treaty provision by a Member State. Hence the terseness of my answer. On the other hand the Commission is obviously aware of the very harmful effects of a green currency falling out of step with market conditions. The Commission is fully aware of the dangers this creates for the common agricultural policy and of the effects it may have on a neighbouring country. Finally, it realizes only too well the alarming distortion that arises between economic sectors — the agricultural sector on the one hand, the industrial sector on the other.

**Lord Bruce of Donington.** — Is the Commissioner aware that the farming community — of which the questioner is such a distinguished member — has been pressing for some time for a revaluation of the green pound, notwithstanding the disastrous effect this would have on the consumer generally? Will the Commissioner give an undertaking that the position under Article 39 of the Treaty, which requires the Commission to ensure that reasonable prices are charged to the consumer, receives far more attention than the legalistic inferences implied by the questioner's reference to Article 40?

**Mr Cheysson.** — (*F*) In its proposals and in taking up positions, the Commission obviously applies the Treaty in all its articles, particularly Article 39 which lays down as objective (<sup>3</sup>):

'to increase agricultural productivity ... to ensure a fair standard of living for the agricultural community ... , to stabilize markets ... , to assure the availability of supplies ... , to ensure that supplies reach consumers at reasonable prices.'

Paragraph (e) is therefore not the only paragraph in Article 39.

**Mr McDonald.** — Mr President, if the UK or any Member State refuses to operate the system, as it was intended to be operated, by realigning the representative rate of the green pound, and reducing its impact

on the MCA's, their continued refusal causes an outrageous imbalance and an outrageous burden, such as are presently imposed on my country. Has the Commission any alternative proposals designed to restore the balance? Lord Bruce talks about the consumers, and I see the point he makes. But if he is seriously asking that my country of less than 3 million people should continue to subsidize his consumers — all 50-odd million of them — as we are doing presently, paying for a sixth of the costs of subsidizing the UK consumers, then the situation is ridiculous and should in no way be tolerated if the Community cares anything about the people and if there is going to be any semblance of equality in this Community.

(*Applause from certain quarters on the right*)

**President.** — Honourable Members, I feel bound to remind you that however interesting your contributions may be, we are not here to open a debate, but to ask questions.

**Mr Cheysson.** — (*F*) I shall confine myself to answering the question, and would simply say that the Commission proposes but the Council disposes. We made a very clear proposal as to the purpose of the monetary compensatory amounts which, I would recall, were to be a temporary measure aimed at preventing a variation in exchange rates from affecting overnight the prices to the consumer. Our proposal is in line with this way of thinking. We are maintaining it fully on this point, but we cannot force the Council to take a decision.

**Mr Scott-Hopkins.** — In view of this refusal to devalue, can the Commission give a figure for the latest amount of subsidy through the MCA's that the United Kingdom is receiving from the Community? Is the Commission thinking of putting any other proposal to the Council, such as having a different system of calculating the MCA's for each particular product such as, I believe, has been proposed by the United Kingdom for pig meat, for instance, based on cereal-feed prices?

**Mr Cheysson.** — (*F*) The answer to the second question is in the negative: we are not considering making a distinction between products.

As to the first question, my reply is that, at the present rate, the compensatory amounts, which are linked to the situation of the pound sterling, would rise at the height of the season to 1 000m u.a., to which would have to be added the effect of the double exchange rate which, on the basis of present figures, would work out at 530m u.a., bringing the total to 1 500m u.a.

**President.** — I call Question No 14 by Mrs Kellett-Bowman:

Does the Commission agree that there is an urgent and appropriate need for Community financial support to the joint German-Danish project for building an advanced



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dike at the North Sea coast of Southern Jutland to protect the more than 50 000 Community residents who have their homes there and support the economic development of the region?

**Mr Thomson, member of Commission.** — I personally visited the site to which Mrs Kellett-Bowman refers and, having talked to the people on both sides of this internal Community frontier I recognize the importance that they attach this project in terms of flood control and in other ways.

The possibilities and also the limitations of Community aid to projects of this kind were set out rather carefully in a written reply (No 48/76) to Mr Gerlach, Mr Nielsen and Mr Nyborg, to which I refer the honourable Lady. The Commission cannot determine whether or not the project, or any aspect of the project is eligible for Community financial assistance until it has been approached by the member governments concerned.

**Mrs Kellett-Bowman.** — The people of Jutland did appreciate his going to see their region. But, while I appreciate the formal nature of his reply on this occasion, would he not agree that Community financing of this project would not only be of overwhelming economic importance for the citizens of the area, with a gain of 1 100 hectares of good agricultural land, but also of an extreme psychological and political importance, by showing the Community's concern for the wellbeing of the individual citizen and interest in supporting joint projects in frontier areas? And does not the Commissioner agree that a gain of 1 100 hectares of agricultural land makes this an ideal case for the use of the EAGGF Funds?

**Mr Thomson.** — Certainly I recognize first of all the immense psychological significance of this kind of project and, like the honourable Lady, I am an enthusiast for finding cross-border projects which make the Community seem real to its citizens.

This is of course a massive project (I think the dike would be about 12 kilometres long) and under the way our funds operate at the moment, the legal opportunities for the Regional Development and Agricultural Guidance Funds to contribute are strictly limited. The Agricultural Funds can contribute to the drainage works associated with a dike like this, and the Regional Development Fund is compelled by the regulations to contribute only to something which can be shown to be directly linked with employment of one kind or another. There is also the possibility of recourse to the European Investment Bank, which I mentioned to the people with whom I talked on both sides of this frontier when I was there. These are the ranges of possibilities and I think they need further explanation.

**Mr Howell.** — May I ask the Commissioner for an assurance that if an application is made for EAGGF funds for this project, it will be given careful consideration?

**Mr Thomson.** — Yes Sir, I can certainly give that assurance. The EAGGF Guidance Funds have contributed to similar kinds of projects elsewhere. Indeed, following my own visit to the region there were some pretty bad floods, and I was able to refer the local authorities to the fact that in the past the agricultural funds of the Community have given useful help in this kind of situation.

**Mr Kofoed.** — (DK) Have either the Danish or Schleswig-Holstein authorities made applications for Commission funds?

**Mr Thomson.** — No applications have been made up to this moment.

**President.** — Since its author is absent, Question No 15 by Mr Kavanagh will be answered in writing.<sup>1</sup>

I call Question No 16 by Mr Cointat:

The latest Commission report on agricultural accounts demonstrates the difficulties of making budgetary estimates in what is, after all, a vital sector of the economy. What does the Commission intend to do to make its forecasting methods more reliable?

**Mr Cheysson, member of the Commission.** — (F) The reasons for the difficulty of making budgetary forecasts in the agricultural sector have often been mentioned in this House. The difficulty is inherent in forecasting the harvests themselves; thus, it was impossible to foresee, when forecasts were being made in the autumn of 1975, that there would be a drought in the following spring and summer. Moreover, agricultural expenditure and agricultural levies are largely linked to fluctuation in prices on the world market and therefore uncertain.

Furthermore, the agricultural budget is established for a calendar year, from 1 January to 31 December. It thus straddles two marketing years. If it is already difficult to know the results of the harvest of the first marketing year, it is quite impossible to know the results of the second.

Then again, the monetary compensatory amounts and the effects of the double rate of exchange, which now account for a larger and larger share of expenditure, are difficult to foresee because they are linked to fluctuations in Community currencies.

In the proposals for adjustments put forward by the Commission in the review of the Common Agricultural Policy, several improvements have, or are being, made. When the budget is being established, the Commission submits in September a letter amending and updating the forecasts of the preliminary draft budget and setting out the financial consequences of the last harvest estimates. Improvements have been made in the budgetary follow-up. Since 1 January 1976 running tables have been kept showing the

<sup>1</sup> See Annex.

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financial position. As regards forecasts relating to the agricultural market, studies are about to be completed on basic statistics of production and of internal demand components.

Finally, a more searching investigation of agricultural receipts is now being carried out jointly with the national authorities.

**Mr Cointat.** — (F) I thank Mr Cheysson for this information. To make your task easier, Mr President, I shall not put any additional question.

**President.** — I call Question No 17 by Mr Hamilton :

- ✓ What proposals has the Commission in mind for resolving the problems arising from the status of the £ Sterling as a reserve currency, and what statistics are available showing whether the UK is a net contributor or recipient of EEC funds?

**Mr Cheysson, member of the Commission.** — (F) Since the negotiations for the United Kingdom's accession, the question of the role of the pound Sterling as a reserve currency has not been raised officially at Community level. The Commission has therefore no intention at this stage of suggesting going back on the exchange of letters of 22 January 1972, that is, on what was officially decided at the moment the United Kingdom acceded to the Community.

So far as revenue statistics are concerned, the customs duties and agricultural levies collected in the United Kingdom for the benefit of the Community are shown in the accounts published each year by the Commission.

Admittedly nothing exists to show the total expenditure for a financial year. However, the annual reports of the Regional Fund, the Social Fund and the EAGGF show the commitments entered into and their geographical distribution. The EAGGF reports show the distribution and the sums advanced both for the Guarantee and Guidance sections and for food aid.

It ought, however, to be pointed out that the geographical distribution both of revenue and of expenditure has no real significance and does not permit a balance to be struck.

For example, there is no direct link between the place where customs duties are collected and the place of consumption of goods imported into the Community. So much for revenue.

As regards expenditure, the payments made by the Commission to one Member State benefit another Member State. For example, monetary compensatory amounts paid to the exporting Member State benefit the consumer in the importing country if that country's currency is weak. Payments made as food aid benefit non-member States.

**Mr Hamilton.**— With regard to the second matter, is the Commissioner aware that questions are frequently asked on this matter in the British Parliament, and that the recent replies show that the UK is

a net contributor to the EEC? I wonder whether the figures that are given in those replies are regarded by the Commission as meaningful in any real sense; it seems that he has denied that in the course of his answer this morning.

On the first point, can he say whether he sees the Commission as having any role, either now or in the future, in tackling this particular problem of Sterling as a reserve currency? I think it is recognized that the UK Government would desire to be relieved of this particular burden, and I wonder if the Commission has any response to that.

**Mr Cheysson.** — (F) The notion of net contributors or net beneficiaries has no meaning in a Community. It makes no sense when we are trying to establish a measure of union between States. I cannot repeat this too often.

This said, if you would like impressive figures I would say that on examining the sums spent in the United Kingdom and paid to the United Kingdom, we are leaving out of account since June 1976 the monetary compensatory amounts paid by the countries exporting to the United Kingdom, and that for the second half of 1976 these represent the trifling sum of 405m u.a.

To the Honourable Member's second question I would reply that we have far too much respect for the Member States to anticipate their secret wishes. I said just now that the United Kingdom had not approached the Community on this problem. It is not, I think, for the Commission or any other institution of the Community to act otherwise than the government of the United Kingdom suggests.

**Mr Mitchell.** — As all the statistics depend substantially on the fluctuating exchange rate, what, in the opinion of the Commission, is the main reason for the fall in the external value of the pound Sterling?

**Mr Cheysson.** — (F) If I had a worthwhile opinion to offer on that subject, I would seriously consider applying for the post of Chancellor of the Exchequer.

(Laughter)

**Mr Fletcher.** — Would the Commissioner agree that governments, like individuals, can suffer from too much advice, and that as long as the IMF is now involved in overseeing Britain's budget strategy over the next few years, that is quite enough advice? Would the Commission say that they too have confidence in the judgment of the IMF, even if they may have doubts as to the judgment of the British Government?

**Mr Cheysson.** — (F) Allow me to disagree with the Honourable Member and to say that we have every confidence in the judgement of the British government which, for the moment, has not asked for our advice.

(Applause from certain quarters on the left)

**Mr Durieux.** — (*F*) Should not the Sterling crisis ultimately speed up the advent of Monetary Union?

**Mr Cheysson.** — (*F*) I feel sure that a highly interesting thesis could be written on the topic raised by the honourable Member's question.

(*Laughter*)

**Mr Dykes.** — Since I am totally convinced that the Commissioner would make a much better Chancellor of the Exchequer than the present one, could I pursue this a little further and say that whilst the first priority must be the restoration of the British balance of payments with the necessary internal disciplines that that implies, would it not be a good idea for the new Commission in the new year to look, at possible proposals for the very gradual, slow, paced-out and calm replacement of the Sterling balances over the long term, perhaps attached to the United Kingdom's overseas earnings from her oil exportation?

**Mr Cheysson.** — It will be a pleasure for me to pass on this recommendation to the President of the future Commission who, given his nationality and the post he occupies, ought, I feel, to be particularly interested in it.

(*Laughter*)

**President.** — I call Question No 18 by Mr Bettiza, for whom Mr Durieux is deputizing:

Having regard to the economic and political pressures currently being exerted on Yugoslavia, does the Commission consider it possible for that country to be linked with the territory of the Community, through Italy, by expressing a favourable opinion on the free zone between the two countries provided for by the Osimo agreement now before the Italian Parliament for ratification?

**Mr Ortoli, President of the Commission.** — (*F*) In his question the Honourable Member refers to the free zone provided for by the Osimo agreement between Italy and Yugoslavia across the borders of these two countries. The Italian government duly notified the draft agreement on this free zone to the Council and Commission, stating that the arrangement was not aimed at, and could not have the effect of, endangering the operation or development of the Common Market and giving assurances to this effect. Having taken note of this statement and these assurances, the Council and Commission felt that this agreement could be covered by Article 234 of the EEC Treaty, it being understood that this article does not permit anything beyond what is strictly necessary for the application of the international agreements referred to in its first paragraph.

**Mr Durieux.** — (*F*) Does not the Commission think that, for the political reasons advanced in Mr Bettiza's question, the analogy between the situation of Trieste

and that of Berlin justifies this exceptional procedure, the consequences of which would be comparable to those for which provision is made in the EEC Treaty regarding trade with the Democratic Republic of Germany?

**Mr Ortoli.** — (*F*) Luckily for us, things are simpler from the legal point of view. We are concerned, in this particular case, with the application of a provision which is not an exceptional but a normal provision of the Treaty — Article 234. It is on this basis that we have taken note of the Osimo agreement and of its consequences in respect of the free-trade zone.

**Mr Cifarelli.** — (*I*) Will this position of the Commission remain the same wherever the zone straddling the frontier is situated, subject of course to agreement between the parties and to the zone continuing to straddle the frontier?

Will the position taken up by the Commission on the basis of Article 234 of the Treaty continue to apply when the free zone extends to all the city of Trieste, within its clearly defined urban limits?

**Mr Ortoli.** — (*F*) If a new situation arises, then we will have to consider it. In the case in question, we must also take account of the characteristics of the projects submitted to us. If we were to learn suddenly that half Italy was becoming a free zone, I am not absolutely sure that this would be compatible with the first paragraph of Article 234. I would point out that the limits we ourselves set were the maintenance of this compatibility and, of course, the absence of adverse effects of such projects on the Common Market. I am therefore unable to answer a question that has not been put to me in specific terms.

**President.** — I call Question No 19 by Mr Delmotte:

✓ If, as reported in the press, a meeting is held in Japan to discuss economic problems, will the Commission ensure that the Community as such is represented at this meeting and puts forward its own position?

**Mr Ortoli, President of the Commission.** — (*F*) There is a good deal of talk of this 'summit' and of representation of the Community. At the moment, if such a 'summit' is to take place, two points will be taken into account: the need for prior consultation on the defence of the Community's interests and the fact that the Community, within the limits of its powers and responsibilities, ought to be represented by its official bodies and that the procedures and obligations laid down in our Treaties must be complied with. Hence, from the point of view of procedure, we now have, following the meeting of the European Council on 12 and 13 July, a situation clearer than that which existed at the time of the Puerto Rico summit.

**Mr Delmotte.** — (*F*) Is it true that bilateral contacts are to take place on 20 and 21 December next in Tokyo? According to the Commission, it appears that the Japanese government does not realize the serious nature of the declaration, which amounts to a real warning by the European Council at the Hague, and the Commission endorses Mr de Guiringaud's declaration to the effect that if Japan does not take measures leading to a real reduction in its shipbuilding capacity, there is no doubt that the Community will itself have to remedy a situation which is becoming intolerable. What are the Commission's views on this subject?

**Mr Ortoli.** — (*F*) On the first point, I have no special information on the bilateral contacts to take place in Tokyo on 20 and 21 December. On the second point, I would ask Mr Guazzaroni to provide the information.

**Mr Guazzaroni, member of the Commission.** — (*I*) On the subject of shipyards, contacts are in fact being established with the Japanese government and the Japanese industries concerned, both in the OECD and bilaterally between the Community and Japan. As the questioner said, a meeting will be held in Tokyo on 20 and 21 December between officials. It will depend on the outcome of that meeting whether during the next meeting — already scheduled to be held in the OECD on 11 and 12 January next — progress can be made, as desired by the Community, towards close cooperation with Japan — a form of cooperation which on the European side should not be confined to the Community but should extend to the other European States which are members of the OECD.

If this cooperation does not materialize, it will be necessary to resort to independent measures which — as the questioner pointed out — the European Council at The Hague has already said it would want to take in the event of a Japanese refusal.

**Mr Gerlach.** — (*D*) In anticipation of the debate we shall have tomorrow on the basis of Mr Osborn's oral question and in view of the statement by the Commission that steps are being taken to establish cooperation with Japan, I would ask it what serious efforts it is making to counter Japan's cut-throat competition in every industrial sector. One has the impression that the Commission is scared of its own audacity. And therefore the Commission should be asked from all sides what, if anything, it really intends to do to cope with this industrial pressure.

**Mr Ortoli.** — (*F*) Mr President, so far as concerns procedure, I must say that we are digressing. We started out on a question about the summit and are now discussing Japan, shipyards and the Commission's activities. In replying to an oral question, which in any case does not bear mainly on this point, I do not see why I should have to outline again the

steps we have taken *vis-à-vis* the Japanese. As you know, we have studied the problem and have taken up a number of positions which we submitted first to the Council and which resulted, in the European Council, in the communiqué placed before you. We shall continue our work along these lines. You may rest assured that we know how to defend the Community's interests and that we are determined to do so. I would ask you just to consider all that has been said on the action taken for some weeks with a good deal of energy at Commission level.

**President.** — Since its author is absent, Question No 20 by Mr Dalyell will be answered in writing.<sup>1</sup>

I call Question No 21 by Mr Yeats:

Noting the recent declaration by the European Trade Union Confederation that wage discrimination against women workers is still flagrant in Ireland, will the Commission as a matter of urgency take steps to ensure that the provisions of the equal pay Directive are adequately observed in that Member State?

**Mr Guazzaroni.** — (*I*) We should remember first of all that on 5 February 1976 the Irish government sent the Commission a request, based on Article 135 of the Treaty of Accession, to be permitted temporarily to derogate from the application of equal pay for men and women, that is to derogate, on the legal plane, from the provisions of Article 119 of the EEC Treaty and Council Directive No 75/117 of 10 February 1975.

Because the coming into force of the Anti-discrimination Pay Act of 25 January 1974 was scheduled for 31 December 1975, a draft amendment to that Act deferring for a maximum of two years the coming into effect of equal pay for men and women in specific enterprises in the private sector which were experiencing difficulties was introduced in the Irish Parliament. The Honourable Member is of course aware of the fact that the Commission, while alive to the difficulties experienced by the Irish economy and prepared to consider any measures that would be of help, did not feel it possible to authorize the derogation in question, which would have deprived women workers of a fundamental right. As a result the draft amendment to the Act had to be withdrawn by the Irish government.

Moreover, the Commission reaffirms its determination to keep a close watch on Ireland, as on all other Member States, for compliance with the Council directive of 10 February 1975. On the basis of national information received under Article 7 of that directive, the Commission is required to check whether, in every country and from the strictly legal point of view, the situation really reflects all the obligations imposed, and to institute, if necessary, the proceedings laid down in the event of any infringement. In addi-

<sup>1</sup> See Annex.

**Guazzaroni**

tion, in a wider context and in accordance with Article 9, Member States are required to supply to the Commission, within two years of 12 February 1976, all the facts and figures necessary to draw up a report on the way in which the directive is being applied. This report has to be submitted to the Council and, of course, the European Parliament.

**Mr Yeats.** — I should like to thank the Commissioner for that assurance, but since the directive came into force, discrimination against women workers in Ireland has continued almost without variation. The effect has in fact been minimal. In view of this, I would like to ask the Commissioner whether, since the incident to which he referred, he has been in touch with the Irish Government with a view to reminding them of their obligations under this directive, and whether the Commission will take steps as a matter of urgency that this continuing discrimination is ended?

**Mr Guazzaroni.** — (I) I can assure the questioner that there have been and continue to be contacts with the Irish government on this matter.

**Mrs Cassanmagnago Cerretti.** — (I) I thank the Commissioner for managing to cover a matter to which I wanted to draw attention. However, after the declaration of International Women's Year, I feel it is fairly important to specify what sort of action the Community should take to ensure that legal equality of the sexes becomes a fact and not merely a compendium of legal rules that are interpreted within various States.

From the cultural point of view and as an obligation, the Commission could be asked itself to make this legal equality a reality so that, if 1976 was International Women's Year, from 1977 onwards this equality will be honoured in practice.

**Mr Guazzaroni.** — (I) I would assure the questioner that the Commission fully endorses her views and is prepared to consider any possibilities that may present themselves.

**Mrs Squarzialupi.** — (I) Does not the Commission think that, in reforming the Social Fund, some funds might be allocated to the enlightenment of public opinion with a view to helping women culturally, as suggested by one of my colleagues, as well as socially to pull down the obstacles to their emancipation and get rid of the discrimination practised against them?

**Mr Guazzaroni.** — (I) The Commission is in fact thinking of stepping in, within the context of the reform of the Social Fund, on the lines suggested by the questioner, and studies and investigations are already going on on the subject.

**President.** — The first part of Question Time is now closed. I should like to thank the Commission repre-

sentatives for their contributions. I call Sir Peter Kirk on a procedural motion.

**Sir Peter Kirk.** — Mr President, on behalf of the Conservative Group I wish to ask you to grant a topical debate under Question No 13 by Mr Howell with regard to the green pound. I am not certain what the position is, now that we have Question Time on two days. The group is prepared to have this debate either today at the end of this Question Time or tomorrow at the end of the next Question Time, but we wish to have this debate and I hope that you will allow us to do so.

**President.** — Sir Peter, the two parts of Question Time form a single whole. The debate you are requesting would therefore be held tomorrow, after the second period of Question Time, unless, of course, there are other requests for debates, in which case I should have to choose between the various requests. I shall therefore be able to take a decision tomorrow, after the questions addressed to the Council and the Conference of Foreign Affairs Ministers have been dealt with.

I call Mr Scott-Hopkins on a procedural motion.

**Mr Scott-Hopkins.** — Mr President, it has come to my knowledge, and I think it is fairly well known now throughout the House, that the Council of Foreign Ministers and the Council of Agricultural Ministers, who were meeting together yesterday, failed to come to any kind of agreement whatever as far as the internal fishing policies are concerned. I understand that the Commission were told to go away and to produce new proposals to be considered at a later stage. If this is so, Mr President, then our debate on Friday on the internal fishing policy of the Community is going to be a waste of time if there are new proposals coming forward. Could the Commission let us know, this afternoon or this evening — whenever it is convenient to them — what the exact position is over this? I do not expect an answer now, but it would be nice if we could have one when we start off this afternoon.

**President.** — Thank you for raising this matter, Mr Scott-Hopkins; I am grateful to you for not expecting an answer now.

The proceedings will now be suspended until 3 p.m.  
(The sitting was suspended at 1.15 p.m. and resumed at 3.05 p.m.)

**President.** — The sitting is resumed.

## 12. Tabling of a motion for a resolution

**President.** — I have received a motion for a resolution tabled by Mr A. Bertrand, on behalf of the Christian-Democratic Group, with a request for debate by urgent procedure pursuant to Rule 14 of the Rules of

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Procedure, on the results of the meeting of the European Council in The Hague on 29 and 30 November 1976.

This motion for a resolution has been distributed as Doc. 482/76.

I shall consult Parliament on the adoption of urgent procedure for this motion tomorrow, after the debate on the statement by the Council on the meeting of the European Council; that should be at about 6 p.m.

### 13. *General Budget of the Communities for 1977*

**President.** — The next item is the introduction of and debate on the supplementary report (Doc. 472/76) drawn up by Lord Bruce of Donington, on behalf of the Committee on Budgets, on :

the draft general budget of the European Communities for the 1977 financial year modified by the Council on 23 November 1976.

At this final stage in the budgetary procedure, Parliament can now only pronounce on the Council's modifications to the draft amendments adopted during the first stage. Amendments to this effect must be considered during the debate on Lord Bruce's supplementary report which will now be held. They will be put to the vote on Thursday afternoon. Since these amendments will require the votes of a majority of Members and three-fifths of the votes cast, to be adopted, I would ask the political groups to make every effort to ensure that as many Members as possible attend on Thursday for the final vote.

I call Lord Bruce of Donington.

**Lord Bruce of Donington, rapporteur.** — Mr President, Parliament will recall that on 27 October it adopted a first reading of the draft budget of the Communities, particularly that portion relating to the Commission. You will be well aware, Mr President, that Parliament had been allowed much more time to do its work this year, owing to the felicitous arrangements that the Commission had made to expedite its own procedure, and that, notwithstanding the fact that the letter of amendment which made modifications far beyond the agricultural sphere was presented a little late, Parliament was able, mainly owing to the efforts that were made by my colleagues on the Committee on Budgets and the other committees, to arrive at what it conceived to be a very reasonable picture by 27 October.

Mr President, you will recall that you yourself led a delegation from Parliament, of which I and my colleagues had the honour to be members, to have a joint session with Council on 23 November.

It is perhaps a little unfortunate — although I would not wish to attribute blame to anybody — that this conciliation procedure, as it is euphemistically called, took place rather late — after the presentation of our budget on 27 October. In consequence, when the final decisions of the Council were made on the

evening of 23 November — they were not available in all languages until the end of November — the Committee on Budgets, and particularly its parliamentary staff, had a very formidable task indeed when it met to consider the results of the Council's deliberations on the conciliation procedure in which you yourself, Mr President, led the parliamentary delegation. Parliament would wish to know that you yourself made Parliament's position very clear to the Council. You yourself, Sir, emphasized that in the question of the exercise of budgetary powers, this was one of the shining examples of where Europe's parliamentary institution could exercise a powerful influence over the deliberations of both Commission and Council. You yourself, Sir, were good enough to emphasize on our behalf the urgent necessity for the budget to become a meaningful political instrument; that it should become an instrument of policy rather than, as my predecessor at one time called it, a mere cash account.

You made, if I may say so, our point of view very clear there. At the same time, you were good enough to indicate on our behalf — and I had the honour of reinforcing what you had to say — that Parliament, in considering the budget that had come from the Council had approached its task with the utmost moderation.

You will recall that we had a most amiable discourse with Council, and I would like to pay tribute here to the President-in-Office, not only for the most courteous way in which he received Parliament's delegation, but also for his evident willingness, which was shared by his colleagues, to enter into a more genuine discourse with us. We would have hoped — and I have touched on the matter in my report — that all of the Member State delegations would have had ministers among them. Inevitably, in some instances some Member States were represented by officials. We think it right to draw attention to this, because we think that it is wise that on such occasions, which theoretically are supposed to give a latitude of decision as a result of discussions, the political chiefs of all Member States should be present, because then and then only are they in a position to concede or to argue the various points that Parliament brings forward.

Mr President, you will recall that although the conciliation procedure on behalf of Parliament with the Council proceeded on the most pleasant lines, we were speedily made aware of the atmosphere of constraint which the Council desired to place upon us. This impression was indeed verified later when we received the results of the Council's decisions on the draft budget we presented to them, which are set out in Document 457/76 and which Members will have in front of them this afternoon.

I will not cavil, Sir, about the position in detail. But one of the things that struck us as being most remarkable was that the Council sought to constrict Parlia-

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ment's margin of manoeuvre — that is to say the amount by which Parliament is entitled to increase non-compulsory expenditure under Article 203 of the Treaty — to 120m u.a. I will return to that point later.

However, on the evening of the meeting of the Committee on Budgets on 1 December, we finally received, translated into all languages, the Council's decisions, and we proceeded to deal with them in that meeting.

I ought perhaps to say, Mr President, that the meeting of the Committee on Budgets of 1 and 2 December was singularly well attended. The average attendance of members of Parliament's Committee on Budgets, throughout its consideration of the points of view that were incorporated in the Council's further amendments to the draft budget that had been sent to it, was eighteen. It rose on occasion to twenty-one, and, on one occasion only, it dropped to fifteen.

So, Mr President, you will see readily that this was not a case of a Committee on Budgets that had any reason to complain of lack of attendance. It was a very well attended and very representative meeting of the Committee on Budgets. And it proceeded to deal with the situation as it saw it.

I would therefore like to draw Parliament's attention first of all to my own supplementary report, which I was able to make to it on that occasion and which was confirmed unanimously by the Committee on Budgets. I would like to draw attention to Annex II of the document which, as I say, sets out the position with which we were confronted. I refer to Document 472/76.

Mr President, the budget that Parliament approved on 27 October and sent to the Council provided for increases in non-compulsory expenditure of some 226m u.a., some 215m u.a. in commitments, and also some increases in compulsory expenditure.

I propose to deal only with the non-compulsory expenditure. When Parliament submitted these increases above the Council's draft budget, it was performing its duties responsibly. I myself, as you are well aware, would have liked to see this figure set much higher, in the light of the extra social responsibilities which I thought Parliament would wish the Community to bear. And you will recall that this was rejected only by a very narrow margin, because a majority in numbers in Parliament passed extra expenditure in the social sphere, amounting to 180m u.a. There was a majority in Parliament for those proposals, for an addition to the Social Fund. But, owing to the necessity for the appropriate Parliamentary majority on this occasion, we failed by 2 votes to achieve the statutory majority to get that through. So, if the vote had been reinforced by 2 people, the Council would have been confronted with increases in non-compulsory expenditure of some 400m u.a. But, in the event 226m u.a. was all it was faced with. Now, Mr President, if you will turn to Annex II you will see

that following its examination of the budget presented to it, the Council conceded only 10m u.a. of the increases proposed by this Parliament — a result which, I would have thought, speaking off the cuff, was hardly an eloquent testimonial of the Council's goodwill towards what, after all, are the legitimate rights and aspirations of Parliament.

It is, however, quite true that Council did agree — and we would warmly thank Council for this — to certain increases in commitment appropriations under three headings to which, according to a strict interpretation of the Financial Regulation, Parliament was not entitled. Indeed, it made a number of concessions with regard to commitment appropriations for which we are indeed grateful.

Mr President, perhaps it would be opportune at this stage if I were just to explain, very shortly, what is involved in the commitment appropriation. A commitment appropriation or authorization — and there are certain linguistic difficulties in its translation — means this :

When a commitment authorization is approved, the authorization entitles the Commission to enter into contracts relating to the year for which the authorization is designated, up to the total sum that is incorporated in the authorization. This is obviously for convenience, particularly in the multiannual projects, and it does free the Commission to some extent so it can enter into forward commitments up to a certain amount. But it has nothing to do whatsoever with the payment appropriations by means of which ultimately these commitments are discharged. They are purely authorizations to the Commission to enter into contracts.

Now, as I say Mr President, the Council proved most cooperative in regard to this whole question of the admissibility of commitment authorizations. They were naturally very sensible, and I think they will agree that Parliament was sensible also, that it was unwise for the budgetary authority comprising both Council and Parliament to give a blank cheque to the Commission in this respect. After all, the credit of the entire Community is ultimately involved once the Commission enters into forward commitments, and the Council and Parliament were naturally anxious that an eye should be kept on them and that excessive commitments should not be entered into. We share the anxieties of the Council in this respect, and we understand fully the position of the Member States in being extremely reluctant to give the Commission an unlimited blank cheque in this respect. But we are bound to point out that, of course, in the ultimate, the commitment authorizations themselves are bound to be reflected in payment appropriations either in the present year or in future years, and to that extent Parliament still retains control. It may well be, Mr President, that in future concertation proceedings some further formula will be found in order that commitment authorizations may be limited.

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In the meantime, however, the Council have adopted a view which I and the Committee on Budgets would advise Parliament not to accept. The Council put forward the view that Commitment appropriations should count along with payment appropriations for the current year 1977 in determining what the parliamentary limit is. This is a concession which I am afraid Parliament cannot give. The provisions of Article 203 of the Treaty are completely clear, and to refresh Parliament's memory on this, paragraph 8 of Article 203 says quite simply that a maximum rate of increase shall be fixed in relation to the expenditure of the same type to be incurred during the current year. 'Incurred' is the word used and there is no argument about this. Parliament cannot therefore accept that position. Nevertheless, in making that quite clear — and I shall advise Parliament to stand upon that — we proceeded to consider the various modifications and amendments put forward by the Council at the meeting of the Committee on Budgets on 1 December.

In consequence of that, Mr President, we decided to recommend to Parliament the various amendments and modifications that are incorporated in Doc. 472/76/Ann. which are before each Member and which will be voted upon in due course. I will not weary the House by going through each of the amendments, but I would like to say that the total sum involved in the amendments that we have put forward for consideration by Parliament is some 90 085 000 u.a., so that if Parliament adopts the amendments that we have put before it, the total additional non-compulsory expenditure which Parliament has sought to incorporate in the budget will amount to 100 178 131 u.a., which is even below the margin of 122 000 000 u.a. which had been set by the Council itself.

Now Mr President, I said I would not go into the details of the amendments that we have put forward and I sincerely hope that Members will have an opportunity of looking through the amendments incorporated in the document 472/76/Ann.

When they examine them, I think they will find that what the Committee on Budgets has sought to do is to restore into the budget their sense of priorities which were emphasized by Parliament itself with an overwhelming majority on 27 October.

We have sought once again to revive the new activities which have been so ruthlessly pruned by the Council in the course of the meeting which followed our consultation. We have sought once again to restore those funds most urgently requested by Parliament's Committee on Energy and Research into the energy and hydrocarbons section. We have thought it wise, as a committee, to reinforce powerfully those very cogent arguments that were put forward by this

Parliament's Committee on Energy and Research which we, however much they may have been pruned — and we did prune them a little — thoroughly approved of.

Thirdly, we sought to increase the amount of aid which we thought the Community should afford to the developing countries of the world, those underdeveloped parts of the world those whose living standards are about one-tenth of those of the poorest people of the European Community. This, we thought, was well in accord with the policy of this Parliament's Committee on Development and Cooperation and was broadly speaking in accord with the essentially humanitarian and far-seeing attitude which Parliament has been able to express on these matters.

But having done that, and having restored these things to what we conceive to be a more reasonable perspective, we did agree with cuts amounting to 150 million u.a. in other parts of the budget. We did agree to the elimination of 100m u.a. from the Regional Fund which we had originally submitted as part of our budget on 27 October, and we did agree also to the Council's position in relation to the 50 million u.a. that the Commission wished to provide to finance coal stocks for the ECSC. The Committee on Budgets took the view that since the ECSC is in possession of adequate funds — and I must say its balance sheet at the end of 1975 showed cash deposits to the tune of 356m u.a. as well as 26m u.a. in investment — it should be able to finance its own increases in stocks and, if necessary, have recourse to the normal market for this purpose, rather than causing, on an annual basis, as set out by the Commission, a direct drain on Community funds. So we eliminated 50m u.a. In all this we think we behaved reasonable. We thought that we had restored, albeit in perhaps a muted key, that degree of social, economic and political priority to which Parliament had given its approval on 27 October. We took note of the economic position, we limited our margin to well below the 120 millions stipulated by the Council and on that basis we arrived at the amendments which are before you.

The attendance throughout the Committee on Budget's meetings which these matters were considered was exemplary. I ought perhaps to say by what kind of majorities these various amendments that are before you were carried. There are 36 amendments tabled by the Committee on Budgets. The Committee comprises Members of Parliament from the entire political spectrum across all the political groups from right to left or left to right, whichever way you prefer it. Of these 36 votes that took place in the course of the preparation of these amendments, no less than 21 were carried unanimously. There were two majorities of 19, two of 18, two of 17, one of 16, three of 15, one



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of 13, two of 12 and one of 8, and the only one that was carried with a small majority of one, Mr President, was unfortunately one that I put forward myself. So therefore, Mr President, I am hopeful that, when Parliament has studied the documents that I have ventured to lay before it, and when it has heard the debate, it will come to the conclusion that it ought to support the Committee on Budgets in the position it has taken up.

As you are well aware, the Council desire to see the committee tomorrow, after this debate but before the vote takes place. Being naive, Mr President, I am not entirely sure of the purpose of this concertation, because there is no way of softening the Committee on Budgets, who have already deliberated on this matter with very considerable care, and I can only assume that the Council want to see your committee tomorrow to see whether they can find some way of enabling their views to percolate back to the political groups, that perhaps some of the political groups might be prepared to abstain on certain amendments that we have put forward and which they do not like. But, Mr President, it would be unwise for me to anticipate the concertation, mainly because I always enjoy meeting the Council, who always put their views very cogently, through perhaps somewhat stubbornly for my liking. All I would venture to ask this Parliament at this stage is that Parliament, having been most reasonable, having kept within its margin, should sustain its Committee on Budgets. It should sustain the Committee on Budgets, since even if that committee's proposals were accepted *in toto* as I sincerely trust they will be, the amount of the increase of the Community budget for 1977 over 1976 will be rather less than the average rate of inflation in the Community during that period. In terms of real resources, the budget which we now pass — and which I hope we will pass — will still represent, in real terms, a smaller budget than in 1976.

Now it is not for me to speculate further upon the political implications of that because, as you are well aware, Mr President, I have delivered my views on that subject many times during the first reading of the preliminary draft budget and the draft budget itself. But I am bound to say this: with direct elections coming up, Parliament has got to make up its mind whether it is prepared to be a force in Europe, or whether the outside world can merely regard it as a talking shop of people that talk big but, the moment they get pressured by the Council or the Commission, give way.

Parliament, Mr President, has that choice. Parliament knows which course I would recommend it to follow.

*(Applause)*

**President.** — I call Mr Binkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, ladies and gentlemen, it is once

again a great pleasure for me to be with you again after our earlier discussions of the 1977 budget in July, September, October and November. Your General Rapporteur has explained the Parliament's position with his customary fluency and referred to Parliament's rights and powers. You are now hearing from the other section of the Budget Authority, which is well aware of the importance of the European Parliament having certain rights and powers, but also realizes — I want to add this as the other representative of the Budget Authority — that it has certain responsibilities. I hope to return to this in a moment.

I shall begin, however, by reporting on the Council's discussion of the budget on 23 November and on the amendments and modifications made to Parliament's position. May I also say at once — I hope that I am not merely interpreting the Council's views but also reflecting those of Parliament — that our meeting on 23 November under the conciliation procedure with you, Mr President, the members of the Committee on Budgets and the General Rapporteur, was an extremely fruitful and useful experience. I believe that we succeeded on both sides, in an atmosphere of great frankness and sincerity, in putting forward the different positions of our two institutions. Here I am unable to agree with Lord Bruce's mild criticism when he said that a few delegations were represented at administrative level only. I explained this at the time as President of the Council. The Council is a political body which accepts its political responsibility, and I had the impression that all the members of the Council both listened to, and themselves made, political observations.

There is also a second point which I want to put straight right away. I refer to the argument about the budgetary procedure and timing. We agree on the desirability of carefully reviewing once again on the occasion of the next budget the new procedure which we followed for the first time this year. I shall of course leave this to my successor. Clearly if we have experienced difficulties at certain times this was not the fault of the Council but the result of a combination of circumstances for which the different institutions probably share responsibility. The Council is willing to accept its share of responsibility, but the other institutions must also do so.

Now to the point. First of all I note — and this gives me great pleasure as President of the Council — that a real political discussion has taken place this year, unlike in previous years, and that we have certainly not met simply as a group of accountants — an attitude which I myself criticized last time in the plenary assembly of your Parliament; on this occasion we have taken a genuine political decision.

Now I would ask you too as a Parliament not to look at the budget from a purely book-keeping angle considering only the figures, but to take political decisions on the basis of your political responsibilities. I

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hope that I shall be able to convince this Parliament that on 23 November the Council took a number of political decisions also. Firstly, in accordance with the promise I gave to you in September as President of the Council, we decided on a substantial increase in commitment appropriations on which we had been able to reach only limited agreement in July of this year. The principle of commitment appropriations has now been introduced in no less than seven areas, and it seems to me that important decisions have thus been taken for the future, including the future of the European Parliament. I told you previously that if Parliament wants responsibilities of its own within certain limits as to the quantity and sectors concerned, I would try to persuade my colleagues to add new sectors to your responsibilities.

That has happened. The commitment appropriations requested by your Parliament have been fixed in three not unimportant areas. I hope that your Parliament will appreciate this political decision at its true value; it is certainly not a mere bookkeeping decision — a word to which I am averse.

I have a few further comments to make on the subject of commitment and payment appropriations. With his inimitable incisive mind, Lord Bruce has again analysed Article 203 of the EEC Treaty. Perhaps with rather less acuity I shall now look at that article from the Council's viewpoint, and I find that Article 203 makes no distinction between payment appropriations and commitment appropriations, and that we have therefore broken entirely new ground: you as a Parliament and we in the Council. We must therefore look at the political consequences and not simply talk about figures, in which case our discussion would have to be confined to the subject of the margin of manoeuvre. In fact, Mr President — and I hope you will not think I am going too far with this assertion — the joint decision by Parliament and the Council on commitment appropriations and payment appropriations has to some extent made discussion of the 'margin of manoeuvre' already obsolete. The aim is now for us to reach political agreement on the budget as a whole, on the entire envelope on which Parliament and the Council wish to decide jointly, and less on a precise percentage. For that reason too I have some difficulty in following Lord Bruce's approach when he complains that the Council has only made a small contribution with an amount of 120m u.a. to the political adoption of the budget. I feel on the contrary that by adopting an overall approach which allows as much room for payment appropriations as for commitment appropriations, the Council has made a political gesture, especially as the 120m u.a. do not include the amounts involved in the increase in commitment appropriations. I felt that the Council had acted as a genuine political body on a further important point as well; I have in mind the Community's external financial commitments. The European

Parliament has for a long time — a very long time — been calling for the inclusion in the budget of financial commitments to third countries. In the past we have never succeeded in including these commitments. I must confess that a few months ago I myself had serious doubts as to whether it would prove possible to include external financial commitments in the budget. The well-known Article 962 which deals with his matter now includes a token entry by which the Council in principle recognizes that external commitments belong to the budget. I consider it more important for your Parliament to realize that this represents a decision of principle, a political decision binding on the Council, than for any specific figures to be indicated. I am sure that Mr Cheysson, the Commissioner who has considerable responsibility in external matters, will agree that actual expenditure in this area could not have been expected for 1977, but only in 1978. However, the political principle has been laid down in 1977.

Mr President, it would obviously be wrong for an institution to pat itself on the back, and so I will not say '*Le Conseil se félicite*'; on the contrary there are many areas in which we must go further and try to strike a new balance, but I want to correct Lord Bruce's remarks in the sense that I find that the Council has indeed taken a political course.

I would therefore ask Parliament to understand the Council's reasonable attitude and try too to understand the different positions on certain specific matters which I now want to discuss with you.

Before going into detail, perhaps I may make a few observations of a general nature relating to the various amendments and modifications proposed by Parliament. Firstly I wish to draw your attention to the fact that the Council has accepted 18 of the Parliament's amendments, representing a total of 38m u.a. and concerning more specifically the Social Fund and environmental policy. You in Parliament and I myself as President of the Council take a keen interest in these matters, and I urged my colleagues energetically to give their support. Thus it is clear that the Council too wanted to lay down certain priorities in these two important sectors.

On some other matters the Council adopted amendments tabled by the Parliament in part or in a modified form. This involved a total amount of 19m u.a. It is of course for Parliament itself now to decide whether it wishes to adhere to its own views or is prepared to listen to the Council's arguments and thus arrive at a joint position.

Thirdly there was a whole series of amendments by Parliament which the Council did not adopt; this concerns 25 of the total number of 63 amendments, and I hope you will bear with me if I do not now give our explanations in detail. I shall return to a few crucial areas, three amendments to which the Council attached particular value. But I wanted to make it

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clear to you that in general the Council has listened to Parliament's arguments very carefully and given them close attention.

There were, however, some specific areas on which the Council gave preference to positions other than those adopted by Parliament. Firstly the area of regional policy, and in particular Parliament's proposal to add an amount of 100m u.a. to the Regional Development Fund over and above the 400 million at present shown in the budget by the Council. I understand that the Committee on Budgets has in fact been able to endorse the Council's views and am very pleased that this should be so.

The Council also felt that the inclusion of 50m u.a. in Chapter 100 by way of support for the storage of coal as proposed by Parliament was very premature, since all that we have at present is a Commission communication on the subject of this storage. You know that the Council has a firm rule of only deciding in the budget debate and in the budget itself on areas in which a concrete policy already exists. I would point out however that the Council has made a token entry here as an earnest of our intention to undertake fresh action in future. I also note with pleasure that the Committee on Budgets has endorsed the Council's position.

In another sector too, the Council has been unable to accept Parliament's amendments. As you know the budgetization of Euratom and Community loans was a subject which received close attention during the consultation between our institutions. In June the Council informed Parliament that further discussion of this matter would be appropriate during the debate on the Financial Regulation. Mr Shaw has given you his report on this subject today. I should therefore greatly appreciate it if Parliament would not insist on this matter at present, but return to it on the occasion of the review of the Financial Regulation.

I come now to the three areas on which I hope Parliament will not insist too greatly, and I would remind you that at present the Parliament has entered an amount of 186m u.a. as the total on which decisions should be taken, while, on the other hand, the Council has entered an amount of 120 million u.a. plus a few million more following the decision concerning new sectors taken during the Council meeting of 23 November last.

Firstly, in the area of external commitments, there is the problem of financial cooperation with non-associated developing countries to which reference is made in article 930.

Mr President, I must confess that I was particularly surprised by the attitude adopted by Lord Bruce and the Committee on Budgets. I was greatly surprised that the Committee on Budgets should have recommended the adoption of an amendment which provides for an increase in appropriations to 60m u.a.

which would then be frozen in article 930. Mr President, we have discussed this problem repeatedly and you know that the Council had, after very real difficulty, agreed to show a token entry.

I then pointed out that the corresponding amount of 30m u.a. would be released as soon as the Council had taken a formal decision on the use of these appropriations. I well remember that when we were discussing this in the Committee on Budgets the latter reacted unusually favourably to the communication which I made last October; it did so precisely because a beginning was thus being made on the definition of a policy towards the non-associated developing countries on which Parliament had placed such emphasis. Might I also add that I myself — who am now the President of the Council — was strongly in favour too.

I therefore urgently appeal to Parliament not to adopt this amendment providing for an increase to 60m u.a. during this budgetary year. Not because we are reluctant to think of the future, or are less convinced than Parliament that a policy must be pursued towards the non-associated developing countries, but because I incline to the view — and I should like to hear whether the Commission shares it — that the first need for the coming year is to take a decision on the basis of Article 235 of the Treaty, thus creating a real possibility of spending these amounts.

Mr President, the second important amendment proposes the entry of an amount of 1m u.a. in the area of the external commitments to which I just referred. I have already said that the most important political fact, as Parliament knows, is that the Council now considers the budgetization of external commitments to be a decided issue. The inclusion of a token entry clearly shows the Council's political undertaking. But it is equally clear that the inclusion of an amount of 1m u.a. for 1977 will create great difficulties. That is why I would ask you not to adopt the amendment, precisely because that amount would not be spent in 1977. I believe that the Commission agrees with the Council on this point.

Mr President, there is finally a third point on which I hope Parliament will depart from the position of its Committee on Budgets, namely the question of the 35m u.a. entered for disaster relief. I would be the first to recognize that the Council has a responsibility when disasters occur in the Community. That was apparent when we made available a substantial sum to the Friuli region very quickly on a proposal from the Commission, following the terrible earthquake there. There are two possibilities, Mr President: either no disasters occur, and let us hope that will be the case in 1977, or else disasters do take place, in which case it is quite impossible to indicate figures in advance. This means that the entry of an amount of 30m u.a. can be no more than a gesture. On this point I consider that in such unpredictable cases, there is every reason to submit a supplementary budget.

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Mr President, I come now to an area in which there should again be room for further discussion between Parliament and the Council, namely your wish to freeze appropriations under the item for which they are earmarked. I have pointed out several times to Parliament and to its Committee on Budgets that the Council considers this procedure of 'freezing on a budgetary line' incompatible with the Financial Regulation, and I believe the Commission shares this view. But I want to make it clear that if Parliament considers it necessary to adopt these amendments this week, and consequently to recognize the principle of freezing appropriations under the item for which they are earmarked, the appropriations concerned must subsequently be released jointly by the Parliament and Council. I would add, Mr President, that in the particular case in which Parliament is taking a very close interest — information relating to general elections to the European Parliament, item 2729 — the Council wants prior consultation between the Commission and Parliament before the appropriations are used. The Council has already adopted a draft explanatory statement to that effect. Do you not think it would be preferable to leave that statement as it stands, and in this particular instance not to freeze the appropriations under a specific item?

Mr President, before ending my speech I want to clear up one misunderstanding. Lord Bruce, your excellent General Rapporteur, has made a number of remarks about the consultation between Parliament and the Council which I would like you to consider again. The fact that we shall be meeting tomorrow, you as the Committee on Budgets and we as the Council, must not be interpreted as a demand by the Council or a concession made by Parliament to the Council. On the contrary, it is a logical and necessary consequence of our desire to accept our responsibilities jointly as the Budget Authority. In fact, that was the tacit understanding during the previous conciliation procedure on 23 November. Parliament felt it important for the whole Council to be present during the debate on the budget in plenary sitting. I learned then with some surprise that Lord Bruce — unless I have misunderstood him, in which case I apologize — saw this new departure of the presence of the whole Council at your parliamentary sitting as a manoeuvre by the Council aimed at acquiring a certain position in relation to Parliament. On the contrary, Mr President, it is an essential condition for a genuine dialogue. Personally I welcome the consultation with your Parliament tomorrow on the 1977 budget.

*(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — *(F)* Mr President, during previous discussions on the 1977

budget, the Commission has had the opportunity to say how much it appreciates the work that is done before the budget is debated in the House. I can only repeat that now, and say once more to the General Rapporteur and the chairman and members of the Committee on Budgets how grateful we are to them for their cooperation with us. There has been cooperation not only between our two institutions, but also between the Council and Parliament, the two branches of the Budget Authority. Progress has been steady on this front: it was noticeable during the introductory discussions last year and the year before, it is clear from the resolution now before you in the General Rapporteur's report, and I should like to associate myself with the remarks made by the General Rapporteur in point 3 of your resolution.

I should also like to join in the personal tribute paid by Lord Bruce to the President of the Council who has had, and will have over the next few days, an extremely difficult part to play. The fruits of this inter-institutional dialogue are clearly to be seen in the General Rapporteur's report, in the speech he made a moment ago and in the statement by the President of the Council. Progress has been made on a good many articles: commitment authorizations, a matter which your financial regulation will now clarify, have been introduced with this budget, which is quite remarkable in itself when it is remembered that no provision was made for them in Article 203 of the Treaty. On this point, the Council has even agreed, as its President has reminded us, to go further than what was originally agreed between you by introducing commitment appropriations in three new sectors.

This dialogue is being carried on right to the end; I remember how pleasantly surprised the Commission was to hear the President of the Council say at the last meeting held for conciliation purposes that the Council would be present in this House for the second reading. This is an entirely new departure and a compliment neatly returned: so far, it has always been Parliament that has gone to meet the Council; is it not proper that, this time, the Council should come to meet Parliament and its Members? I find it a good thing that this political dialogue should continue until the last moment. For if in certain places, the report expresses astonishment at the Council's apparent desire to lay down a general line during the second reading, is it not clearly desirable that this line should be laid down in joint agreement between the Parliament and the Council and not unilaterally by either, wherever this common agreement is called for under the letter and spirit of the Treaty?

We have therefore made considerable progress over last year although even then, the dialogue had reached a fair pitch of intensity. This year, the pitch has increased and more has been achieved. No-one welcomes this dialogue more than the Commission or

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has greater hopes in its outcome : not everything can be done overnight ; there is still progress to be made in the areas still under discussion by the budget authorities.

This does not mean that the 1977 budget brings us to the end of our efforts. Next year and after, further progress must be made in other areas. The motion for a resolution provides a few specific pointers. The Commission, for its part, will of course inform Parliament whenever it adopts a different position on appropriations and amendments in the course of the budgetary procedure.

As I have already said speaking on its behalf, the Commission will be happy to discuss the timetable with you. Under this year's, the Parliament and the Council had more time at their disposal, but this caused some inconvenience because of the late date of the letter of amendment in relation to Parliament's first reading. We must reach agreement next year on a better procedure, and the Commission would warmly welcome your directives in this matter.

Generally speaking, further progress can be expected ; the Treaty of 22 July 1975 will shortly come into effect as pointed out in point 15 of the resolution. If the Council works as speedily as Parliament, the carefully drafted Financial Regulation we discussed this morning could be introduced within the next few months, early enough to be applied to the 1978 budget, thus consolidating the progress made by the Treaty of July 1975.

We must also advance in other sectors: own resources, as mentioned in point 16 of the resolution ; the European unit of account, a key factor that will make for clarity and should remove the confusion caused by the use of exchange rates that are wholly aberrant.

In this matter, once is not enough, and the Commission will make this point even more forcefully than the rapporteur. He writes that consideration should perhaps be given to introducing a European unit of account in the 1978 budget. The Commission had submitted a proposal and asks both Council and Parliament to decide as soon as possible which European unit of account should be used beginning on 1 January 1978.

Mr President, with your permission I shall reply at the end of the debate to any questions and will confine myself at this stage to a few comments on certain aspects of the budget.

In the sector where proposed modifications have been made, in other words in what is most inappropriately called 'compulsory expenditure' we not substantial

progress over the first reading throughout the budget as a whole. Research appropriations have been raised by more than three million as you requested.

In the agricultural sector, the monetary and 'accession' compensatory amounts have been clearly identified and can be shown separately in the accounts. For the first time in recent years, Parliament's suggestions on the Social Fund were all accepted by the Council and a chapter has been opened for pilot research projects as part of the campaign against poverty.

The progress made in the energy sector relates to technological development, for which an additional commitment appropriation and payment appropriation have been entered, and to uranium prospection in which the Council has followed the example given last year by Parliament by entering, for the first time, both payment and commitment appropriations.

As regards the third world, your suggestions on the subject of our offers in North Africa have been adopted. The President of the Council has already drawn your attention to the decision, the principle of which is of the utmost importance, to enter the Community's external financial commitments.

Last year, the Council did not accept any of Parliament's proposals on non-governmental organizations : this year, it not only agreed to enter appropriations but increased them as you had requested during the first reading. Finally — and this is scarcely credible — the Council agreed to an increase in food aid : an additional 14m u.a. which, depending on the decisions taken at the next meeting of the Council of Ministers on cooperation and development, may be spent on milk powder or perhaps on cereals.

Of course, some of the proposed modifications have not been accepted, which the Commission regrets as much as Parliament : they also related to food aid and to that familiar provision for an agricultural price review. This means that we are certain to have a supplementary budget — the Council seems to delight in them.

A few brief comments on the amendments, mainly in response to remarks made by the President of the Council earlier on. First a word on the freezing of appropriations, a familiar subject to us. May I point out that Article 205 of the Treaty stipulates that the Commission must implement the budget in line with the provisions of the Financial Regulation, on its own authority and within the limits of the allocations. The Financial Regulation uses exactly the same terms : it says nothing about freezing. Unless prevented by factual considerations, the Commission is therefore under an obligation to implement the budget. Parlia-

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ment is well aware of this for, on a number of articles in the 1976 budget, it enjoined us to ignore the various mutterings that could be heard from the Council and to implement the budget.

In other words, this House steadfastly opposed the Council's desire to freeze certain appropriations in a series of items in 1976. Of course, there are items which, by their very nature, call for action prior to the commitment of the amounts entered in the budget: this is where a prior Council decision, following consultation of Parliament, is required under a regulation; these are items which, in the nature of things, imply consultation or agreement by one or other of these two authorities.

To take a specific example, the Commission will obviously not commit the appropriations for the information campaign on elections to the European Parliament without Parliament's approval; you will be required to decide on the form this should take by referral to one or more committees or to the whole House. But it is clear from the type of appropriation involved that we shall not commit without your approval.

However, in cases where such prior requirements do not apply, the Commission considers itself obligated to implement the budget and maintains that if it did not, it would be committing 'budgetary treason'. When the Council wanted to freeze, you firmly maintained — and we must not forget the lesson — that we had to implement the budget wherever appropriations were entered. If freezing there is to be, it must therefore be done, we feel, under Article 100.

A second general remark on the financial protocols, the Community's external financial commitments. I said earlier on after the statement by the President of the Council, that the decision taken by the Governments has considerable importance. It removes the 15-year anomaly that all our external protocols — Greece, Turkey, Lomé Convention etc. — should be funded outside the budget, i.e. from the national budgets, as if there were two Community policies, one within the budget, subject to close control by Parliament, and the other outside the budget beyond its control. We have therefore made considerable headway, but this should not make us lose sight of the nature of those commitments. The Community's financial commitments towards third countries stem from treaties or, more accurately, financial protocols. These are submitted to our Parliaments for approval. They are binding commitments par excellence: I can see no others to which the definition — a poor one — of Article 203 better applies. And so there is not the slightest doubt in our minds that the financial protocols come under the category improperly described as 'compulsory expenditure'.

The President of the Council referred to three items of non-compulsory expenditure, and hence subject to

*amendments*, and three amendments now proposed. I shall take them in turn.

He spoke of introducing a chapter covering Community action to deal with Community disasters. So far, we have had only one item, No 400, covering expenditure both in and outside the Community. Appropriations in this chapter amounted to 1m u.a. in 1976, made up by transfers to 2 million during the year. This year, the two budget authorities agreed to two separate chapters, Chapter 951 for commitments outside the Community and Chapter 59 for commitments within the Community.

Somewhat surprisingly, the Council did no more than make a token entry in Chapter 59, which I am sure you will agree is rather a feeble way of dealing with disaster and emergency. On behalf of the Commission, I have therefore already thanked Parliament for entering funds in Chapter 59. If, heaven forbid, a disaster occurs in the Community, we must be able to act very quickly, in a matter of a few days or weeks, and at a time like that, we cannot have a chapter with only a token entry. I would say to the President of the Council that, in those circumstances, we might just as well not have a Chapter 59 at all.

There is no need, however, to enter very much under this head, for its purpose is simply to provide initial assistance in the event of a serious disaster or to take fairly limited action in the event of natural accidents. Our experience of the last few years shows that a few million units of account would be sufficient, on the understanding, of course, that if a more serious disaster occurred, like the horrible earthquake in the Friuli area, the Community would be moved by spirit of solidarity to adopt a supplementary budget.

A brief word on the non-associated developing countries. I shall confirm what the President of the Council said about our having had a difficult first year. We had 20m u.a. for commitment and I have still not succeeded in signing the relevant contracts, despite the fact that we have been working behind the Council's back, as it were, since it instructed us not to pursue the matter six months ago. Our agreements, worth 20m u.a., will finally be signed on Friday 17 December. I feel that I simply could not, and, while not wishing to prejudge, I fear that my successor will be in the same position, commit 60m u.a. in a single year under a new policy such as this.

I shall make one more remark: last year, you entered one million units of account in this year's budget for exploration for hydrocarbons. We are grateful to you for, with this money, we were able to initiate a few studies in this sector. It is not a simple matter: contracts must be concluded with companies engaged in difficult exploration work for which they are subsequently reimbursed. Here again, I should like to inform you, for I should not like to be accused later of not having done so, that we shall definitely not find it

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possible to commit 30m u.a. during the first year in which full-scale operations of this kind are to be carried out.

I made those three technical points for today's record so that we can remind you subsequently that the appropriations now proposed by the Committee on Budgets and the other committees are certainly more than the Commission will be able to use next year.

These are my initial comments, Mr President, but I hope that, at the close of this debate, you will allow me a few words to say how important I feel that the 1977 budget has been in bringing about a new institutional balance.

*(Applause)*

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

**Mr Patijn.** — *(NL)* Mr President, the admiration I have for my friend Lord Bruce has risen to a new peak after the last three months. Today he has explained to us, in the style with which we are familiar, how matters have developed in the last month since he reported to us in Parliament on the vicissitudes of his experience in dealing with the budget. My group is particularly grateful for all that he has done with the services of the Committee on Budgets to prepare the budget on which we shall be taking the final decision this week. As a newcomer to the Committee on Budgets I also wish to thank, on behalf of my group, Mr Cheysson and his staff who have entered into frank and wide-ranging discussion with us and seldom left us any uncertainly about their position. Thirdly, I am grateful to the President of the Council for the enormous efforts he has made and the many innovations introduced this year thanks partly to his personal efforts. Perhaps too I may also thank the chairman of the Committee on Budgets, Mr Groenendaal, who has taken a great deal of work off our hands and provided us with exhaustive information.

I am speaking these words of appreciation not because, as the sole speaker on behalf of the Socialist Group, I am allowed one hour — which I certainly shall not need — but because they deserved to be said at the end of this budgetary procedure.

There would be little point in going into all the problems again in detail at this stage: commitment appropriations, payment appropriations, the problem of compulsory and non-compulsory expenditure and the question of frozen appropriations. I believe that one thing has become clear during this strenuous but interesting budgetary year, namely that Article 203 is somehow alien to the spirit of the rest of the EEC Treaty. The Treaty as a whole is based on general authorization for action. The most important provision is perhaps in the sector of agriculture where it is

simply stipulated that an agricultural policy must be laid down; Article 203 on the other hand specifies down to the last comma what the three budgetary bodies, the Commission, Council and Parliament, must do.

This year we are witnessing the inadequacy of the application of a Treaty article like this which has been worked out down to the last detail; this inadequacy is apparent under the special circumstances in which the Commission, Council and Parliament are now working. It is always said that special situations demand new procedures, but Article 203 does not lend itself to this because it is too rigid; for example Article 203 is silent on the subject of commitment and payment appropriations and on the question of freezing appropriations on a particular budget line or entering them under Article 100.

None of these matters are settled and so we have constantly to contend with a far too stringent description of a budgetary procedure which each Member State has presumably set down in a law and which we in the Community should settle by means of a regulation allowing flexible adaptation to the given situation. I would therefore ask the President of the Council most emphatically whether he can see to it that the Financial Regulation which we approved this morning with the Shaw report, can be amended as quickly as possible to enable the rigid Article 203 to be replaced by a financial regulation which will help us out of our problems in many areas. This is a case where the implementing law should take precedence over the basic law whenever the latter is not clear.

Throughout the conciliation procedure with the Council, the latter made, in the opinion of my group, unusually great efforts to accommodate us. I shall return in a moment to the points on which we did not agree. But one thing is clear: this conciliation procedure is still in an early stage and many points remain to be clarified. More detailed agreements are needed with the Council in several areas, failing which Parliament will be unable to exercise its budgetary powers fully. I am not referring to the question of compulsory and non-compulsory expenditure, which is a matter on which an amendment to the Treaty might be necessary, although there is a great deal of room for manoeuvre when it comes to practical application. However, now that a change in the budgetary procedure through the 1975 treaty is imminent, there is every reason for the Council, Parliament and Commission to make detailed arrangements on this point. An essential right of Parliament — the right to adopt the budget — is at stake here. We have that right and we must not let it slip from our grasp. And when the President of the Council says to us: 'Why are you so stubborn, why do you try to provoke the Council to such

### Patijn

an extent when we have already, with great difficulty, made all kinds of concessions in the Council?', we would do well to answer 'Because the right to adopt the budget in ours and we have no other rights.' I do not know whether we would cling so firmly to this budgetary power if we were ourselves able to adopt the underlying legislation — but we do not at present have the right to do so. All that we can do is give a direction to policy through the payment and commitment appropriations and indicate our views on our priorities. We have no other possibilities. Our opinions are important and useful, but they are not binding. On the other hand to a very great extent the payment appropriations and commitment appropriations which we decide are binding. In no single budget head is there an obligation to spend anything, but a maximum is laid down up to which the Commission may go. Through our budget we are therefore able to influence the state of legislation, its direction and priorities.

That is the real significance of our budgetary right and that is why we are not prepared to lose any part of it. It is not really so important if we cannot agree, even when amounts of 30 or 20m u.a. are involved. We want to know what is happening in the Community and what direction policy is taking. That is the main thing.

I would now like to draw your attention to the discussion of priorities which will be taking place early next year. In the light of what has happened up to now, I agree entirely with our rapporteur, Lord Bruce, when he says in his report that the purpose of this debate is not to fix ceilings but to determine the political direction of the budget. However, I am not at all sure that this is how the matter is being treated. What do we now hear? We are told: 'Yes, the increase is just over 17 % but we have rounded it off pragmatically at 120 million.' What is that if not a ceiling? And what guarantee do we have that you will not say the same thing to the Commission during the preliminary discussions in the spring? In the light of our discussion during the past few months, that does not seem at all unlikely. I am not satisfied by this, and would like to hear a specific statement from the President of the Council as to how he envisages the discussion of priorities in the Council in the spring. Does he agree with me that the fixing of a ceiling on the budget cannot be subject of discussion, but that the important thing is to open a dialogue between the Commission and Council, keeping the Parliament informed also, on the direction of budgetary policy in the coming year?

Mr President, I come now to the amendments. It is not my task at this stage to discuss item by item the budget proposals which we shall be considering on Thursday. We shall be discussing the matter tomorrow

in our political groups and will then look at all the amendments to determine how we shall vote. I simply want to draw your attention to a small point which has so far escaped notice. We are pleased that agreement has been reached between the Council and Commission on the posts for officials to deal with the ACP countries. I am glad that this difficulty has been overcome because in my view we had not given satisfaction to Mr Cheysson on this point.

I come now to the difficulties which the Council has mentioned. The President of the Council rightly points out that the Council has adopted many of our amendments. 18 amendments totalling 38m u.a., or some 2 million each, are not much to write home about; in the national budgets they would go practically unnoticed. They are small items.

But I admit this is important. The policy direction is important too. This Parliament, and fortunately also the Council, have given social affairs and the environment the priority which these matters deserve. The points still in dispute are of course far more important; the President of the Council stressed them and asked for the Commission's views, so that it is not out of place for me to look for a moment at what Mr Cheysson said. There are three points. Firstly, the question of cooperation with the non-associated developing countries, an *old* issue on which Parliament has not been sparing of criticism in the past — criticism of the Commission for its proposals, and criticism of the delay in presenting an effective programme for this group of countries and actually using the money available. We have spoken about this a great deal in the past. Secondly, criticism of the sums involved. Mr Brinkhorst appealed to us to cut the amount of 60 million down to 30 million, without freezing it in Article 100, and to make a token entry in the budget. Through Mr Cheysson, the Commission has just expressed its view that the 60m u.a. cannot simply be handed out on the street corner — to put it in rather picturesque terms. In other words, the maximum programme for this year will require at most 20m u.a. and the Commission does not expect to need much more in 1977. I hope you will correct me, Mr Cheysson, if I am misrepresenting you. The Commission then considers that the 60m u.a. for the non-associated countries is too much, because it has not made any plans yet. But I want to ask Mr Cheysson whether the Commission has received applications for aid from the non-associated countries. Have any other international bodies requested the Commission's support for a bilateral project in the context of cooperation with the EEC? We must have a complete picture to ascertain to what extent the Commission is right when it says that the 60 million are far too much. Until we have that information, the rapporteur and I are not willing to change our views on Article 930.



**Patijn**

Another point concerns the 1m u.a. for financial protocols with third countries. I remember that I voted against the 1 million in the Committee on Budgets. I say this because the votes in the Committee on Budgets are not taken in secret. I agree with the Council on this point, but I must also say that my group has yet to reach a decision on the matter. May I now put a question to the President of the Council? He spoke of great difficulties for the Council. What is the nature of those difficulties?

He said that it was extremely difficult to have this item included in the budget. Are you now trying to say to us that this item might be deleted again, or is the great difficulty that of spending the 1 million? If that is the case I can agree with you. But I hope you will not mind my saying that I can hardly take seriously the suggestion that Article 960 now entered on the budget will disappear again if 1m u.a. are entered under it. I should like Mr Brinkhorst to tell us what the difficulties are if these 1 million are retained; he can let us know that tomorrow during the consultations with him and his colleagues, or else in preliminary discussions. I do not find the matter at all clear. That explains my group's reservations, although my personal views are somewhat different.

As regards the provision of disaster aid through the inclusion of 30m u.a. in Article 950, I believe that the Commission has already replied. The Commission said that it wanted to be able to act quickly without having to wait for supplementary budgets. Mr Brinkhorst on the other hand says that the Council is willing to enter supplementary appropriations rapidly when the need arises. A disaster is something which cannot be foreseen, and we saw in the case of the Friuli earthquake that rapid action was possible. That is true. But there is one point which Mr Cheysson made which seems to me a good argument: he said that when the need arises, the Commission must be able to react in a matter of days. The question then is whether 30m u.a., or perhaps a little less, are needed for such a situation. In my view, however, a token entry — an item to which funds must subsequently be transferred — is the worst solution. The amount may be discussed, but money must be available to enable the Commission to act very quickly without needing to consult the Council and Parliament first. If a supplementary budget is needed later for a much more comprehensive disaster plan, further appropriations may be requested from the Parliament and Council.

Thus for the time being my view is that appropriations should be entered under Article 950 and, barring further information from the President of the Council and from Mr Cheysson, I consider that the figure should be 30 million.

Mr President, I come now to my conclusions. We are in a transitional period between the 1970 budgetary

procedure and the budgetary procedure resulting from the new treaty which is already foreshadowed at present. Extremely close cooperation has developed between the three institutions and I am firmly convinced that this will continue under the new procedure because the latter, with its new texts and regulations, is rigid in its provisions and will require a pragmatic approach on the part of the institutions concerned. However much we look forward to early ratification by all nine Member States and rapid entry into force of the Treaty, nothing must be done to diminish the cooperation which has grown up between the institutions, reaching an important new level this year. One thing has also become much clearer, perhaps even clearer than last year — and I drew your attention to this just now: the greatest importance attaches to the policy of the Community, the Commission's policy, the legislation and the direction in which Europe is moving. The budget is the financial reflection of this. The budget can never be an end in itself; it is the reflection of a policy. We have no legislative powers, but we do have budgetary rights, and the emphasis we have placed this year, as in previous years, on the Social Fund, development cooperation and on this occasion also on energy — to mention just three areas, although there are others — reflects Parliament's impatience at the slow development of Community policy in these areas. We want further progress, as we have shown through our amendments. We are arguing here about a few million units of account, but the real issue is policy, the Community's social policy, energy policy and development policy. I hope that in their legislative work the Commission and Council will bear this in mind and not confine themselves to questions of figures, and go on arguing with us as to whether 5 or 10m u.a. would be more appropriate. That is not the real issue; ultimately we are only making appropriations available which can be used up to a given maximum. We are thus indicating the direction which we consider the European Community should take.

Mr President, the amendments have still to be considered. We have given the General Rapporteur, Lord Bruce, our full support during his exceedingly strenuous and lengthy activities of the past few months. We shall vote for his resolution with real conviction.

*(Applause)*

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

**Mr Notenboom.** — *(NL)* Mr President, for this second round of the budget debate, I have tried to choose a few specific subjects in order to avoid repetition, although that is never altogether possible.

In contrast to the two last budgets, on this occasion the Council has adopted two modifications proposed

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by Parliament. These are matters on which Parliament to all intents and purposes only has an advisory voice, but the Council has listened to it on two points. These are forestry measures to improve agricultural structures — if only a token entry — and dairy products as food aid, entered under Chapter 100. Before coming to the central part of my speech, I should like now to say a word of thanks and sincere appreciation, on behalf of the Christian-Democratic Group, for the enthusiastic and penetrating work done by our colleague, Lord Bruce, since early this year with unflagging energy and an acute sense of criticism and leadership. Secondly, I want to express our appreciation of all that the President of the Council and the whole Council of Ministers have done this year, especially the President, who, with his senior officials, has given this particular Council a style of its own. Our group was struck too by the special role which the Netherlands presidency has sought to play in regard to the strengthening of the powers of our Parliament. Mr Brinkhorst, you were not the only special partner this year. The Commission too, and especially Mr Cheysson, deserve a tribute from our group for their struggle to achieve greater democracy through a Parliament with wider powers. We are appreciative of his two areas of activity, that of financial policy and responsibility for development aid. That does not, however, alter the fact that I, like Mr Patijn, fail to see why it should be impossible to spend a relatively small amount by way of development aid to non-associated countries. We too would like to go into this more fully. Perhaps this will not surprise you, coming from a Netherlands speaker, but it is a genuine wish of our entire group.

I wanted to express my most sincere appreciation of the work done by these three persons and their staff. That does not mean that the Christian-Democratic Group sees no disappointing features this year. It is unfortunate for example that the important objective of including in the budget all the financial operations of the Community has not been achieved: the budgetization of Euratom loans, of Community loans and of the European Development Fund. Mr President, one cannot always win. We shall continue to strive to achieve more in this area next year, with the co-operation of the European Commission.

The positive results achieved this year also include the increase in commitment appropriations and the great attention which has been given to them. These appropriations allow multiannual programmes to be drawn up, and this must be one of the characteristics of a European budget. The areas in which attention has been given in the budget to long-term programmes have been widened significantly. When I asked in September whether the list of areas in which commitment appropriations could be entered as set out in the draft provisional Financial Regulation was an exhaustive list, Mr Brinkhorst answered that it was not. I

realize that it was not easy for him to answer no, but the answer was a bold one and he had to fight hard later on to gain acceptance for it.

It transpired, however, that a genuine widening was intended. The three new areas for which commitment appropriations can be entered, thus enabling programmes to be drawn up, are the fight against poverty, prospecting for uranium and a second programme in the data-processing sector. On behalf of my group, I wish to thank the Council, and in particular its President, for this progress. However, this extension of commitment appropriations is not without problems. What is the annual limit or ceiling on increases? There is no provision on this. Article 203 does not and cannot in fact deal with this kind of appropriation. We must therefore now seek a pragmatic solution, since the Treaty does not provide the answer. Like and unlike do not go together, and payment appropriations cannot be counted together with commitment appropriations. New solutions will have to be found. We warmly support our rapporteur, Lord Bruce, when he says, on page 19 of his supplementary report, that the combination of commitment appropriations and payment appropriations within the margin for manoeuvre would be politically and legally unacceptable. Mr President, I repeat for the third time that a pragmatic approach is therefore necessary, with the proviso that the rights of the European Parliament as derived from Article 203 will show a normal increase, based on the maximum percentage formula. The problem of commitment appropriations should in reality be settled separately; at all events it must not be allowed to reduce the rights provided under Article 203 in the matter of payment appropriations.

In this connection I want to point out that the Treaties leave open the possibility of a compromise with the reference to a new maximum percentage.

You rightly placed the emphasis on this, Mr Spénale, during the discussion with the Council in November. Without this possibility, the European budget would remain static and be held on the same relative level without the necessary growth. But if the situation is static there can be no Community solidarity, since greater solidarity must be reflected above all in the budget. This cannot be achieved solely by a static indexing based on the calculated maximum percentage. I repeat the view I expressed last year that an increasing number of policy sectors must be brought under the control of the Community; in financial terms this means higher contributions to the European budget and smaller amounts in the national budgets — eventually the latter should be completely relieved of certain items. This transfer of budgetary appropriations from the national to the European budget can never be achieved through the maximum percentage system. I believe that you, Mr Spénale, have stressed this to the Council again.

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Where is all this leading? I have made a number of theoretical remarks which have an important bearing on the rights of our Parliament now and in the future. Nevertheless we should seek a solution this year, and I have in mind tomorrow's meeting, which I gladly recognize as an innovation because the nine policy-makers will be here and consultation will take place again with representatives of this Parliament. Previously this was not possible.

If I have properly understood our Rules of Procedure, no further amendments can be made at this stage, in other words we shall have to wait and see what effect the results of the discussions tomorrow have on procedure. But it is a positive step that the discussions are being held. As regards the amendments, I shall now make the gesture of withdrawing, on behalf of my group, Amendment No 40 in which the Christian-Democratic Group wanted to enter 50m u.a. more for coal storage. We are withdrawing it following the remark just now by the Secretary of State, who pointed to the positive importance of token entries. This item will therefore no longer have to be discussed tomorrow or on Thursday. We too welcome the preference which the Council is giving to development aid, social policy, energy and research, as Mr Patijn has pointed out in some detail. These too are our priorities.

My last point will be to stress the importance of point 16 in Lord Bruce's motion for a resolution concerning the sixth VAT directive.

If we in fact want the system of own resources to take effect in full on 1 January 1978 without the substitute measure of contributions scaled according to national product, the Council must now approve the sixth directive. The Council of Finance Ministers will be meeting again in December. We know how views are developing in the Council, and I personally, as a former rapporteur, am not pleased at the new development's, because the proposal amended by the European Commission on the basis of Parliament's opinions now seems likely to be adopted by the Council in a distorted form. Nevertheless we must attach such high priority to the complete financing of the European budget from own resources in 1978 that, despite my fiscal doubts and other anxieties, I would urge Mr Brinkhorst to remind the finance ministers again of the great importance attached by Parliament to the sixth directive. This is not a personal hobby horse or a matter in which only the Christian Democrats are interested; on the contrary, it is a wish of the whole Parliament. We want to see the Community financed completely from its own resources made over by the populations of the nine Member States directly to the Community; that is why we urgently need the sixth directive. I am grateful to Lord Bruce for stressing in point 16 of his resolution the importance of this directive to the budget. It will bring about a significant change in the character of the budget,

since we shall then be dealing with a percentage of at most 1 point of the Community-wide basis of assessment.

It is nothing new for the Council to be experiencing difficulties. That could have been anticipated when the basic decision was taken in April 1970, because harmonization of such an important law will demand sacrifices in the Member States whose systems of taxation have developed in such varying ways. The present difficulties are not a surprise and must be surmounted. It is now clearer than ever before that the countries can no longer operate on their own in the areas of taxation, prevention of fraud, Community financing and many other sectors. There is then all the more reason for the Netherlands presidency to do all it can to add a major success on this point in December to its already considerable list of successes.

*(Applause)*

**President.** — I call Mr Durieux to speak on behalf of the Liberal and Democratic Group.

**Mr Durieux.** — *(F)* Mr President, Commissioner, the Council and Parliament have never been as close to a consensus as this year. And yet we still have a long way to go and the count-down has started.

What a sorry sight it would be if, failing an agreement in the next few hours, we were forced to fall back on the system of provisional twelfths! The Community is at a low enough point and we can well do without another deadlock. At this point, we must recognize that the two institutions have not been sparing with good intentions. The Council showed an open mind in its consultations with the European Parliament Delegation, and this has been confirmed by the political import of the various amendments it has accepted. I shall mention only one, the additional 38m u.a. for the Social Fund. Parliament, for its part, showed a willingness to compromise by deciding to constrict its margin of manoeuvre which, under the extensive interpretation of Article 203 of the Treaty, allowed it up to 245m u.a. The Liberal and Democratic Group takes the view that the compromise put forward by the Committee on Budgets is workable and can be accepted by both sides, given the nature and, above all, the vital character of the amendments.

If we reflect on this budget, which makes no innovations and fails to tackle the Community's essential problems (the economic crisis, unemployment, internal imbalances), we must realise that in revising its amendments, the European Parliament has made what is genuinely a last effort beyond which there lies a breaking point.

With the wisdom that it has so far shown, the Council must weigh this risk, for, beyond the few million units of account, there are principles at stake. And when it comes to principles, this House has always been unmovable, and has never given ground.

**Durieux**

But to believe that agreement will run into major difficulties would be to underestimate the Council's wisdom. During the last three financial years, in other words since the conciliation procedure was finalized, the European Parliament has taken moderation as its guiding principle. In point of fact, we have never made full use of the margin of manoeuvre we were allowed, which is a rare example of anti-inflationist conduct in these times of treasury deficits.

Taking the restrictive interpretation of Article 203 of the Treaty placed on it by the Council, Parliament's margin of manoeuvre in the case of payment appropriations — the only ones that count for this purpose — would amount to 120m u.a. And the total proposed by the Committee on Budgets is no higher than 120 million.

But during the conciliation procedure, the Council suggests that we put commitment and payment authorizations in one basket. As my colleague has just said, you can't add up apples and pears. It is proposing a ceiling of 127m u.a. We, on the other hand, are proposing an additional 130 million to the 57 already entered by the Council.

I honestly feel that the compromise we are proposing is acceptable, especially when we consider the humanitarian aspect of these amendments: 30m u.a. for the Disaster Fund, 30m u.a. for the developing countries. We had also asked for 100m u.a. for the Regional Fund in order to reduce the imbalances which are at the root of the dislocation in the Community, but we accepted the institutional arguments that were put up against an increase on this scale.

Our amendments also concern one of the key sectors in the construction of Europe, energy. Must we again point out that in the vital fields of defence and energy supply, the Community depends on the outside world? We provided the Council with the financial cover to initiate a policy worthy of the name, i.e. 13m u.a. in additional payment authorizations and 48m u.a. in commitment appropriations for research and exploration in the hydrocarbons sector and for uranium prospecting. It is now the decision-making institution and the Commission who will assume full responsibility for the continuation of these projects.

The budgetization of the financial protocols, beginning with the one signed with the Maghreb countries, is a genuine step forward. However, we are still marking time as regards the budgetization of Community loans, which we see as a highly important step in the removal of social and regional disparities, essential to the coordination of our economies, not to mention the achievement of economic and monetary union. We see that some progress can be made this year with the budgetization of Euratom loans. By the same token, we very much hope that on 16 December the Council will finally adopt the sixth directive on VAT which, by laying down a uniform basis of assessment,

will pave the way for the full introduction of the system of own resources. However, our efforts to achieve the difficult objective of a consensus will come to nothing if subsequently, the budget is not properly implemented.

And now, a few remarks to the Commission. Experts have calculated that as a result of various carry-overs, transfers and supplementary budgets, at least 50% of appropriations are assigned to other purposes than specified in the budget authorized by Parliament. This is an abnormal and worrying, not to say unhealthy situation which the Budget Authority cannot further tolerate.

I shall conclude with a few political considerations. First of all, may I say how happy I was when the National Assembly recently adopted by a very large majority, with only Communist opposition, the Treaty of 22 July 1975 extending the budgetary powers of our Assembly and setting up a European Court of Audits. This takes us a step nearer to parliamentary control over Community expenditure. At the same time I should like to warn the Council of the risk we run if it insists on lopping off a few hundred thousand units of account from the money allocated to the Commission for the campaign for direct elections; by so doing, it might well play into the hand of those who, especially in France, are of the opinion that the provision of funds for this campaign is unacceptable interference in French domestic affairs, that as a result, French political parties will be financed from abroad and that German reactionaries will lay down the law. I apologise for this, but I am simply quoting the Communist press in France. I shall not refute this demagoguery which stands self-condemned, but I shall point out that the party in question was worthily represented at the meeting at which the decision was taken unanimously. On behalf of my colleagues in my group, I wish to stress the pressing need for a serious campaign to inform public opinion, failing which the election of the European Parliament will face an uncertain future, a risk which we cannot afford to take in the present situation, for it is our last opportunity to transform what is an organization for international cooperation into a genuine community of people.

*(Applause)*

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

**Mr Cointat.** — *(F)* Mr President, we have reached the last stage of the unfailingly difficult process of drawing up the budget. This House has held four major debates on the 1977 budget this year. I welcome this, but I must add, by way of qualification, that the debates have meant extra work for our General Rapporteur; we have given him a somewhat harrowing time with our countless questions. We owe him a deep debt of gratitude and we thank him most warmly for everything he has done.

## Cointat

On behalf of my group, I should like to say how much we welcome the dialogue which has taken place between the Council, the Commission and the European Parliament. The year 1976 has thus seen a new departure for the conciliation procedure has become more or less permanent. Thanks to it, we have come a long way towards defining budgetary policy and as regards the allocation of responsibilities within the budgetary authority, in other words between the Council and the European Parliament. To my mind, it is essential that these responsibilities should be clearly mapped out before 1978.

Major progress has also been made in other fields, particularly through the introduction of the concept of commitment appropriations, and we are grateful to the President of the Council for having argued the case for flexibility and practicality. We have had acceptance of the principle of the budgetization of loans, of the budgetization of what you called our external commitments and, even if we have no more than a token entry, this is still an important thing. The budget nomenclature has been improved, budget clarity has been improved and, in addition, the Council has adopted a good many of the twenty or so amendments put forward by the European Parliament. We can even say that by transforming them, the Council recognized the merits of two thirds of the amendments submitted by Parliament. This is why my friends have asked me to express our thanks to the Council, to the Dutch Presidency and, in particular, to Mr Brinkhorst.

As I said a moment ago, our General Rapporteur has put in a great deal of work and we pay him a deserved tribute. Under his guidance, the Committee on Budgets has upheld most — I say most, not all — of the 25 amendments which were adopted on first reading and were not accepted by the Council. The Committee on Budgets has excellent technical arguments in support of its amendments. The fact is that the draft budget before us is a budget of stagnation, and that is certainly a matter of regret. It is a budget in which no new action can be found, and that too is regrettable from the point of view of European construction. It is a budget that shows no major development in existing fields of action, with the exception of agriculture. The Committee on Budgets therefore has, I repeat, good technical reason to voice its concern and is right to seek improvement in a budget that unfortunately bears the stamp of immobility.

But when we move from the technical to the political level, the situation changes, and I must say that in this respect, I cannot entirely hold with the proposals put forward by the Committee on Budgets. We cannot forget that the European Parliament enjoys what is a highly original, if not unique prerogative in that it can unilaterally increase expenditure, even if only slightly, and I know many national parliaments which do not have this power. Am I not right, Mr President? This

means that if we wish to preserve carefully this original feature, we must not overstep certain limits, for if you pull too hard, you pull down and I fear that in this respect, and purely from a political point of view, the Committee on Budgets has gone a bit far. A moment ago, Mr Brinkhorst gave a glimpse of his apprehension on this score, and Mr Cheysson who, if he will allow me to say so, is also the next Mr Cheysson, suggested that it might be possible to accommodate the positions, and where there is accommodation, there must be dispute. And my fear is of pulling too hard.

Why is this? What is the position? We could go on talking forever on whether the margin of manoeuvre should include only payment appropriations, or both payment and commitment appropriations, and whether Article 203 (8) should be construed this way or that, but I note that the minimum margin of manoeuvre is 122m u.a. this year, that the amendments accepted by the Council involve 127m u.a. and that the amendments submitted by the Committee on Budgets, if approved with those of the Council, involve 187 million, giving a difference of 60m u.a. which I cannot see the Council finding acceptable, either politically or as a matter of principle. Furthermore, the payment appropriations, even if we take these alone, still account for 100m u.a. I would remind you here that in 1975, Parliament had a margin of manoeuvre of 60m u.a. and used — Mr Aigner will bear me out — only 53 million, that in 1976, we had a margin of manoeuvre of 78m u.a. and used only 73, but I admit that we added 30m u.a. outside the margin for research appropriations. I do not therefore believe that the Council can agree to a rise from 53 to 73, followed by a jump to 187 in 1977.

I therefore feel that if we go along entirely with the Committee on Budgets, we are heading for a major conflict with the Council, and that we shall be overstepping the powers conferred on us by the Treaty. This is why I urge Parliament to avoid this conflict, and for a fundamental political reason: we all know that, in each of our countries, there are sincere men of the utmost good faith who dread direct elections to the European Parliament, for they fear that the new Parliament will act without due reflection and claim exorbitant powers to the detriment of the national parliaments and national sovereignty. If in 1977, the European Parliament lays itself open to criticism on the interpretation of the Treaty, we may well play into the hands of those who are against elections by direct universal suffrage. This is why we must think very carefully of this political aspect of the question before adopting next year's budget, in order to safeguard the future of our institution.

I therefore hope that the consultations that are to take place tomorrow afternoon between the Council and the European Parliament will produce a reasonable compromise that satisfies everyone. A moment ago,

**Cointat**

Mr Brinkhorst and Mr Cheysson said that savings were possible to reduce the gap by 60 million ; if it is 20 million on the non-associated developing countries, 10 million on hydrocarbons, 20 million on Chapter 59 for disaster victims, even a million on the Maghreb question, that would amount to 51 million on which everyone seems to agree, and that would reduce the 187 to 136. And when we compare the Council's 127 million with Parliament's 136 million, I very much doubt that the Council would begin a major quarrel over such a modest amount with which, I think, everyone might be satisfied.

Mr President, these are my comments on the budget, but before yielding the floor, I should like to turn to you directly with, shall we say, a sorrowful protest, for I am aware how difficult it is to lay down the agenda and how much trouble you take to arrange the order of business in the best possible way. But I am not convinced, Mr President, that you will have enough people present at 5 p.m. on Thursday. It is a bad day and a bad time. I hope and trust, Mr President, that you are right ; I would be sorry if the budget were not voted, for that would leave the Council completely free to decide how to deal with the figures it has itself laid down. This explains my regrets on this point but, as I have already said Mr President, I hope I am wrong.

**President.** — Mr Cointat, on your last point, I should like to say that in drawing up the agenda the enlarged Bureau had to take certain special circumstances into account, in particular the fact that nearly all the members of the German delegation would be absent today, tomorrow and until 5 p.m. on the day after tomorrow. The only hope of getting a quorum was to choose a time when the German delegation could attend in full. I am quite sure that the political groups will make the same effort as on previous occasions, and that we will have a quorum this time ; I have every confidence in the Assembly.

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

**Mr Shaw.** — Mr President, I will speak very briefly on behalf of my group because I have already spoken twice on this budget and I think that just about everything has been said that can or ought to be said about it. But nonetheless there are certain points that I would wish to make to Parliament. I certainly won't go into the details of the amendments that we propose ; they have been satisfactorily covered by the rapporteur.

The first task I have on behalf of my group is to add our congratulations to those that have already been given to him for the tremendous work that he has put in during the course of this year. He has made a thoroughly professional job of the rapporteurship and I think he did, as I forecast he would, add yet one

more fine example of rapporteurship to those that have been set before in earlier years by Mr Cointat and others. I think we are indeed fortunate in the way that our budgets have been dealt with in this House.

Mr President, we have had several innovations this year, and I think the most significant has been the way that the Council has sought at every stage to remain in contact with Parliament. I hope that this will continue in the future, because it does lead to a better understanding and a better appreciation of the problems that face us all — not just the European Parliament and the Council, but the whole Community and the members of the Community as well.

We have to take that into account when considering our budget. And I think that we have also got to take into account something that has not been mentioned today, and that the economic circumstances in which the Member States find themselves. I know that this budget is a very different budget from a national budget. Nonetheless, the nations of Europe are talking about the need for economy and economic difficulties, and they cannot be expected suddenly to turn to the affairs of the European Parliament and of the Community and talk in terms of additional expenditure here and additional expenditure there. Again, I am fully aware that the figures we are talking about are chicken-feed when looked at in the context of national budgets. But it will be seen that what we are seeking to do is to add to the bill : it is as simple as that. Having said that we ought to take that into account, we have got to remember that much of the expenditure undertaken by the Community as such is on-going expenditure on programmes that cannot be jiggled up and down one year with another ; there has got to be a steady programme, and to a certain extent a steady expansion of programme. I want to make this point very clearly.

In looking at this, the last act of Parliament as a whole, as distinct from the Committee on Budgets and the Council, perhaps at first sight it may be said that the differences between Council and between Parliament are very large. I believe that the largeness of the difference is mainly illusory. The sums involved are to a significant extent irrelevant, because the differences very largely lie in the manner of treatment of the policies that we wish to pursue. Nobody, for example, is proposing today to deny aid to disaster victims ; what is at issue is how we provide that aid, and, above all, when we provide it. Nobody is suggesting today that we are not going to provide aid to third countries ; again the question is : when will the provision for that aid be reflected in our budgetary arrangements ? So we are arguing largely about methods, not about policies and the cost of those policies.

We have heard today two very powerful speeches : one from our colleague, Lord Bruce of Donington, in presenting our case and presenting it in a very reason-

**Shaw**

able and powerful manner. It has already been acknowledged — and I add to that acknowledgement — that we are indebted to the President of the Council too for a very clear and reasonable response in the speech that he made to us. We are indebted to him not only for the way in which he has led the Council and ourselves closer together during his period of office, but also for the initiation of this final conciliation procedure, this meeting of delegates of Parliament and the Council tomorrow. I believe that, given these powerful and reasonable speeches, given, as I say, differences that are, to a substantial extent, illusory and given the opportunity for further conciliation, we can meet and agree; and I certainly refuse to be depressed about any differences that there may be today.

May I, Mr President, end on two simple questions to the President of the Council? Firstly, when can we expect the Court of Audits to be set up? So much of our future activity is dependent upon the early setting up of this institution. Secondly, when can we expect the Council to approve the new Financial Regulation? With great effort and with great sincerity the Commission and Parliament have fulfilled their pledge to complete their work on this document. The time has now come for the Council to honour its side of the bargain and to expedite the approval of this document so that it can form the basis for the 1978 budget procedure.

Mr President, we have fulfilled our side of the bargain. The Council has shown itself throughout these negotiations to be anxious to fulfil its side too. We have confidence that it will do so, but we should nonetheless like to know from it that it is confident that it will succeed.

Mr President, in concluding I again reiterate our debt of gratitude to Lord Bruce for the work he has done, and I trust that we shall have a successful outcome to the negotiations that doubtless will take place tomorrow.

*(Applause)*

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

**Mr Pistillo.** — *(I)* Mr President, ladies and gentlemen, in the course of this debate, the President of the Council and, to a certain extent, Commissioner Cheysson have quite obviously been at pains to play down the differences between Parliament on the one hand and the Council and Commission on the other, on the budget now before the House.

To my mind, however, the crystal-clear speech made by Lord Bruce, the rapporteur, and the resolution submitted by the Committee on Budgets show that our views differ considerably, and that there are substantial disparities between the proposals put forward. It is worth pointing out — as previous

speakers have said — that some progress has been made this year, and that a number of concessions have been made, as a result of which certain increases have been made in the budget. At bottom, however, there is the whole problem of the direction which the budget takes, a point to which the attention of this House should be drawn, for to my mind, it is the most important one in our debate.

During the first reading, Mr Leonardi put forward our group's views and explained why we voted against the budget as a whole. I would again remind you briefly why we are opposed to it. First and foremost, there are its limitations in relation to the Community's problems, needs and requirements. It has been pointed out that the Community budget and 2% of all their budgets. Secondly, I would stress once more that the imbalance in the Community's budget, which is again confirmed in the Council's proposals in favour of agriculture, is not at all reduced by the extremely limited modifications made by the Council to the appropriations for the Social Fund, environmental protection and a few other items in the budget.

There is one point which stands out in the Council's position, which is that 75% of the budget is devoted to agriculture. And if we look at how those 75% are used, how, for example the funds of the EAGGF Guidance Section are spent, we see that a large fraction goes to the richer regions to the detriment of the poorer, to the farms with less rather than greater need, to the richer rather than the poorer countries. Thus the entire budget attests to the difficulties caused by the crisis through which our Community is passing. And it points in directions which we not only consider wrong, but wholly inappropriate to the problems of the day, and to the crisis with which Western Europe in general, and certain countries in particular, are faced.

In a word, the budget speaks the language of the economically stronger countries. It ignores inflation, unemployment and the disparities that exist within the EEC. For those reasons, we shall maintain our opposition to the budget as a whole, although we shall vote for the amendments tabled by the Committee on Budgets, thereby expressing openly our approval of the general line which the Committee has again proposed in this House. More particularly, we repeat that we are in favour of vesting in Parliament the power to decide on a whole range of budgets matters and to initiate non-compulsory expenditure, and of extending its powers in this field.

This annual rite, in which the Commission proposes, Parliament discusses and the Council decides, in which — allow me to say so — the debate in this House serves no useful purpose, is a little humiliating for Parliament. It makes what is said and declared here, I shall not say pointless, but unproductive.

**Pistillo**

Shall we succeed before very long in changing a method which, in point of fact, deprives Parliament of all power? We hope so, and with this objective in mind, we appeal to all groups who believe that the time has come to take a different line from the one followed hitherto. A Community budget that leaves little over for social affairs, regional aid, scientific research, the problems of development, education and professional training and those of cooperation with developing countries is a budget which, in our view, deserves to be severely criticised. And this is what, with consistency and determination, our group is doing.

(Applause)

**President.** — I call Mrs Ewing.

**Mrs Ewing, Non-attached Member** — Mr President, I would like to add my voice to congratulate my colleague Lord Bruce, who has taken a very courageous stand, I think, on the question of the budget in the past and who has shown this Chamber how hard someone can work at a very complex subject. In fact, if he ever offers me a place on his committee I would be very willing and indeed eager to serve on it, because I find this debate most interesting.

This is one of the debates which gives backbenchers like me, in particular, a non-attached Member, an opportunity to speak generally about the money of the Community. I am not going to be very technical, because I do think this is one of the few times in the year where someone like me can express a few general views about the spending of Community funds. It is also very pleasant to get a personal letter from the President saying how much he wants to see me at 5 o'clock on Thursday. I am afraid that in my particular case I have a date with Scottish devolution on Thursday evening and therefore, if I cannot make that particularly important vote, this Chamber must excuse me, but I hope the President will not stop writing me personal letters to make appointments of this kind in the future.

I do not particularly believe that in any individual Member State an annual budget has any special merit — indeed when you look at economic recoveries after great depressions, there is a lot to be said for a five-year or a longer period plan, but I would like to agree with Lord Bruce's view that, because this is about the only significant economic weapon we have to control these two very difficult arms of the executive who are so well represented here today, and because this is a democratic weapon, then I do think, that in this particular forum, it must be applied annually, and I would like to put that point first as one of the greatest importance in my view. I agree with the remarks of my colleague, Mr Patijn, when he said that this was a right that this Parliament will not relinquish. We have got

it now and we will not relinquish it. Indeed we are eager for more.

Consider for a moment my personal problem in representing a constituency in the north of Scotland. How do I explain the usefulness and justification of this whole set of institutions to someone back on a hill farm in Morayshire or Nairnshire unless I am able to explain that Parliament, the democratic body, has got power? If we are going to have direct elections, Parliament must interest the electorate, and the Parliament in which we are asking them to take an interest must be interesting. A parliament without powers is not particularly interesting. I am sure the Council and the Commission must often find us rather dull because we do not try to exert more power over both of them. I find it slightly irritating that in the speeches that come from the two executive arms, they seem to expect credit from people like me for the fact that they are here at all or that they attend regularly. I do not think they should even mention that fact; one assumes they will attend, and not seek any praise if they are here in rather larger numbers than usual. I hope I am not giving offence to either of these executive arms, because I am hopeful that when direct elections come along, with this weapon and other constitutional rights we will be able to exercise proper democratic control over the decision bodies. Otherwise you will find that none of the people representing the institutions at direct elections will have any particular interest.

On the subject of asking people back home to pay more money, could I say that I do not think that is the main concern of people back home. They know they are paying quite a lot of money anyway. They might as well pay some more and see some results for it. I think that is the average attitude I encounter and you will remember that I was and am a member of a party basically opposed to this institution because of the position of my country of Scotland.

Could I make a number of specific points now? With regard to overseas aid, I would like to support Lord Bruce's view and, indeed, Mr Cheysson, who spoke about hours not days. And could I relate this back to my reference to the forthcoming direct elections? We are now a television generation. We see disasters, we see starving people on our television sets while we have our dinner. And we cannot forget about them. And we do not want an international and responsible institution, representing a collection of nations, to forget about them either. In a situation where 25 % of the world's population take 90 % of the world's income and 80 % of the world's protein, then the people we are going to ask to be interested in direct elections are going to want to know what generous provision this fairly rich part of the 25 % is going to make in the matter of overseas aid. On the question of disasters, here again we see them, as I say, almost on



## Ewing

the day they happen, and we see the apparent inability of the world, which now cares more than ever before, in my opinion, to act quickly, certainly not in hours and sometimes, we find, not in weeks. And this is a matter of great distress to the average man in the street, I think a matter of more concern than even the concern he would feel if he was told that his particular Member State was required to make a larger contribution so that we could be more effective here.

In regard to political trends in general, this set of institutions must get a much greater concentration of expenditure, on the Regional and Social Funds than on the agricultural and industrial side of expenditure, as at present. Now this is a fact of life. It must happen. As a Member who receives the enormous quantities of paper, I ask how many of the bits — if one is not particularly an agricultural expert — can one immediately put into the wastepaper basket? One sieves through hopefully for something that relates to the general interest of the average man in the street. The Regional Fund was one of the carrots that was dangled before the Scottish electorate to get that rather grudging marginal 'yes' in the referendum. Instead of an improvement in the situation, one finds now that Britain has behaved very badly in this matter and has not recognized the principle of additionality. I would like to ask the Committee on Budgets if in their scrutiny they could try to identify how each Member State spends the allotted sums, because we have found out from my party's efforts that, in fact, in the UK all that has happened is that the Regional Fund has saved the UK the bother of doing what they were doing before. And that is not what was intended. When we look at the report we do not find that the UK have been frank. Some of the other countries have been much better behaved in the matter of the use of the Regional Fund. I would like to say we should all perhaps emulate Italy's example, which gives the maximum power of allocation within the regions itself, or the Irish example, where complete and frank information is given to their citizens. Perhaps that is yet another matter I could ask the Committee on Budgets to look at. Certainly the dialogue continues, and I am not one who, in coming to this Parliament, is unaware that we are a continent which has had many wars. If there is any justification for this whole set of institutions it must be the hope we have that the very existence of them makes any further trouble of that kind unthinkable. But I must repeat that the budget is our weapon. It is not perhaps enough of a weapon but it is a weapon we must use and my general observations, I am sure, reflect the view of many people about the general priorities for the money we receive and about the fact that probably we do not ask enough of a contribution from the Member States.

*(Applause)*

President. — I call Mr Cheysson.

Mr Cheysson, *Member of the Commission*. — (F) Mr President, I shall briefly reply to the questions which have been raised.

I shall begin with two points relating to the 1977 budget; I said earlier that actual requirements in 1977 would perhaps be lower than presently anticipated in the amendments approved by the Committee on Budgets.

First, there were the non-associated developing countries. The point I made earlier, Mr President, must have been badly put since Mr Patijn thought I was saying that next year, we should be unable to commit more than this year. We firmly hope to commit substantially more next year to the non-associated developing countries than we have this year. This means that the 20m u.a. shown in the 1976 budget would certainly not be enough; besides, the Council itself has entered 30m u.a. which are frozen in Chapter 100. The Commission would like more than those 30m u.a., without the shadow of a doubt. We should therefore be most grateful to Parliament for an amendment on those lines. We doubt, however, that it is possible to go as high as 60m u.a. for the following reason: this is an entirely new type of project as far as we are concerned. It is an aid project with countries or international organizations with which we are not yet accustomed to working. We must therefore agree on how the work is to be done. These countries and organizations have their own ways of working, and we shall have to see how they can be fitted in with the legitimate requirements of our budgetary departments and the need for control by the Council and Parliament.

The talks we have had with those countries over the last six months show that it will not be easy to reach early agreements. We intend to propose a regulation or a legal document defining the scope of this policy, one the initial experience has been gained, and this is the difficult task in which we are presently engaged in our negotiations with India, Pakistan, Sri Lanka and many other countries, as well as a few international organizations such as the Asian Development Bank.

Given the time needed to conclude those various agreements, I do not think that we shall succeed in committing 60m u.a. but next year, we hope to commit at least twice as much as we did this year.

My second point has to do with the disaster fund. I would fully confirm what has been said by a number of speakers, viz. that we would like to see a substantial sum entered in Chapter 59 for emergency action. I said earlier that we found the token entry wholly inadequate. As against this, we feel that 30m u.a. is too much for initial aid, bearing our previous experience in mind, and we should not like the budgetary authority to think that 30m u.a. would be the answer

### Cheysson

to all our problems if a major disaster such as the Friuli earthquake were to happen again. This is why, for this particular item, I feel that an appreciably lower figure of 5 or 10 million would be enough, with a comment committing the budgetary authority to a gesture of solidarity if one of the Community countries suffered a serious disaster.

One final comment on budgetization, for there is clearly some misunderstanding in the House. A number of speakers, including Mr Patijn, Mr Notenboom, and Mr Durieux, said that loans were not included in the budget. I am sorry, but this is not true. In the budget adopted by the Council, it is admittedly not as perfect as you or we would have wished, but it is there, for the first time; it was a decision of some importance, especially since Parliament takes the view that borrowings will come to form an increasingly large part of tomorrow's revenue. The fact is that budgetization has been accepted for 1977. This was a decision of fundamental importance which Parliament wished to have taken and the Council refused to take for many years, and has taken now. Let us not detract from the progress which you have achieved, even if both of us, Parliament and Commission, agree that the form it has taken is still not satisfactory.

As regards the budgetization of external commitments, I should like to point out Mr Patijn and Mr Notenboom that the acceptance of the principle of budgetization is a fact of fundamental importance. For the last 15 years, our external commitments were not shown in the budget. For the last 15 years therefore, Parliament has had no control over one of the major aspects of Community policy. For the last 15 years, the balance of budgetary expenditure has been distorted. I would point out that our total present external commitments not shown in the budget amount to more than 10 % of that budget, that their reintroduction in the budget over a period of time will thus make for balance between our various expenditures and for easier identification of policies which, as Mrs Ewing said, are likely to capture public attention. The principle has now been accepted in the form of a token entry, which is enough in the case of the Maghreb countries to whom we shall have no opportunity of making any payments whatsoever in 1977. The point here, Mr President, is that the agreements with the Maghreb countries have still not been submitted to the national parliaments for ratification, which is therefore materially impossible by 31 December 1977. The million units of account so generously proposed will therefore stay on the shelf; we have no way of paying out a single penny before ratification and this cannot take place before 31 December 1977. This is why we have a token entry; it is not very much, but it does denote the willingness of our governments, a willingness which has taken years to emerge. This explains, incidentally, why we have not referred the agreements with the Maghreb countries to Parliament for ratification, for a few months,

indeed, only a few weeks ago, certain governments still wished to fund those agreements outside the Community budget. They have now accepted Parliament's — and, allow me to add, the Commission's — arguments. Budgetization has now been accepted, and as a result, 10 % of spending not previously shown will be gradually brought within the framework of the budget.

There will be no backing down, Mr President. You know better than I do that the Community is a strange creature which finds it very hard to point all its nine legs in the same direction at once and therefore keeps standing for ages on the same spot, its legs moving in opposite directions. But once it sets off with all of its nine legs heading in the same direction, it finds it even harder to stop. This has been proved by experience: with the European Parliament and — *a fortiori* — the directly elected European Parliament, this move towards the budgetization of loans, once started, cannot be stopped. The budgetization of financial commitments, even if it involves limited amounts or a token entry, even if it is not done in a completely satisfactory way during the first year, is a major victory for this Parliament. Why should we not say so?

*(Applause)*

### IN THE CHAIR: MR BERKHOUWER

*Vice-President*

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, I too shall be able to confine myself to a few observations. May I first express the sincere thanks of the Council to the many political groups which have indicated their appreciation of the way in which the 1977 budget has been dealt with. I welcome these words of appreciation and see in them evidence that we have in fact made progress in the past few years as regards conciliation and a genuine dialogue. Of course, as many Members have pointed out, this does not mean that there are now no problems left. But I have heard in their remarks a clear wish to adopt the 1977 budget in a non-dogmatic or accounting spirit, and on the contrary to proceed very pragmatically. I have noted those remarks, and the members of the Council will be guided by them tomorrow during the conciliation procedure with your Parliament.

Mr President, I am sorry that my voice is hoarser than usual. This is not due simply to emotion, although one can never speak in your Parliament without some emotion, but because I have a slight cold and have noticed that my voice is suffering increasingly from it. I hope, however, to be able to complete my remarks to you.

**Brinkhorst**

Mr Patijn has said that the discussion of priorities which must take place in April next year should not be aimed at the fixing of a ceiling, but rather a defining the direction in which the following year's budget should develop. I agree entirely with Mr Patijn, as was apparent from the first discussion of priorities last year when the Council of Foreign Ministers and the Finance Ministers concentrated on the priorities which should be fixed, and indicated the direction in which the budget should develop. I might mention in particular the problems of unemployment among the young and that of social policy in general.

May I just add one point: I earnestly hope — but this will be a matter for the new presidency which I hope to see begin its term of office in all its glory on 1 January next — that Parliament will be involved more closely in the discussion of priorities, and that better cooperation will develop between the Parliament, Council and Commission. But I am assuming that your Parliament will see to this when the time comes for discussion in the next few months.

As regards the remark on the 1 million units of account and the budgetization of external commitments, I willingly subscribe to Mr Cheysson's comments who circumscribed the problem very clearly. Mr Patijn asked me what the Council's serious difficulties were. I do not know whether Mr Patijn meant that altogether ironically, but he must realize that it was no easy matter to obtain the Council's agreement to the budgetization of external commitments. I repeat, it is more important to recognize the principle of including a token entry for 1977 than to enter this amount of 1 million u.a.; as Mr Cheysson has pointed out, that amount could not be spent anyway.

Mr Durieux commented on the appropriation on information in connection with direct elections. In agreement with him, the Council has fixed an amount of 400 000 u.a. and believes that this will be sufficient to cover preparatory information activities in 1977. If Parliament so wishes, it will always be possible to increase the sum. Mr Notenboom and Mr Shaw put questions about the new Financial Regulation. The Commission hopes to submit a draft to the Council as early as possible which will then enable the Council to take the necessary decisions. I would of course point out to Mr Shaw that it will be under the British presidency that this Financial Regulation will, we hope, be finalized, naturally in close consultation with Parliament and the Commission.

I sincerely hope that a breakthrough will be made on this point in the next six months and that further progress will be achieved in defining the difference between commitment and payment appropriations. The Council has taken note of today's debate in Parliament on this matter and we shall give close attention

to the views expressed by various Members on the subject this morning.

Mr Shaw asked about the state of ratification of the Treaty of 22 July 1975 on the extension of the budgetary procedure and on the creation of the Court of Auditors. The situation at present is that the United Kingdom, Denmark, Luxembourg and the Federal Republic of Germany have lodged the instruments of ratification. In Belgium the Chamber of Deputies has approved the draft law. In France the *Assemblée Nationale* has also approved the draft bill, and in the Netherlands ratification is expected in January. In Italy the draft treaty was forwarded to Parliament at the beginning of September this year, and in Ireland ratification should be possible in January. Mr President, I do not wish to anticipate on tomorrow's conciliation procedure, but after the many realistic, far-sighted and pragmatic remarks I have heard from many parts of the Chamber today, my hopes are high.

*(Applause)*

**President.** — I call Lord Bruce of Donington.

**Lord Bruce of Donington, rapporteur.** — Mr President, I should like to thank the individual speakers from the groups for the highly complimentary remarks they have thought it right to pass about my work. I am very sensible of this, and deeply appreciate it. May I say to them that, although their words are very comforting to me in these circumstances, their most valuable testimonial to such work as I have been privileged to undertake on their behalf is best expressed in the division lobbies or by the vote on the various amendments which they have authorized me to make on their behalf.

Mr President, although I have not been in the European Parliament for very long, I have had over 30 years' experience in political life. One thing I have learned as a backbencher is that, when the executives start getting complimentary about one another, that is the time when all backbenchers should beware.

I listened with some amazement to my good colleague, Mr Cheysson, whose attention I hope I can have, and whose reappointment I might say I deeply welcome, as indeed I am quite sure the whole of the Parliament does. When the preliminary draft budget was issued, Mr Cheysson, in a moment of engaging frankness, albeit sorrowfully, stigmatized the budget as miserable and stagnant. And now, after 550m u.a. and 180 personnel have been shorn off his requirements by the Council, Mr Cheysson suddenly finds the budget most agreeable, and the Council's decision entirely reasonable. The vinegar and the misery of May have become the delight and the champagne of today.

*(Laughter)*

### Lord Bruce of Donington

This I find a little odd and, as a backbencher, I am bound to say I find it a little sinister. It is as though the Council and the Commission, becoming a little alarmed about the growing power of Parliament, have suddenly said to themselves, 'We have given these boys a little too much in the past; we had better gang up on them now'. And this amity that now exists between the Commission and the Council contrasts sharply with the sourness and the bitterness that obtained some four or five months ago. And my colleagues would do well to note a slightly sinister remark that fell from the lips of my good friend, Mr Cheysson. I hope he won't take my comments amiss.

He delivered himself of the opinion that he regarded with some unease the powers of Article 203 of the Treaty, which he said ought to be shared between Parliament and the Council. Mr Cheysson knows perfectly well that Article 203 is that one article that gives Parliament alone, without any other authority, the power. And I advise my colleagues some of whom may tend to be cautious to take good heed of these trends.

Even more engaging was Mr Cheysson's reference to freezing. You listened to Mr Cheysson — he had barely heard of it. He certainly did not acknowledge its official existence. He certainly resented the power that we might unwittingly have taken. Parliament therefore will be surprised to learn that only the day before yesterday Mr Cheysson applied to the Committee on Budgets to unfreeze certain items — in other words, to do something the official existence of which he did not himself acknowledge.

Now, it is quite clear, from Mr Cheysson's application of the day before yesterday to have certain expenditure unfrozen, that he acknowledged the power of Parliament to freeze, and indeed this has become the tradition now for long time. Mr Cheysson applied to the Committee on Budgets two days ago for the unfreezing of research appropriations for the 1976 budget. As usual, Mr President, the Committee on Budgets were most reasonable. They considered the matter most diligently and they unfroze the relevant appropriations. And there is no reason to suppose that they won't do anything of the same nature in the future where the circumstances are reasonable.

But the Council and the Commission seem to think that Parliament is hell bent on spending vast sums of money, over which the Council and the Commission can have no control. And I think, Mr President, as I have already demonstrated to this Parliament this afternoon that we have exercised our powers most reasonably. I don't know where my good colleague, Mr Cointat, got his figures from this afternoon, when he was talking about the margin. But I can assure Parliament that the figures I set out in my report have not been disproved. Nobody has challenged them. It's all

very well to challenge a thing in its generality, in an endeavour to confuse. But nobody has shown me at any point anywhere in the report that I have submitted on behalf of the Committee on Budgets where my calculations have been wrong. And, therefore, before Members vote on the amendments on Friday, may I express the hope that they will read through the report.

Another thing that surprised me — and I am sorry to concentrate on my good colleague, Mr Cheysson, but I always pay very great attention to what he says. He said that he would have some difficulty in spending or committing 60m u.a. He said that in his opening speech, but in his closing one he thought perhaps he had been a little too decisive and so he moderated a bit to say that he could perhaps go slightly above 30 million. Mr President, the Commission are asking us to suppose too much. They spend effortlessly one hundred times that sum per annum on the Common Agricultural Policy. They are the big, big spenders. They have no difficulty whatsoever in spending money. And, yet, they have the audacity to insult Parliament's intelligence by putting it to them that the responsibility of spending 60m u.a. for aid to non-associated countries would place an onerous burden upon them. It would present them with intellectual anguish. They wouldn't know what to do with it. Are they really asking Parliament to believe that?

All the way through this debate, the Commission and the Council have been trying their best to get Parliament to come down on its figure. Some of my colleagues on the Committee on Budgets, who were originally fully in favour of the amendments that have been laid before Parliament, have suddenly got cold feet in the face of this massive and persuasive charm that is now oozing from the Council from every pore. And they are trying to put it over that, by agreeing to the amendments put forward on behalf of the Committee on Budgets somehow the Commission are obligated to spend it. Mr President, perhaps it is not generally known that Article 205 of the Treaty imposes no responsibility on the Commission to spend money for the sake of spending it. They spend it on approved projects. We are not seeking to get the Commission to squander money — what we are seeking to do is to enlarge the sphere of general creative activity which seems to have become so sterile, and which was so brilliantly described by Mr Cheysson six months ago as miserable and stagnant.

I turn to the last point that I have to make. It concerns a subject which I hope we may deliberate upon in the full knowledge of what we are doing. The Committee on Budgets, through me, have put forward a proposal to commit 60m u.a. for aid to non-associated countries. There will be no getting away from this and, if it comes to the vote, we can all stand up and be counted. I hope we may be counted. I would

**Lord Bruce of Donington**

like to tell Parliament exactly what that means — 60m u.a. sounds a lot.

It may be said that the taxpayer in Europe has to be considered, and this will be a grievous burden to him. Mr President, it will not be the poor in Milan or in Glasgow or around Paris or Marseille or Rotterdam or Amsterdam or London, that will be raising objections to this. Just what does it mean in money terms? It means, for the 250 million population of Europe, 0.24 of a unit of account per head per annum. And, for the convenience of my colleagues, that means 18 new pence Sterling, 86 pfennings in Germany, 12 Belgian francs, 1.30 French francs, 150 Italian lire, 0.86 florins and 1.80 kroner. Now, on that basis, honourable Members, and bearing in mind the implications of that and what the outside world is going to think of us, on Thursday next, when the vote is taken on that amendment, we can all stand up and be counted.

*(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — *(F)* Mr President, Lord Bruce, as a friend, has often taken me to task, and I should like to say a few words on two or three points on which I have clearly been misunderstood.

Firstly, I would point out that the usual way of freezing appropriations is to enter them in Article 100 of the budget, which is set aside for this purpose. I wished to make it clear to the two Budget Authorities that the Commission does not regard the freezing of a budgetary line as an obstacle to the commitment of appropriations. We adopted this course *vis à vis* the Council on Parliament's injunction during the present year and, for reasons of symmetry, I had to make this point clear in my statement relating to next year.

Secondly, Mr President, I consider it proper that, as the institution responsible for implementing the budget, the Commission should inform Parliament of cases where it knows in advance that it will be unable to spend money entered in the budget. In its preliminary draft, the Commission proposed 40m u.a. in payment appropriations for the non-associated developing countries.

I said in my opening speech — and in my second speech — and I shall say it again in my third, that 60m u.a. was more than we could handle in 1977. As the Commissioner with management responsibility in this field, I shall confirm what I said. Lord Bruce asks me why, comparing what cannot be compared. The reason is that, in this field, we must now adopt a regulation specifying how this money will be used. We know from the procedure we have often had in the past that it will take a few months to adopt this regulation. This means that it will be the middle of next year before we can start on new projects under this

regulation, which will have been considered by the appropriate parliamentary committees, by the whole House and by the Council. Until this regulation is adopted, we cannot therefore commit this money. How can we compare this with policies which have been under way for years and even decades, where the regulations are all to hand and give rise to obligatory payments by virtue of the provisions they contain?

If I have made this statement on the 40m u.a. as opposed to the 60, Mr President, it is because in my perhaps oversimple view of budgetary management, I feel that it is just as serious to spend too little as to spend too much in relation to estimates. Good estimates are accurate estimates. When we make what we know in advance will turn out to be an inaccurate estimate, is it not the Commission's duty to inform you?

Finally, Mr President, I should not like Parliament to believe that this is a brilliant budget, for I said six months ago, and confirm here today, that our budget is stagnant. In the course of our work, we have nevertheless made substantial progress, reflected in the increase in a certain number of appropriations and in the budgetization of loans and external commitments. I therefore consider that we have made clear progress this year, and that is why the Commission hopes that we will now avoid a serious inter-institutional conflict which might have far more serious political consequences than the voting of two or three items that are pointless as far as next year's expenditure is concerned.

*(Applause)*

**President.** — The debate is now closed. I would remind the House that all the amendments are now deemed to have been tabled and discussed. During the vote, only the rapporteur will be allowed to speak in order to state briefly the position taken by the Committee on Budgets.

#### 14. Motion of censure (Debate)

**President.** — The next item is the debate on the motion of censure on the Commission of the European Communities tabled by Mr Aigner, on behalf of the Christian-Democratic Group, pursuant to Rule 21 of the Rules of Procedure, (Doc. 480/76).

I call Mr Aigner.

**Mr Aigner.** — *(D)* Mr President, ladies and gentlemen. What is now before us is neither a group problem nor a committee problem. It is purely and simply a question of whether this Parliament can no longer exercise, through the fault of the Commission, one of the few rights it enjoys under the Treaty and established practice. Mr President, I say this without any trace of annoyance or emotion. It is the only question at issue, and this is how the public will see matters. Will this Parliament take its control responsi-

**Aigner**

bilities seriously, and will it uphold its right of control with every means available to it?

And now, Mr President, what are the circumstances behind this motion of censure? Acting within its terms of reference, Parliament's Control Committee, a sub-committee of the Committee on Budgets, requested the Commission on 21 June 1976 to provide it with a report drawn up by the Commission's Financial Control Department on the excess refunds paid out on malt exports in the years 1975 and 1976. The sub-committee stressed that it required this report as a matter of urgency, and also pointed out that the report, or significant extracts from it, had been published in the press. Particularly in view of its financial implications, this was, to my mind, mismanagement on the Commission's part.

Mr President, this is a matter which particularly impinges on Parliament's right of control, in that any individual member, no matter how much energy he brings to the task, cannot possibly exercise a personal control. Parliamentary control means that we must have access to, and be able to read through, the reports of the Community's Board of Auditors or tomorrow's European Court of Audits, or the Commission's internal control reports, and to draw the necessary inferences or take the necessary decisions. In other words, if the Commission no longer offers us, and even refuses to offer us, access to its own control machinery, a mockery is made of Parliament's right of control. It is with this and no other question that we are faced. Now I know that this will not be considered the right moment, even by the public at large. There does not seem much point in tabling a motion of censure and bringing down the Commission a few days before its term of office expires. I would only ask you to consider here the dilemma in which Parliament finds itself. The time was not of our choosing. The Commission refused to provide the document and Parliament and its committees naturally had to lay down deadlines and to bring home to the Commission the consequences of its refusal. We set the deadline for 1 December. It is significant that the President of the Commission waited until the very last day before giving a negative reply, although he had weeks at his disposal, thus bringing us under even greater time pressure.

There is a second point I would add. We asked for a report which had already been publicly discussed and largely published in the press. Ladies and gentlemen, imagine for a moment that you are talking to a journalist who says: but aren't you a member of the European Parliament's Control Sub-Committee, your job is to control. It is being said in public that the Commission has mispent hundreds of millions of units of account because it reacted too slowly to events. I am not at all proposing a discussion on the facts of the matter, for discussion on the basis of the official documents was denied us. But imagine again that in your

conversation with a journalist, he says, 'what, you can't even get what we have already published!' And the Commission turns round and says that the matter came to be published through devious and not through official channels, as from, say, the Commission to the press. Alright, Mr President, but since when has that been an excuse? We are not asking the Commission for all its documents, we are asking only for this document, which is under public discussion and is necessary if the whole procedure is to be controlled at all. And then the Commission says — and here I make no criticism — yes, we are ready to discuss the matter with you from A to Z. You will also get papers, but only via the Commission.

Ladies and gentlemen, I have been a member of this Parliament for 16 years and I have also been involved in auditing in my national parliament for a good many years. I ask you to imagine the following situation: you come across a case of misadministration. You want to look into it carefully on the basis of official files and reports which the administration has drawn up on the subject and the administration says: 'No, you may not have the files'. The minister must first have a further paper on the subject and he will then write to tell you the outcome. I ask you, ladies and gentlemen, is that control! If this Parliament no longer asserts its rights, if it proves incapable of even defending the rights written into the Treaty, then this Parliament will become the laughing-stock of the Commission — and that at a time when we are trying to mobilize millions of electors to vote for it.

We have many difficulties in the various capitals over this Parliament's rights but in one of them is it disputed that we should exercise parliamentary control over the Community's bureaucracy. I would remind you, ladies and gentlemen, that in December 1974, the European Council of the nine Heads of State and Government decided in a resolution that this Parliament should develop its control body and exercise full parliamentary control over the Commission. All we are asking is that we should be provided with the documents which the Commission drew up on a matter which is already in the public domain.

There are some matters which cannot be discussed in public. There can be no doubt about that. But we cannot even check whether the document in question is such a matter. Against the objections of one Member of the Control Sub-Committee, we even agreed, by an absolute majority, to check the document in a fully confidential manner, i.e. the Commission was to provide us at the meeting with the complete file so that we could read, study and discuss it with them. Following the meeting, the papers were to be collected immediately and returned to the Commission.

Not even this procedure was accepted. After it had been requested twice, President Ortoli turned round

**Aigner**

and said: No, you cannot have that either! Ladies and gentlemen, the situation in which I table such a motion at this time is not at all to my liking. But had we not tabled it, our colleagues could turn to me tomorrow and say: Yes, you were the Chairman of the Control Sub-Committee and you didn't budge. The next Commission will be able to fall back on this and say: No, we did not refuse anything! That was the previous Commission — and since you asked nothing of them, you cannot ask anything of us. When all is said and done, we owe a certain loyalty to the previous Commission.

I am sorry, Mr President, but this means that if we do not table the motion of censure now, we cannot do it at any other time.

There is perhaps a need here to talk about the whole procedure governing votes of no-confidence. As matters now stand, there is really no way out, since, according to what was said during Monday's discussions, we cannot even hold a vote during a part session, and it is simply not on to vote a motion of censure eight weeks afterwards. The drafters of the Treaty gave Parliament only three days; under our Rules of Procedure, we should need four weeks. We must discuss this point at some stage to see what else can be done.

I am aware that this is not simply a conflict with the present Commission or with its members who in a few days' time will no longer be in office. It is a Community constitutional conflict. I have talked this matter over with a good many colleagues, and I may say that not one of the many I have spoken with so far has in any way taken a different view, even if he does not vote for the motion now, not because of the matter itself, but because of the timing. I therefore take the view that since it is a constitutional conflict between two institutions, it must naturally be resolved *vis à vis* the new Commission too.

Of course, it could be asked what will happen after the Commission goes? In January the new Commission takes up office and says: no, we shall go on doing what the old Commission did. Then we could table a further motion of censure against the new Commission. This is what many of us are saying, which is why it would be better to table the motion now, but, say to the Commission: you have been saved by the gong, for we cannot do any more in the matter, but vote we shall. This cannot be done at the January part-session since the Commission will not be meeting until mid-January, when it will take its own decision. We shall vote on this motion of censure which will remain in abeyance. It is addressed to the Commission, Mr President, who refused to provide the documents required to carry out checks and exercise our right of control. And this motion of censure will of course also be addressed to the new Commission in the event of its refusing to provide Parliament with the documents in January or February.

May I offer a concluding remark? We want more power of decision at European level, otherwise we shall get no further. But we cannot vest the power of decision in a bureaucracy of officials, no matter how highly qualified. Mr President, a lot is said about bureaucrats. Bureaucrats can be much more political than the politicians. That is not a reproach, but rights will only be transferred by the national parliaments to the European level if they are brought under the rules by which power is relinquished. This means that if I transfer rights to officials, to bureaucracies, it will be for their lifetime. These powers cannot be controlled or exercised alternately by virtue of the necessary political majority. This means that we shall only obtain more rights and powers of decision at European level if Parliament can function as a control body and discharge its responsibilities in this field. And I would ask the members of the Commission and Mr Ortoli to appreciate that if this Parliament does not now uphold this right, we simply cannot go before the voters. It is impossible since we have no legislative powers and only partial budgetary powers.

I should have liked to ask the President of the Council today what purpose our budgetary margin of manoeuvre serves when the Council already includes it in its calculations. It knows exactly where our political priorities lie, in other words, it says to itself: I allow you so much margin, 120, 150 or 200m u.a. I know that it will then be put in energy policy, research policy, in other words in the operational sector. I am willing to approve them, but will cut back my own estimates, knowing that Parliament will rush in with its margin in any case. I can therefore mop up Parliament's margin by going through the motions of playing budgetary policy with Parliament. Now that is quite legitimate. All I mean to say is that although it is written into the Treaty and is fully accepted by all institutions, it is still no more than a modest part-right. The only right with which we can go into the elections is the right of control over the bureaucracy. But if we cannot even obtain the reports drawn up by the internal control department, do you believe that I or any others can go to the Commission and look through and check the accounts etc. That is quite impossible.

We need the European Court of Audits and the internal control system. Only when this troika really pulls together will this Parliament be able to defend its position in public.

I would therefore make the request, Mr President, that we vote on this motion of censure on Thursday and call on the new Commission to respect our rights in this field and to allow us to exercise our right of control. We shall threaten to deal finally with this motion in February, but this Parliament should now adopt a motion of no-confidence in this Commission and President Ortoli.

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — (F) Mr President, the matter before us looks very simple but it is in fact highly complicated. For the the information of the House, I shall briefly recall the facts.

A survey of the malt sector, drawn up by the Financial Controller for the Commission in April of this year showed that the arrangements for the advance fixing of malt export refunds lent themselves to speculation. The amount of the refund was equal to the adjusted average levy on exports during the first 25 days of the month preceding that in which the refund was fixed. The figure thus obtained could remain applicable for an eleven-month period to exports over a period of eleven, and even seventeen, months. The system was based on commercial export practices in a market where surpluses have been the general rule and prices are low.

The arrangement worked normally without causing any problem until 1974 when malt prices began to fluctuate as a result of speculation. Dealers could and did take advantage of sudden price movements to pocket undue profits simply because the export arrangements covered too long a period. The Commission immediately took steps to amend the regulation in question, especially the method of assessment and the period for which the advance fixing of refunds remained valid. Under the Management Committee rules of procedure, for these were the rules applicable, the matter was settled by a Council regulation of 16 June 1976. I have made this introductory remark to show that the matter was unquestionably a complicated one and I would add that, as soon as it was informed of it, the Commission acted as it should have by redressing the situation.

A few days later, your Control Sub-Committee asked for the Financial Controller's report which the Commission felt unable to provide. I shall come back to the reasons for which the Commission took up this position, but I should first like to make something clear to the Members of this House.

The Commission had no objection whatsoever to informing Parliament of the problems which arose in the malt sector. As promised in my letter of 27 July to Mr Aigner, we forwarded a working paper explaining in detail the rules applicable, the difficulties encountered and the solutions adopted. We also offered the assistance of the Commission's departments who, as I said in my letter, are ready to provide you with any further information you may wish.

These offers did not remain a dead letter. At its meeting of 28 September 1976, your Control Sub-Committee made a careful study of the working paper and heard a senior official from the Directorate-General for Agriculture. This shows that matters of fundamental importance are clearly and openly discussed by your sub-committee with the active assistance of the Commission.

There remains a question of form. The basis for the discussion we accepted and in which we took a most active part, is a document that is not the Financial Controller's report. The question of form is, at the same time, a question of principle. I realize that for some of you, it is of capital importance. But you will appreciate that it also has its importance in the eyes of the collegiate body of which I am the president. What is in fact involved is the question of the dividing line or, if you prefer, reconciliation between your powers of control on the one hand and the Commission's autonomy and independence and the efficacy of internal control on the other.

There can be no possible doubt on the importance of your power of control over the implementation of the budget or on the Commission's attitude in this respect. It is undeniably an essential part of your budgetary powers. These will be further consolidated by the Treaty of 22 July 1975 under which Parliament will have sole authority to give a discharge.

As for the Commission's attitude, I should like to point out that we, after all, proposed and argued for the concentration of the power of control in Parliament's hands. We again proposed and argued the case for a Court of Auditors, a body which will help, you to exercise control in the most efficient way possible. Furthermore, the Commission has stood by its policy. During the debate in July 1974 on Mr Schmidt's report, which recommended the setting up of an accounts committee, the Member of the Commission with responsibility for the budget declared: I wish to say immediately that we very much welcome the consolidation of the powers of one of the sub-committees of the Committee on Budgets and that we pledge our fullest cooperation.

Does Mr Aigner wish to interrupt me?

**Mr Aigner.** — (D) I wish to add a few words to what I said because I must unfortunately be leaving for Bonn.

**Mr Ortoli.** — (F) Mr President, I too am a little inconvenienced by this debate since at this very moment, I am playing host to our Luxembourg friends but I owe it to Parliament to be here to reply to the question that you have raised. I also feel that when a motion of censure is tabled, explanations are called for. If my defence were simply to say no, the whole exercise would lose much of its point.

I should like to make a further comment which may surprise you, but is nevertheless true. Generally speaking relations between your Control Sub-Committee and the Commission and its departments have been and still are excellent. This is not simply a personal view; it has been said on several occasions by the members of the sub-committee and notably by its chairman, Mr Aigner.



## Ortoli

The information has been given, our willingness is beyond doubt and you must bear this in mind in discussing a motion of censure. The Commission's attitude has always been positive, and this was a duty when it came to the budgetary powers of Parliament: this too is beyond doubt. I feel that it would be no bad thing to bear those points in mind in considering the important matter we are discussing.

There is, then, the problem of Parliament's power of control. There is also the problem of the Commission's autonomy. As far as the scope of Parliament's budgetary powers is concerned, the first thing to note is that there is no provision in the Treaties or in secondary legislation which requires the Commission to pass on internal documents to Parliament. Essentially, therefore, the problem is a political one; however, we must not forget a number of institutional principles which are a feature of the Community. To weaken or renounce them would serve no one, neither Parliament nor the Community as a whole.

The institutional structure of the Communities is based on four autonomous and independent institutions of which the Commission is one. It is true that by voting a motion of censure, Parliament can force the members of the Commission to resign as a body. However, the Commission is not an offshoot of Parliament; it works according to its own rules and is not subject to the guardianship of another institution. My colleagues and I are convinced that we must safeguard our autonomy and independence in the interests of the smooth running of the Community's decision-making procedure. This being so, we must judge for ourselves whether such and such a document should be forwarded to another institution, and that includes Parliament, with whom we have a special relationship.

You will readily appreciate this reservation: where would we end up if we were required to pass on everything? Let us assume that one of the Commission's departments refers to us a decision relating to a subsidy to be paid out of the budget and my *chef de cabinet* sends me a memorandum on the subject. Could I conceivably have to release a paper of this kind? Let us further assume that the Commission discusses the subsidy, and that its members put forward divergent views recorded in the minutes. Is it conceivable that the minutes should go beyond the institution? To me, the answer seems obvious. The principle of the collegiate character of the Commission's discussions argues against the release of this document.

The reports which the Financial Controller drafts for the Commission deserve very special attention. They call, I think, for two preliminary remarks.

First of all, I would recall that the Financial Controller has a unique position within the Commission and the other Community institutions. Although he is a

Commission official, the Financial Controller is fully independent in the performance of his duties. He thus enjoys complete freedom of expression and any attempt to impair this freedom would jeopardize his independence.

Secondly, I should like to stress that we are dealing here with a special type of report. The Financial Controller's duties are not confined to the advance endorsement of all budgetary receipts or expenditure or to the drafting of reports attesting that he has verified these items. In addition to this, he is entitled to report to the Commission at any time and on any matter relating to the management of the Community's finances. These reports may criticise the existing system and, following discussion by the Commission, a decision may be taken to change the system. The Commission must remain fully responsible for such decisions. The reports in question are therefore an extremely useful aid to self-criticism. The Commission is convinced of the need for such an aid and is determined to do everything it can to make it more effective. In view of both those considerations, the Commission feels that it has no right to pass on reports of this kind, of which the report on malt is an example, to your sub-committee. They merely reflect the views of the Financial Controller and the responsibility for them is his alone. This does not apply to reports containing factual findings directly related to control over Community revenue or expenditure, which the Commission is prepared to make available to Parliament under an appropriate procedure. But if the other type of report were forwarded to other institutions, the Financial Controller would in fact have to answer to them for what he had written. This was clearly not the intention of the Financial Regulation, even if the Financial Controller's independence were not impugned. These reports, then, might well lose their usefulness and value as an aid to self-criticism. Reports liable to be forwarded to other institutions should quite logically be planned and drafted differently from those intended for in-house use only. What is more serious, the dialogue between controllers and controlled, which should be based on mutual confidence, might well be impaired and this would jeopardize the whole basis on which these reports are written.

In short, the Commission's attitude is essentially dictated by a desire to uphold the independence of its Financial Controller, in order to preserve intact the valuable instrument which internal financial control has become after many years of effort. I am convinced that you in Parliament, who have so often and rightly stressed the need for an independent and effective system of internal financial control, share this concern.

**Ortoli**

I would end by saying that this affair should not cast a shadow over the special relationship which has long existed between Parliament and the Commission. Within the scope of our obligations and responsibilities, we have been keen supporters of stronger control powers for Parliament and we shall continue to assist in every way the sub-committee which you have set up specially to perform this delicate but necessary task.

You will pardon me for saying that I personally do not think that we should have been censured for having refused to release a report of this kind. If the Commission had taken a genuinely disquieting attitude towards Parliament, if information had really been withheld, if we had not worked as we have been working for months with your sub-committee, Mr Aigner, if, therefore there was any doubt as to the Commission's willingness to ease Parliament's task of control, then I would understand this motion of censure. In this case, I would ask you to appreciate, on your side, that we need enlightening advice, that we need to make self-criticism and that we need to do it on the basis that the officials whose job it is to help us in this task should be able to express their views freely. Once that is done, we shall inform you. But I do not think that we can go along with you in this instance. I would confirm that this in no way alters the positions which the Commission has made sufficiently clear over the last four years.

**President.** — The proceedings will now be suspended until 9 p.m.

*(The sitting was suspended at 7.10 p.m. and resumed at 9 p.m.)*

## IN THE CHAIR : MR SANTER

*Vice-President*

**President.** — The sitting is resumed.

We shall continue the debate on the motion of censure.

I call Lord Castle on a procedural motion.

**Lord Castle.** — I am sure, Mr President, that the Assembly has rules about a quorum being present, as other meetings have, and I should doubt very much if there is a quorum present now. If there is not, you cannot continue with the sitting. I would like your ruling on that, Mr President.

**President.** — Lord Castle, at this stage we are only debating the motion of censure. It is only during the vote, which, as you know, will be taken on Friday, that a quorum is required by the Rules of Procedure.

**Lord Castle.** — Mr President, is it your ruling — and that, I assume, based upon the rules of this Assembly

— that only when the vote is taken is it necessary for a quorum to be present? In other assemblies — and much less ambitious ones than this one — it is necessary for there to be quorum present while the discussion takes place, and the absence of a quorum can at any time be brought to the attention of the person in charge — the chairman or the president — and he will rule that the debate cannot go on if there is not a quorum present.

**President.** — The rule here is what I have just said, but I readily agree that, for reasons we are all aware of, the attendance is not very high this evening.

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

**Mr Gerlach.** — *(D)* Mr President, may I relate to my very distinguished colleague, Lord Castle, an experience of my own during a visit to the House of Commons. Many years ago, I think it was in 1952, I had my first opportunity to visit that House. There were three persons present, one from the Government, one from the Opposition, and the Speaker. We have a few more than that here now. I am sorry, Lord Castle, but we have been applying for years a procedure allowed by our Rules. During my last trip to London I asked to look in on the House of Lords. Through an oversight, I was unfortunately unable to see this eminent House at work. I was able to look in through a gap in the door and there were fewer members present than there are here tonight.

*(Calls of: 'Lord Bruce wasn't there either!')*

**Mr Gerlach.** — *(D)* That I don't know. Mr President, to our point. I shall begin by saying that I personally and the Socialist Group as a whole are against the motion of censure tabled by Mr Aigner, although I must frankly confess that I am somewhat hesitant after listening to President Ortoli. I simply fail to understand how President Ortoli can infer from the Treaty that Parliament's powers of control are limited. It is absolutely impossible and simply inconceivable that a budgetary authority such as Parliament and the Council of Ministers should not have the opportunity to exercise control down to the very last detail over what is, under budgetary rules, a subordinate institution. I shall add one thing more: Mr Ortoli laid special emphasis on the independence of the Financial Controller in Commission matters. None of us has the slightest intention of questioning or limiting the independence of the Financial Controller. He is there to carry out internal control and has specific if limited responsibilities as regards the internal management of the budget in the institution to which he is assigned. But the Financial Controller is duty bound to answer to the higher body, in other words the Budget Authority, at all times and in any phase of any proce-

## Gerlach

ture. On that point, I personally, and, I am sure, Parliament with me, protest most strongly against Mr Ortoli's views.

But one one thing emerged from Mr Ortoli's remarks, and that is that the question is not one of confidence or no-confidence but of the relationship between the institutions. It is here that my real criticism lies, leaving me in doubt as to whether a motion of censure is justified.

Understandably enough, Mr Ortoli was clearly thinking of the French constitution, and the opportunities open to the National Assembly and the Senate, and was perhaps transposing the Commission as a whole to this level in French parliamentary life. I have documents from Research and Documentation which in fact explain that, at certain times, the National Assembly cannot, as in the Federal Republic of Germany for instance, investigate down to the minutest detail. I have other documents that explain how in other Member States, we have a form of parliamentary control similar to what is found in the Federal Republic of Germany, and this is what the Socialist Group insists on. Ireland offers a classic example — I want deliberately to avoid referring to Germany here — of parliamentary right of control over the executive. Speaking of control in a debate, a member of the Irish Lower House said, 'what we are defending here is the basic principle of democracy, the sovereignty of parliament'? Let me say to Mr Ortoli that this is what we too are doing with absolute right, and with a full sense of duty and responsibility. The Irish delegate went on to ask which organ of state should effectively control. Should it be Parliament, as the country's representative body, or an executive body of the administration? Put in other words, what we are talking about here is the basic question of democracy and bureaucracy. Basically, therefore, the matter is of the utmost importance, for Parliament's control over expenditure, which makes up a large part of parliamentary control in general and of its function in the state — and I should be grateful to you, Mr President and particularly to Mr Ortoli, if you would listen carefully here — depends on Parliaments' ability to control expenditure and the management of funds, and to demand an account of all operations, including the one we are now discussing.

I must say that I am sorry that the Socialist Group cannot agree with the form in which this motion is presented to us today. I read in Monday's report of proceedings that Mr Aigner said he could say that the Control Sub-Committee had decided unanimously to table this motion of censure. I would ask this to be corrected in that the motion did not meet with my approval in the Control Sub-Committee, although I will add that I was not present at the meeting at which the decision was taken, I have been informed by Mr Hansen, however, who was in fact present, that he did not agree. Mr Hansen is unfortunately not here

tonight. I must also say that like Mr Aigner, I argued that this was really not the proper time to table a motion of censure in this context and in this form. I also feel that it is not a good thing to table a motion of censure without first consulting with the political groups.

Mr President, I must point out that this is the third motion of censure that has been introduced in my time here. I am sorry to say that one of them was withdrawn before it came to a vote and that the other was rejected. I doubt whether it is right to bring a motion of censure against the Commission in the precise context of the malt affair. I am also sorry, and I say this with all restraint, that Mr Aigner has embarked on a press campaign which, to judge from the press itself — although he himself may have seen the matter differently — was launched by him as chairman of the Control Sub-Committee. Mr Hansen has also informed me that the Control Sub-Committee as a whole was not advised of the press conference. It would have been better if Mr Aigner had made a statement to the press on his own behalf, and not as chairman of the Control Sub-Committee. I believe that in this context, the motion of censure is not the proper way to strengthen the European Parliament's powers of control.

And now a candid remark. During the last two hours Mr Aigner asked me how I stood and I told him clearly. He reminded me that at the last but one meeting of the Control Sub-Committee I had said that there was another way of persuading the Commission to produce the documents. We could refuse to grant the Commission more money or funding facilities. He then said that this would damage the Community as a whole and would not hit the Commission, against whom his motion of censure was directed. But one thing has become clear today, and I should like to repeat it: in my view, it is not a question of no-confidence, but of settling Parliaments' relationship with the Commission as an institution. I should like to stress once more that, unlike Mr Ortoli, I take the view that Parliament, as the controlling body must, have every conceivable facility for the purpose. There is therefore no need, in my opinion, for a motion of censure.

Mr President, for lack of time, Mr Aigner hesitated to bring the motion of censure to a vote, because the present Commission — and I also said this at the last meeting but one — has only a short time to go. If I could consult the humorous member of the 'Any Questions' panel, I would have to ask him if striking down a dying man is murder or manslaughter. The normal answer might be that there are two ways of looking at it. In this case there is only one, and the answer would be that it is desecration of a corpse, for when the motion is carried through, the Commission will no longer exist. It is still moving but dying on its feet, Mr Aigner.

**Gerlach**

I should like to say something else to the Commission in connection with Article 89, which confers certain powers on the Audit Board. It says that the Board must have access to all information it considers necessary for the performance of its duties, particularly on controls that have been carried out in accordance with Community regulations in departments which are involved in the management of the Communities' budget and carry out expenditure for the account of the Communities. Parliament, as the Budget Authority, has at least equal rights with the Board of Auditors. The article goes on to say that all documents relating to the letting of contracts, all cash-books and inventories, all accounting documents and related supporting evidence, administrative documents and vouchers relating to revenue and expenditure should be made available to the Board of Auditors. And I would add 'to Parliament'. I fully agree with Mr Aigner in substance but I do not believe, Mr Bangemann, that a motion of censure should be brought against the Commission on such a triviality. It is here that I disagree with him.

And now a few words on the future legal position. The final decision as to the form of the Financial Regulation has not yet been taken. This morning, the European Parliament proposed that a provision should be written into Article 92 A of the future Financial Regulation, whereby European Communities' authorities and officials should provide the European Parliament with the information and documents it requests for the purpose of exercising control over the entire budget of the European Communities. As far as I remember, the Commission did not raise any objection.

I shall soon have done, Mr President. Since we have before us a motion of censure which the political groups have not had time to discuss, I should like to say that the Socialist Group cannot pronounce at this stage, since it will not be discussing the matter until tomorrow. But in all fairness, Mr Aigner, I must say what my own views are. I agree with and fully support you on point 1. On points 2 and 3 I have misgivings which I shall explain to the group tomorrow.

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

**Mr Bangemann.** — (D) Mr President, I shall begin with a few comments on procedure since it is most important for us to agree on what we are talking about. There is no doubt that the motion for a resolution which has now been distributed changes the procedural picture. This motion which, incidentally, was not tabled by Mr Aigner but by Mr Vernaschi on behalf of the Christian Democratic Group, and myself on behalf of the Liberal Group in agreement with Mr Aigner, will perhaps make it easier for the Socialist

Group to reach a decision. The motion raises the procedural question, which Mr Gerlach too referred to in his speech, of whether — assuming that the Commission deserves to be censured — it is advisable and politically desirable to bring this motion against a Commission whose term of office has only a fortnight to run.

Politically, there can be no doubt that this is not a particularly satisfactory situation either for Parliament or the Commission. For this reason we had agreed to ask Parliament to state first its position in the matter but to hold back the motion of censure as such until the new Commission has had an opportunity to go over the matter and then, depending on its attitude, to vote on a motion of censure at the February part-session.

I believe that this would give Parliament a reasonable opportunity to uphold its political rights and, at the same time, to avoid the impression that we were looking for a cheap way of throwing a motion of censure at the outgoing Commission and declaring the matter settled. Quite the opposite! This is not simply a problem that concerns the outgoing Commission but, as its President himself made it quite clear, it is actually a question of principle, Mr Gerlach, and here, I must take issue with you. Questions of principle always arise over apparently minor matters of secondary importance. But the truth is that such apparently minor and secondary matters form the substance of this question of principle.

But — and I come to the second point I wished to make on behalf of my group — the precise question before us is this: how far do Parliament's rights of control go, how far do they impose on other institutions the obligation to provide information? You can only decide on this question when it involves a clearly specified document. In other words, whenever the Commission refuses to release a document, even if it is only a letter, this question will crop up as a matter of principle. To that extent, I cannot agree with your assessment that we are dealing here with a triviality.

There are two ways of dealing with this question of principle. You can either fall back on a legal position — and my impression was, Mr Ortoli, if you will allow me to say so, that yours was a highly legalistic argument, that you withdrew in force to a legal position — or you can take a political approach. They are undoubtedly intertwined but I should like to distinguish between them for a moment.

If we take the legalistic view we can say: if you please, ladies and gentlemen, look at the Rome Treaties and the other Treaties. Where is it stipulated that the Commission should release an internal document, as Mr Ortoli said, to Parliament or any committee? The Treaties, of course, say nothing to that effect but this won't do from a legal point of view. And here, we

**Bangemann**

must be grateful to and support Mr Gerlach, who cited a whole series of legal premisses which can be adduced, or from which it can not only be inferred, but clearly taken that the Commission is under an obligation to submit such documents to Parliament.

There is a second legal argument. If Parliament can pass a motion of censure on the Commission, thereby forcing it to resign, this means that the Commission stands in a relationship of legal and political dependence *vis-à-vis* Parliament.

As the Treaties of Rome were conceived, however, the only opportunities open to Parliament lie in its advisory, and hence control function. There are no other opportunities open to Parliament either in the budgetary or the legislative rights conferred by the Rome Treaty. If Parliament's only opportunity lies in its advisory, controlling function, it must be concluded from its power to vote a motion of censure in this context, that the Commission has a natural and full obligation to provide Parliament with information. This is beyond any doubt whatsoever.

Now the Commission's argument here — and we have heard it not only from its President but also during the proceedings of the Control Sub-Committee — is this: that is right and proper where official documents are concerned; it is wrong when it comes to internal documents, especially those drafted by the Financial Controller who works within a Commission frame of reference.

Mr President, ladies and gentlemen, what sort of distinction is this? If we were prepared to accept it, it would mean the end of any parliamentary control, for we should have to work only with documents officially released by the Commission, with the Commission stamp as it were. This is how we see the matter. These documents are sent out and they alone can be subjected to parliamentary scrutiny.

But viewed against the background of parliamentary control, this is such a weird view that one is almost tempted to reject any situation which takes it as a basis. The Commission, after all, is not a private company, is not, shall we say, a marriage, in which one of the partners can say that these are letters from my old love, and I am now going to tie them up with red or blue ribbon and hide them away, and I expect Parliament to show common courtesy and not to open them. There should be no such papers in the Commission. There can only be political documents in the Commission. There is no such thing as internal documents, at least from the point of view of parliamentary control. I would ask you to remember that we are not quarrelling over a document that did not see the light of day as it was only a Commission opinion which was not accepted. We are talking here about the facilities for parliamentary control. In other words, it is precisely those documents which the Commission

says are unofficial that are the most important in this respect. As a member of the Control Sub-Committee, I am not interested in what the Commission said in Document 057 published in 1976, but I must be interested in what the Commission has — if you like — in its files with which it partly controls its own conduct.

That your argument is incorrect, Mr Ortoli, will be clear from the following consideration: during the discussions and meetings of the Control Sub-Committee we asked the representatives of the Board of Auditors, the official audit body, if the Board had the opportunity to look at such documents. The Audit Board representative, in a voice of deep conviction, said that whenever he had a submission to make, he naturally had access to the reports, and since those reports by the Board of Auditors are unquestionably discussed by Parliament as a whole, and since the documents on which these reports are based must also be made available for those discussions, you are clearly asking us to take an unbelievably roundabout way when you say: we are not prepared to release those documents, for you can obtain them through the reports of the Board of Auditors.

I do not therefore find convincing the legal argument you have put to the House. Let us now look at the political arguments. I should like to say immediately that in many respects, our relations with the Commission, including this Commission, have been most gratifying. I wish to make it clear that as a parliamentarian, I do not speak from a sense of dissatisfaction, that I do not claim that the Commission, including this outgoing Commission, has taken no more than a neutral position in the discussions on more extensive powers for the European Parliament. On the contrary, the Commission was our closest ally and supported us in our endeavours.

I therefore find the present argument all the stranger, and I believe that we must therefore raise it to the level of political argument.

What political arguments did you adduce, Mr Ortoli? You said that the Commission had not refused to inform Parliament, and had on several occasions offered Parliament and its sub-committee the assistance of all the Commission's departments. That is true but is naturally no consolation, for our concern was not to obtain, orally or in writing, just any information, no matter how detailed; what we were interested in was this particular document. I would ask you to imagine the situation, Mr President. Members of this Parliament's Control Sub-Committee read in the press substantial parts of a report which the Commission refused to release to us, partly on the grounds that it was confidential.

As a member of the Control Sub-Committee, I said that we were prepared to go far beyond the confidentiality which the Commission is apparently in the

**Bangemann**

habit of observing towards journalists. This means that at bottom, you had no reason to argue from the principle of confidentiality, and the assistance of your departments does not help us if we cannot obtain this report ourselves.

Thirdly, you said that it was a question of principle and also a question of form. Fair enough! We clearly perceived in the Control Sub-Committee that a principle might be involved, but only a principle of confidentiality and no other, and we suggested a procedure — as Mr Aigner has already explained — which would have fully guaranteed that confidentiality.

And now I come to the last big political argument that you and many other members of the Commission have put forward along with those in charge of internal financial control. What you said was this: very well, Parliament can demand that, but it is an end to internal financial control. It is an end to the Financial Controllers' independence, for if he knows that his reports might be discussed by a parliamentary committee, he will never make that kind of report again, at least not in the same candid way as before.

Mr President, what sort of argument is that? What logic lies behind it? Looked at more closely, it can only mean this much: the Commission amicably sweeps under the carpet the mistakes made by its members. In German we would say that crows do not pick each other's eyes out. And whenever a report of this type becomes the subject of parliamentary discussion, the Commission closes ranks and says: the time has come to defend ourselves from outside attack.

This argument rests on the assumption that parliamentary control has a different purpose from the Commission's internal control, and that is wrong.

It is not our purpose to arraign the Commission, it is not our purpose to conduct this debate as it has been conducted today and in our many meetings since June or July — we on the Committee have said time and time again that our purpose is to work together with the Commission, with each of its members, and with the internal financial control service in order to ensure in all confidence that abuses for which perhaps no one is responsible can be eliminated. That is the common purpose of the Parliament's and the Commission's control.

And I put it to you, Mr President, that at bottom, it might be somewhat insulting to suspect Parliament of pursuing a different purpose. It is now being said that the Financial Controller might perhaps not be able to reckon on promotion. But, good heavens, if he perhaps has trodden on a Commissioner's corns, that is surely just as bad as if he accepts the fact and informs the parliamentary committee immediately, for we might perhaps even be able to console the Commissioner. We might say that the Financial Controller was wrong and the Commissioner was

right. This is why I have no time at all for the arguments put forward by the Commission.

I now come to my conclusions, which also reflect the position of my group. We should have been reluctant today to support the motion of censure and for this reason, we have drafted, in agreement with its author, a motion for a resolution which allows the Commission — and I mean the new Commission — to think again.

But at this point, Mr Gerlach, I must tell you quite clearly that I should be quite indifferent as to who tabled such a motion, in what circumstances, on what terms and with what procedural errors. I do not care who it is in this House. If he is in the right and if he is upholding the interests of this House, then I and the Liberal Group shall support him, regardless of his political hue. If I have ascribed to you, Mr Gerlach, motives which were not yours, I would beg your pardon; but then please, draw the proper conclusions. In today's argument, Parliament is in fact faced with the question of whether, for internal or any other reasons, it wishes to relinquish an essential right it can claim today, the right, that is, of undivided and unrestricted control. And this responsibility you will bear yourself if you reject the motion. I believe that this House should be at one on this issue, for an institutional conflict is not decided between the political groups, an institutional conflict is decided only between the institutions. I am sorry to say so, Mr President, but in this case it is a conflict between Parliament and the Commission; and the Liberal Group is on the side of Parliament.

*(Applause)*

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

**Mr Shaw.** — Mr President, I will speak very briefly, as I made my first speech in this Chamber at nine o'clock this morning and, frankly, I think that we have all had a long day, following a long day yesterday. But I felt that I must speak, because there is a principle involved here, namely the supremacy of Parliament, and I think that the chairman of the Control Sub-Committee is right to defend that supremacy because, whatever rules we care to make, that I think must be the cardinal rule.

But having said that and having accepted that this present case comes under this principle of the supremacy of Parliament, I am bound to say that I have given a lot of thought to this matter both in regard to this case and also in regard to the drawing up of the new Financial Regulations which were referred to by Mr Gerlach earlier. It is right that we have today passed Financial Regulations that tighten up our control in many fields by insisting on reports in various fields and also by insisting under Article

**Shaw**

92a that documents and information in the context of control shall be submitted to us. I think we are now getting it right and clearly if financial control is finally agreed between us, apart from one or two small exceptions mentioned by Mr Cheysson earlier today, then this procedure will come into being.

I may say that I do feel that the presentation of this motion as originally envisaged by Mr Aigner came at a very difficult time and that probably it is better if we do adopt an alternative form of dealing with the matter. We see the difficulties.

But I want to look not just at this particular case, I want to say a word tonight about the general position, because I sometimes feel that we in this Parliament talk a lot about our rights, but not always quite as much about our duties.

*(Cries of 'speak for yourself')*

Well, I do speak for myself, and frankly I would never dream of speaking for certain other colleagues in this House, but the point is this: we in this Parliament have no control over each other. If information is given to us in confidence and we hand it straight to the press, there is no redress at all and this cannot by any stretch of the imagination be regarded as a help in preserving the well-being of the Community. Clearly there are confidential documents and we may ask to see them confidentially. Mr Aigner has done his best to stress the lengths that he is prepared to go to in the Control Sub-Committee to preserve their confidentiality but if, despite the steps that he or anybody else takes to see that the things remain secret, they are not kept secret, then in fact we sow distrust among all the other institutions from whom we are claiming information, and this cannot in the long run do any good for the Community or for this Parliament.

Now certainly in my own country, should somebody break a confidence of that sort, we have the power to arraign them before the House and lock them up in the Tower of London if we want to; I am not saying it often happens, but nonetheless the power is there. I am bound to say it is thoughts of this kind that exercise my mind very much indeed, namely that we have a duty to show that we are in a position to keep our own house in order. What I am suggesting, Mr President, is that I would very much like to see some form of committee of this House able to call evidence from the Commission and the Council to discuss this matter quite openly in order to set up the conditions in this House whereby we can undertake, with a strict sense of duty, to receive confidential information and enforce the keeping of it as confidential. And I believe that there are other ways of dealing with such matters as well, because clearly, not every time do we need to send for the actual documents. Matters can be

dealt with by reports, with confirmation from the Audit Board to the effect that a report is substantially correct, without looking at the other documents.

But I fully accept that the supremacy of Parliament must override normal practice. I do believe that a committee to establish a normal practice that is understood and respected by all institutions connected with the Community would be of great help to the future smooth working of Parliament. And so I would suggest to the House that such a committee should discuss this whole question of usual practice and the duty of Parliament to insist on and enforce confidentiality. I will say no more than that, as it is very late, Mr President, but I do think that this matter does need looking at in wider perspective than in this particular instance, and I have thrown these ideas out for the consideration of Parliament.

*(Applause)*

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

**Mr Masullo.** — *(I)* Mr President, this evening we are discussing a question with a twofold aspect: its formal and legal nature and its substantive policy side. I certainly do not think that it helps our problem to resort to a slanging match between Parliament and the Commission, but that instead we ought to try to analyse as quickly as possible — and, I would say, as a beginning — a situation that certainly deserves a long discussion at a later date as well.

Our Parliament — and everyone of us knows this — is an institution, *sui generis* because all parliaments express a will, whereas this Parliament admittedly has a will, but one which is, unfortunately, largely ineffective. On the other hand we are moving in the direction of history. The very fact that we shall shortly have an elected Parliament means that we are not standing still but advancing towards a certain goal whose nature, precisely, is one of substantive policy.

Today, with regard to a question such as that raised by Mr Aigner's motion, the fundamental issue is that of Parliament's power, right and, I would say, duty of control. But this subject too has two aspects: that of formal and legal control, and that of substantive and political control. And it is clear that each of the two contestants is taking refuge behind only one of these two aspects, whereas they ought to be seen in correlation. The fact that the Commission is today more or less at the end of its activity does not mean that there should be no debate or that it should not be conducted extremely energetically, because it is clear that we are not indicting Mr Ortoli or the Commission in the form of specific persons, but the Commission as an institute, and therefore it is clear that what we say is intended for the Commission, not the people representing it at this moment.

### Masullo

Now what is the nature of the relationship between the two institutions, the Commission and Parliament, in their present form? Certainly, when it is said that Parliament has a control function, and the Commission replies that this control function cannot extend to the internal activities of the Commission, I would qualify the type of viewpoint underlying this argument as constitutional and formal and suggest it could be expressed by the term 'balance of power'. There is one power on one side and another on the other. Neither of the two powers can poke its nose into the secrets of the other — a purely formalistic conception, therefore: two powers, one facing the other.

But this, Mr President, is precisely the constitutional conception that precedes the birth of parliaments in the more modern sense of the word. It is the conception that precedes in substance that heritage — the heritage of the French revolution — that makes parliament the expression of the sovereignty of the people. Naturally, when for example parliaments were fora for the powerful chiefs who met in order to decide what they would contribute to the wars of the sovereign, there was an exact balance of power which had to be carefully maintained. Its terms were those of a strictly legal and formal relationship. In this case, Mr Ortoli's argument would apply, according to which the Financial Controller is basically one of the Commission's internal organs, whilst we are another power. He can therefore say: 'We must balance each other, and therefore you must not interfere in our affairs.'

But, precisely on this point — and keeping to the idea of a legal and formal relationship, that of the balance of power — I would like to ask Mr Ortoli this question: if the financial control is an internal function, how can he speak of the independence of the Financial Controller? If the Financial Controller has any independence, he has it to the extent to which he is not hierarchically or functionally dependent on the Commission. But if he performs an internal function, he ceases to have any independence.

That this is an open question even inside the Commission is clear from the fact that from Mr Aigner explanatory statement — about his motion of censure — we hear that, at the meeting held on 29 November 1976, a senior Commission official stated that the Commission was prepared to make the documents available to the Audit Board of the Communities but not to Parliament. But how is it possible to make available to the Audit Board a document belonging to one of the Commission's internal organs as such?

If the organ is purely internal, such a document can in no case be made available to the Audit Board. To the extent to which the Commission is prepared to make it available to this kind of body, the function of its organ ceases to be internal and becomes autonomous and independent and, as such, it has an independent existence in relation to Parliament as well, and Parliament regards such an organ as a body it can speak with.

These are the purely formal terms of the question, but the issue here is not purely one of balance of power because we are a Parliament which, although not yet elected by universal suffrage, is formed of representatives of national parliaments elected by universal suffrage, and is the precursor of a parliament directly elected by the peoples of Europe. It is therefore a Parliament in the modern sense of the word and the trustee of the popular will.

Once we speak of a Parliament which expresses the popular will, the concept of the balance of power disappears. If, in fact, Parliament is the expression of the popular will, what other organ of statutorily organized society can be outside its control?

If there were such a case, we would be picturing a society that was democratic solely in appearance, a kind of democratic society in which we could once again have separate offices, and separate powers, not coming under the powers of Parliament.

This is the point. It is true that our Parliament is not yet elected by universal suffrage and therefore does not fully express the popular will, but it does express it in the putative sense, through the will of the freely elected parliaments and as the precursor of a parliament elected by direct universal suffrage. It is clear that we are not faced so much with a conflict between two powers as with an historic conflict between the beginning of the Community institutions, through a centralistic drive — although formed of several centres (the individual governments) — expressing itself in the activity of the executive (the Commission), and a new reality, the true reality of a democratic parliament elected by universal suffrage. As regards official secrecy, Mr President, we Italians, have had our fill. Although it has nothing to do with the problem of the Commission and the Financial Controller, it is certain that official secrecy was used in Italy as a pretext for not proceeding with the 1969 bombs case. That was in the name of official secrecy, and this is the danger of the principle. And in any case, Mr President, what secrecy would have been violated? We should not forget that Parliament's organs are the committees whose meetings are not public but secret. The fact that another organ of the Community should be asked to present its own documents, and to express its own convictions and views before one of Parliament's committees at the same time meets the requirement for confidentiality that certain political operations obviously demand and it also — and fundamentally — meets the requirement that Parliament should be supreme in the exercise of its control. And this is a basic question: there is no summit, and therefore practically any power can play hide and seek. Conversely, in the contemporary conception of democracy there is a summit represented by the supremacy of the people expressed in a parliament elected by universal suffrage.



**Masullo**

This seems to me to be the heart of the question. The real conflict is not with the Commission — which in all its past activities has certainly shown itself to be very willing to meet requests from the Council, while towards Parliament it has often shown itself to be obdurate. If there is a balance of power, it is out of balance. For us the conflict does not exist between powers. We see a conflict between a past that is disappearing and a future that we are preparing. This, Mr President, is why the position of our Group is clear on this point. Certainly we cannot adopt the motion of censure as it is, since it raises a number of points of uncertainty, precisely because of the efforts of all of us to make progress in this matter.

Our group has not yet decided upon its position ; it will do so at its meeting tomorrow. But I believe that, apart from this expression of opinion by vote, the importance of Parliament's role demands that there be a clear analysis of the situation, bringing to light the basic problems, if we are not to remain chained to an obsolete balance of power situation, and if we really wish to move towards a new and democratic reality, not only in form but also in substance. Without this new reality — of this we can be sure — we can have the finest debates in the world, but we shall never go further than ratifying what takes place in the stock exchanges, nor succeed in creating a politically and socially new Europe.

*(Applause)*

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

**Mr Notenboom.** — *(NL)* Mr President, I note that almost all — in fact all — the speakers agree on the desirability of setting up a control sub-committee. But they do not agree on the question as to whether a motion of censure is the right way to achieve the committee's aims. Mr Gerlach described it as a drastic means of achieving an aim which he himself considered as desirable one. I realize that, but in this particular case time is also an important factor. We in the subcommittee to which I belong did not receive an final 'no' from the Commission until the end of November. I repeat not until the end of November. If we had heard that 'no' a little earlier there would always have been the possibility ; which I myself would then have preferred, of tabling a normal parliamentary resolution, which always requires more time ; Parliament as a whole could then have placed itself squarely behind the wish of the subcommittee and directed a parliamentary request to the Commission, probably through the Committee on Budgets. In the short space of time at our disposal this could not be done. Now it would be wrong to wait until January, because the new Commission would then have a procedure on its hands for which the present Commission bears the real responsibility ; the new Commission could then justifiably as why the criticism was

not directed at its predecessor which bears the real responsibility for the procedure and for the tension which has been created. Pressure of time has compelled us to take this course of action, which I do not consider the most appropriate ; but in the circumstances, it seemed necessary. It is now a pity that this has become or seems to be becoming a question of prestige. A matter of prestige for Parliament and perhaps too for the Commission ; this was not necessary and is certainly not desirable. I and my group clearly recognize that Parliament does not have the right to see every internal document of the Commission. On that point we agree with Mr Ortoli. The proper functioning of the Commission's services, and especially of internal auditing might then be jeopardized, but Mr Aigner has not asked for documents in general terms, and the Control Sub-Committee does not want a general right to see every document of the Commission ; that is certainly not the intention.

This is an exceptional case ; we are concerned with a specific document which to everyone's regret has attracted a great deal of attention and involves a great deal of money. The Control Sub-Committee must where necessary have access to the basic documents involved in one way or another — and in this instance the document would remain confidential. Mr Ortoli, our sub-committee has in the past cooperated satisfactorily with your services in taking cognizance of certain confidential documents. The procedure has worked smoothly. And I see no reason why it should not on this occasion. Our Control Sub-Committee has certainly no intention of turning this exception into a general rule.

In closing my short speech I venture to hope that we shall be able to eliminate questions of prestige from our debate. Our group, as Mr Ortoli knows, has a great deal of appreciation for his work and for the work of Mr Cheysson, as I pointed out this morning. This House will also not be surprised to learn of our respect for the work of Mr Lardinois, under whose responsibility the malt policy falls. We are not attacking anyone ; we simply want the recently formed Control Sub-Committee of this Parliament to be able to do its work. It is not a pleasant task but one which is extremely time-consuming and tedious. However, it is a job which must be done in the interests of democratization of our European Community. In that spirit I appeal to the Commission to render all further procedural debate superfluous by making the document available now. That would mark the end of any unpleasant procedure.

*(Applause)*

**President.** — I call Lord Bruce of Donington.

**Lord Bruce of Donington, (Socialist Group).** — Mr President, the origin of this motion of censure appears to be the refusal of the Commission to supply a document, and I emphasize the word document, to the

### Lord Bruce of Donington

Control Sub-Committee. Mr President, if this document is of value or would be likely to be of value to the Control Sub-Committee, it should be valuable only to the extent that it contains facts, because that after all is what the Control Sub-Committee is trying to find out — facts. If the document they are seeking to obtain contains facts, and if those facts are not confined to the knowledge of the person that drafted this document — or memorandum, whatever it may be — it means that these facts, however they may be drawn up and assembled in the document, are already available inside the Commission. Now, Mr President, I don't know to what extent Mr Aigner and his colleagues have proceeded with their investigation. I don't know what questions they have asked. I don't know what form their interrogation has taken, but I can assure Mr Aigner and I can assure the House, as one who has been engaged professionally on investigation for the past thirty years, including investigations of fraud, that the ordinary process of cross-examination of witnesses, the comparison of answers of one with the answers of another, pretty soon enables one to know who is lying and who is telling the truth and also opens up lines of enquiry which can then be further pursued. I say this, Mr President, because I am not sure how far the investigation has gone or what methods of interrogation have been used. Now, I have the reputation in the House of being second to none, I trust, in defending the rights of Parliament against the executive. In fact I am going to ask my colleagues on Thursday to have the courage to follow my lead, so I can be acquitted on that account.

But what we are after, Mr President, in this case is the ascertainment of the facts relating to what has come to be known as the 'malt scandal', in which I may say I played a part myself in drawing the attention of the Control Sub-Committee to it in the first instance. So I speak with some knowledge of it.

What I am a little worried about is this — and the matter occurs in national parliaments: there are very frequently cases where civil servants in national governments of the Member States do prepare and send confidential memoranda to one another, and they are entitled, when they prepare those memoranda, to feel sure that their confidentiality is going to be respected. Otherwise, you will speedily arrive at a position where no civil servant, whether he be in the Commission, the Council or a Member State would ever be prepared to offer an opinion on his own account.

It may well be that the document complained of in this case contains the considered and confidential views of one member of the Commission staff to another, and it may well have been written on the understanding of confidentiality within the civil service itself. Indeed, the normal procedure in the United Kingdom in a case like this would be for the

comptroller and Auditor-General first of all to be appraised of this and then to appraise the Public Accounts Committee.

Now, Mr President, I repeat, we do not know the facts yet. But I suspect that methods of interrogation, short of the production of the document itself, would be quite sufficient. Therefore, I am prepared, for the moment only, to allow the matter to rest. But were I ever convinced that the Commission were deliberately trying to withhold information from the Control Sub-Committee, then I myself would not only participate in the motion of censure, but I would initiate one. I prefer, therefore, for the moment, and bearing in mind the Commission's position on the oil documents which have already been complained about, to let the matter rest and until there has been a full report from the Committee on Budgets.

*(Applause)*

**President.** — I call Mr Molloy.

**Mr Molloy, (Socialist group)** — Mr President, this is a very serious issue that Parliament is discussing tonight and I hope that the contributions that have been made will be noted by the Commission and that the Commission will fully appreciate the intense feeling that exists amongst us parliamentarians with regard to this particular issue.

The case was explained in great detail by Mr Bange-mann who made quite a number of suggestions which ought to be taken into consideration, although I am equally bound to say that, in the true Liberal tradition Mr Bangemann jumped in the saddle and proceeded to gallop off in all directions at the same time. But the real contribution that impressed me, explaining how we ought to deal with this in the future, was made by Mr Shaw, and I support what he said. It is difficult for us, as indeed Lord Bruce has said, to examine in detail something about which we do not have full information. What is reprehensible is that we would not be having this debate were it not for the fact that apparently someone somewhere gave to the press information that MPs were not allowed to have. Were it not for that, the probability is that this debate would not have taken place, and the alleged secrecy on the part of the Commission would have been continued and the undermining of a democratic parliament would have continued with this venomous tunnelling that has been going on. Therefore, I am bound to say that I support Mr Shaw in that, perhaps the way to deal with this sort of thing in the future is to appoint a 'committee of privilege', a specialist committee to examine all that is involved for this Parliament and to invest in such a committee, as Mr Shaw has said, full powers to call before them witnesses whom they wish to interview. On the basis of the report that they would submit to Parliament we could then at least have an informed discussion.

**Molloy**

I think that we would all agree that the Commission has immense tasks, and with those immense tasks the Commission has immense responsibilities, and we all appreciate the tremendous work done by the Commission and its staff. One of the very important tasks that they have is the provision of data to us as MPs, to assist us in determining our views, our attitudes and, perhaps ultimately, our votes on behalf of the people who, by whatever method, sent us here. If, therefore, someone is withholding information that we ought to have to determine what this Parliament ought to do on behalf of the people who sent us here, it is a severe crime against ordinary people that has been perpetrated, rather than one against members of this House. That has to be acknowledged, because I believe that this Parliament cannot function efficiently and democratically — and it must do both — unless there is a reciprocal confidence between the Commission and the members of this House in reflecting the desires and aspirations of the people who sent them here. Anyone who interferes with our efficiency by withholding information from us is betraying people who sent us here; no Commissioner whatsoever can stand for long if that charge is proved against him. That we have to make quite clear.

I think it not unreasonable to assume that the Commission will take serious note of the concern that has been expressed here this evening. There has already been an expression of censure; but I would hope that it is one that will prevent the need for a subsequent vote of censure. That is why I believe that the Socialist Group has taken the right attitude in supporting this expression of censure and not carrying it through on this occasion to a vote of censure.

I would say in conclusion: let the Commission note our expressions, let them realize that we are gravely apprehensive, that we will not stand for one moment for any repetition of a cause for this Parliament to have such a debate. If that attitude is adopted by the Commission, we acknowledge that out of this painful debate a great deal of goodness can come, which will lead to better liaison and better cooperation with Parliament and the Commission for the people of this Community whom we are responsible and whom we serve.

*(Applause)*

**President.** — I call Mr Aigner.

**Mr Aigner.** — *(D)* Mr President, ladies and gentlemen, firstly I would like to thank all the speakers warmly for recognizing the problem as such, and accepting that it is not just a question of the interest of a committee or a group or even one man, but that what is involved is one of the essentials of this Parliament, namely whether it is prepared to safeguard and protect one of the vital and few rights that it possesses.

Mr Ortolí, you dwelt at great length on the malt affair itself. Allow me to say in all modesty that this is not what today's debate is about. I am even convinced that the criticisms made outside, and the assertion that this is a big scandal have no relevance. What is relevant is that, because it has been taken by surprise, the Commission has been faced with situations it has failed to recognize in time, causing it to react too late. So there is no scandal, just a defect in the system, and what we wanted was no more than to talk over ways and means of avoiding this in the future and deciding how we can develop instruments enabling the Commission to react more quickly to events on the market. This was all we wanted, nothing else. But, if you will forgive me, Mr President, this debate is about 100 million belonging to the Community. This is therefore a matter that we have to discuss dispassionately. This — and this alone — is why control is necessary.

Neither is there any question of a confrontation with the Commission — quite the contrary. Here I am thinking of an article that appeared in recent weeks in a magazine in the Federal Republic. If something unfavourable had been said about me in it, I would have said, 'thank the Lord they said nothing in my praise.' In other words, if someone is attacked in the magazine, he immediately has my sympathy, and a Commissioner was attacked in it, in an exceptionally vicious manner. If, as Control Sub-Committee, we do not react, and if the public ask us. Is this true or not? Then we have to have access to the necessary material to check it, and this material is in the form, not of Commission papers for publication, but of internal papers. You say, Mr President, that internal control must remain independent, but have you any idea of how your internal control aches for the backing and support of this Parliament? That is another thing you need to realize, Mr President. Control means independence, but it also means backing, and in all directions — *vis-à-vis* not only the Commission but also the Council of Ministers and Parliament, and in particular *vis-à-vis* the Commission.

You say, Mr President, that this Parliament has the right to give a discharge to the Commission, but I have been hearing this for the last sixteen years. A discharge can be given by this Parliament on its own responsibility only if it has the same access to all the information and documents that the other institutions — the Council and the Commission — have. So what is the value of an empty discharge formula given by this Parliament? In the three years that we have been giving a discharge, you know very well, Mr Bange-mann, what we really have in the way of access. We need to find the road to take in order that we can, at last, enter into a dialogue with the internal control and with the external control and the Commission — not as antagonists, but as partners.

**Aigner**

Mr President the issue is not the fact that there is so much fraud in this matter. Of course, if you have a budget running into thousands of millions and if 70 % is paid out to the agricultural sector alone, for which planning and market guidance measures have to be implemented, it is understandable that the negative elements of the market will naturally make a grab at it — that is self-evident — but Mr President the real mismanagement of the European Community is not explained by, fraudulent practices, not even as much as 5 %, but by mismanagement, because Community law is applied with discrimination.

These negative facts results of simple failure to react are of course bound up with what happens when there is a market regulation. For this reason both Mr Bange-  
mann and I prefer a liberal market organization — not a planned economy.

Mr President, there was one thing about which I was most surprised — your definition of internal papers. Of course, Mr President, sensitive matters — and control should in fact deal purely with sensitive matters, this is the principle of control — sensitive matters should not be made public. But I am very grateful to Mr Shaw for raising the question of duties as well, because a parliament that wants to act as a partner in these matters must heed not only its rights but also its duties. Mr Shaw, on the basis of our discussion and our experience in the Control Sub-Committee, I have more or less agreed with the Chairman that we should very shortly hold a discussion in the Committee on the Rules of Procedure about these duties of Members of Parliament, with particular reference to confidential debates and dialogue. Here we are certainly not in NATO but, Mr President, here too there are matters that must be treated in absolute confidence if we want a partnership with the Commission and the Council for the backing it gives and in the best interests of this European Community. Indeed our only goal is the Community itself.

Allow me to conclude, Mr President, by dealing with one or two further arguments. I shall not repeat what Mr Bangemann said, I can only stress every point he made.

I would like to answer Mr Gerlach on a few points. On the one hand, Mr Gerlach, you said — and to me this is not quite logical — that you were in complete agreement with the motion; Parliament's rights must be defended to the full. Now I do not know, Mr Gerlach, how long you have been a Member of this Parliament. I have been one for 16 years. But when I glance through all the decisions we have taken and analyse what the effect of Parliament's resolutions has been, then I must say that we might just as well have done without 99 % of them. Both the Commission and the Council labour under their own constraints, and these resolutions alone — without any position of power, and without the will to make use of a position

of power — remain empty decisions. That, unfortunately, is the law of our time. So what other way is open to us except to say: if you do not accept us and these nights we have, then I shall defend this one and only right we have against the Commission — regardless of the liking I may, and do, have for you Mr Ortoli — because this right of Parliament is vital in creating the European Community of tomorrow. That states the problem.

I may have made mistakes myself. Under the pressure of time prevailing on us here, it is now surprising that we should make mistakes in the way we do things; that I will certainly not deny. Of course if you would just look at the motion, you would see that it is exactly the way to avoid the mistakes that may perhaps have been made.

Mr Gerlach, I have spoken to Mr Spénale and he has let me know that he is in full agreement with the motion for a resolution.

I am convinced, Mr Ortoli — please tell this to your successor, although you will certainly be a member of the new Commission — that this Parliament will call for a decision from you — from this new Commission — by February at the latest on whether you accept partnership in parliamentary control as well. But you must then also bear the responsibility for the conclusions that this Parliament will then draw.

It is already late and I shall conclude shortly. Control of the European Community is a duty which the Paris Conference gave to this Parliament. This Parliament is under an obligation to perform this duty, the more so in that, in a few months time, it will be entering into an election campaign and spurring millions of European electors into action. How, Mr President, will we be able to motivate them if we cannot say that we are watching over this process of European integration, so that if we demand sacrifices from European taxpayers for this process of integration we can also guarantee that we shall do everything that is humanly possible to see that their sacrifices will contribute towards the objective of a united Europe. That is our duty.

*(Applause)*

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — *(F)* Mr President, there are a few points on which I would like to be perfectly clear at the close of this debate. The first is that if there is a field in which Parliament and the Commission have worked together with the same objective, namely defence of the rights of the citizen, it is that of control, precisely in order that the citizen may be sure that the money he gives to Europe is used in the best possible way. I would not be so naive, after a political career which is already fairly long, to imagine that everything we do is perfect. I believe that what has to be expected of a

## Ortoli

government or a Commission is not perfection but, first, the maximum of common sense and energy and, second, a very keen concern in its day-to-day management of affairs for what is indeed the right of our citizens and our Parliament, namely the best possible use of public money. I do not forget that this is the way in which a certain form of democracy actually began in several of our countries.

Those who have followed the debates in this House — the specialists and all members of Parliament — are aware of the efforts we have made in order that you should give us the staff required for control to be carried out in the best possible way. You know that we have modernized the instruments of control; you also know that Mr Cheysson and myself wanted consideration of the budget to be one of the Commission's major activities. I remember that 18 months ago I personally acted as chairman in the meetings of the Commissioners and officials considering, item by item, questions concerning the budget, democratic control, control by the Parliament and our own control. On this point, therefore, there are no differences of opinion between us, and we should not exaggerate the scale of the matter that divides us today.

My second comment — and this I will say very frankly — is that the source of all this distasteful. It is not, Mr Bangemann, a gesture that the Commission has made to journalists but refused — with a strange kind of puritanism — to its friends in Parliament, responsible what is more for control with regard to the Commission, and, and if need be, for censuring it: this is all very clear today. Something has happened which, for a man of responsibility, is always very unpleasant, in other words a leak — and one which has affected me personally very much. If I attach so much value to secrecy in the Commission, it is because of my regard for the credibility of Europe.

I tell you this very frankly: I am one of those who believe that, though speaking as freely as possible in this House and in Committee, and explaining our activities as fully as possible, we nevertheless also have a duty to our citizens similar to that recalled by Mr Shaw, namely that of acting in such a way that certain things take place in normal conditions, in such a way that we may ensure that the Community is not an institution full of tittle-tattle or rumours but that, instead, it should keep its reputation for a serious and strong institution, concerned that it should function properly. This is what is at the origin of our discussion and I thank those of you who have said so. It is not a matter of the Commission making a deliberate choice of journalists as against Parliament, but of a leak that has taken place — this is something I cannot accept.

My next comments are these. There are things I have not said. First of all, Mr Gerlach, I have not taken refuge behind the various Member States. I did not

quote France, where I was a Minister, to say that we should model ourselves on that country. I do not regard myself as a Minister of a national government. Up to 6 January, Mr Gerlach, I am wholly and entirely the President of the Commission, and I am resolved to be that President as long as I am in office. I have not tried to hide behind what may be done in this country or that although, of course, in this phase of development to which you have all referred, we should note and reflect upon what happens elsewhere. But we have to act for ourselves, and this is a perfectly normal thing.

Nor did I say anything about not issuing a document because it may be damaging to a friend. This is not the way I run the Commission. The Commission is a group of people, admittedly, but after all if we make mistakes, the best thing to do then is to try to put them right. In the same way we are not trying to accuse anyone for some imperfection; we do not have this type of problem between us, and in any case it would not be a justification. Friendship is not a justification for not doing what we ought to do.

Nor have we tried to create a kind of balance of power. We would be very naive if we did. Naive because we would be disregarding the Rome Treaty and the motion of censure which gives you power over us, and even more naive because we would be giving you a stick to beat us with.

The truth is that we fought for Parliament to have budgetary powers, we fought for it to have right of discharge, and we fought for control to be exercised as fully as possible. Let us not turn the problems upside down or, because of this affair — which is important I agree but not, let me say, a major issue — change the law or our reciprocal attitudes. The law is that which exists in the framework of the Treaties and I am thinking of the budgetary treaty in particular. The reciprocal attitudes are those we have had up to now. If we had failed in our duty to keep you informed I would certainly feel that I was in a very difficult position, but since we have not failed in that duty, the question is reduced to a much smaller scale.

We have had some difficulties, and I would like to go back over the reasons why we have had them. I shall not return to the problem of internal documents — this was dealt with a short while ago.

We thought we were acting in a proper manner (here I am replying to Lord Bruce) by promising to give you the information you needed to form your judgement. But it is difficult for us to let you have the documents of the Financial Controller because we wish to maintain — within the Commission — a self-criticism function — but one which should also act in the service of Europe. This is our own way of exposing ourselves to security by someone who has the right to draw our attention to what is wrong in what we do, or to any mistakes that we may make.

**Ortoli**

My object is not to oppose Parliament. My object is to preserve this unit of self-criticism, warning and admonition. That does not mean that we should refuse to give Parliament the information it needs, and in this particular case we have given that information. We were ready to give it in the most efficient way, and I do not think, if we in fact disregard what I have just called the formal problem in this very special case of a document that the Control Sub-Committee can complain at not having been given this document or of having been deprived of essential information.

If we were in that position, I would say that there was indeed a conflict between Parliament and the Commission. Even when we took a different attitude we were treading the road of cooperation we have endeavoured to trace out with you. We are not faced with a blank page on which nothing has ever been written. We have been working together for a certain time, and I think that we have provided information that has been relatively confidential and in some cases secret. We have not pretended to show you a problem-free Commission that never made a mistake, or to be satisfied with giving a few explanatory facts and figures which in reality would have been cryptic. The question of these relationships also throws light on the way in which we act.

I hope, for my part, to be able to preserve intact this freedom of criticism which the Commission has endeavoured to organize within itself. I would not like the tremendous efforts we have made to have a comprehensive control — which, when all is said and done, has been greatly improved by this Commission — within the Community at the level of the Commission and in our relations with you to boomerang.

You have set out your ideas and your feelings. I have the right to tell you that, being responsible for a great institution, determined to disclose full information and to work with Parliament, I am also trying to see that this institution should be run in the most efficient way possible not in secrecy, but precisely in the sense of the best possible use of all the resources you give us through the budget.

The present Commission is coming to an end, I agree, but I have never thought that the Commission would disappear. On the contrary the Commission remains and, after us, will continue to carry out most satisfactorily — as I hope and am convinced — the task incumbent on it.

In this matter we have taken up positions. I have tried to explain them to you in the clearest possible language. I am not sure that I have been able to convince you, but I believe that we have tried, right to the end, to reply as best we could to the questions put to us.

The debate that has just taken place has, in my view, one very great merit. The strong feeling inspiring

many of the speakers stemmed from the responsibilities of Parliament. But the calm shown by practically all of them sprang, in my belief, from the desire for dialogue between the Commission and Parliament.

A number of you recalled that this dialogue did exist and that it had been very satisfactory, and even regretted that it should be at the end of our term of office that an incident like this one should throw up a discordant note, a difference in opinion, between us. I have told you why our solutions seemed to me to be the best, and did not confine myself solely to the legal aspects. I have tried to reply to you from the policy viewpoint by outlining the movement to which we are attached.

As outgoing President, but also as a member, I shall be discussing the problems that have been raised today with the next Commission, because I think that, in this phase of working out new procedures, we need to have talks on the best way of exercising control. I hope that this dialogue will be a peaceful one and that it will be clearly understood that I do not dispute the powers of Parliament. I would, incidentally, be foolish to do so. I hope that, whilst considering very earnestly what can be done in order to enable this power of control — this responsibility — to be exercised in the best way possible, the question of how this control can be carried out as efficiently as possible, while allowing the Commission to retain its drive and its capacity to deal with problems, will also be studied. The Commission is sometimes criticised, but just look — on a day like today — at the work that has been done in the field of the budget, even if it sometimes sets us against each other. Here is a result we can show after four years: the work that has been done in the area of control, the kind of discreet efficiency we are able to display when we manage to settle, in a few weeks, such difficult problems, for example, as those put before us with regard to emergency aid for Friuli. This is what we are trying to achieve: continuous improvement in our resources. In the debate that is to follow I would ask you not to forget this aspect of the problem either.

I would therefore thank all those who have spoken and tell them that I am sure that we shall have to deal with many aspects of the problem. Mr Notenboom raised one when he said that he was not asking for a general right to see every document. Mr Shaw commented on another, which I would like to raise as well, when he said that we should, together, look for the best possible ways of ensuring that what we do — including the confidential dialogue referred to by Mr Aigner — can be protected by all the necessary security measures. It gave me much pleasure to hear these words, and also what was said by the chairman of the Control Sub-Committee.

*(Applause)*

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

15. *Tabling of a motion for a resolution*

**President.** — I have received from Mr Bangemann, on behalf of the Liberal and Democratic Group and Mr Vernaschi, on behalf of the Christian-Democratic Group, a motion for a resolution, with a request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on unfavourable developments in the malt market.

This resolution has been distributed as Doc. 486/76. I shall consult the Assembly tomorrow after Question Time on the adoption of urgent procedure for this motion.

I call Mr Aigner.

**Mr Aigner.** — Mr President, I should like to point out that under this motion for a resolution, the vote on the motion of censure is postponed to the February part-session.

Although we do not need a quorum for the vote on the motion for a resolution, I should still like to see as large an attendance as possible. I should therefore be grateful if the Bureau proposed that the vote take place on Thursday. Tomorrow, the entire German delegation must be in Bonn for the election of the chancellor, and I would ask you to bear this in mind.

**President.** — Parliament cannot decide when the vote will be taken until the decision on the adoption of urgent procedure has been taken tomorrow morning, Mr Aigner. I feel sure that when it does this, it will take your request into consideration.

16. *Agenda for the next sitting*

**President.** — The next sitting will be held tomorrow, Wednesday, 15 December 1976 at 10 a.m. and 3 p.m. with the following agenda :

- Question Time ;
- Oral question with debate to the Commission on trade with Japan ;
- Statement by the President of the Commission on the Commission's activities during its term of office (followed by debate) ;
- Statement by the President of the Council on the meeting of the European Council in The Hague (followed by debate) ;
- Question with debate on COMECON ;
- Question with debate to the Council on the Communities' Environment Programme.

The sitting is closed.

*(The sitting was closed at 10.55 p.m.)*

## ANNEX

*Questions to the Commission which could not be answered during Question time, with written answers**Question by Mrs Dunwoody*

*Subject* : Failure to implement Community Directives in Member States

Will the Commission now provide Parliament with a list of those Directives whose implementation has been seriously delayed by Member States, so that Parliament can judge the efficacy of the Commission's control procedures in this field?

*Answer*

When Member States exceed the time limits laid down for converting directives into national legislation, we are obliged to implement our standard practice of examining each case individually. We can then establish the reasons behind the delay, assess whether the procedure applicable in the case of infringements should be initiated and if so allow the Member State an opportunity of providing us with an official explanation. During the preliminary stage of assessment and informal contacts it is not desirable to give a great deal of publicity to what would only be a list of presumed infringements by Member States. On the other hand, the Commission would be prepared to supply all the necessary details to the appropriate Committee of the European Parliament.

*Question by Mr Kavanagh*

*Subject* : Community system of guaranteed incomes for workers during re-training

When does the Commission expect to be in a position to present proposals on a Community system of guaranteed incomes for workers during re-training, and on what lines does it intend to continue its work in this connection?

*Answer*

The possibility of maintaining workers' incomes during re-training and the period in which they seek new employment is one of the proposals put forward for consideration in the social action programme. The Commission has therefore studied ways and means of setting up a Community system of workers' income maintenance on the basis of the Community's objectives and of existing national policies.

This study clearly showed that the spending involved, together with the disparities between national systems and practices, were such as to make the implementation of a Community system of this type impracticable at present.

Under the applications made by Member States for aid from the Fund, and within the limits of the provisions laid down in Articles 4 and 5 of Council Decision 71/66/EEC of 1 February 1971<sup>1</sup> and of regulations and decisions issued in pursuance of those Articles, the Social Fund will reset 50 % of the expenditure needed to provide guaranteed incomes for apprentices during vocational re-training. Maximum use should be made of the opportunities open under this head.

<sup>1</sup> OJ L 28 of 4. 2. 1971.

<sup>2</sup> See Council Regulation EEC/2397/71 of 8 November 1971 on aids for which a contribution from the European Social Fund may be granted: Aid A 20.  
OJ L 249 of 10. 11. 1971.



*Question by Mr Dalyell*

*Subject: Community's oil refining capacity*

When will the Commission publish an interim report from the Special Working Party of its Energy Committee studying the present problems due to overcapacity in the oil refining industry in the Community and its probable duration at 20-30 % above demand until 1980—1982, and how does the Commission intend to keep informed of progress at Community level?

*Answer*

The Commission recognizes that the situation in the Community's oil-refining sector — with its repercussions at both Community and international level — must be dealt with by a clear-sighted and consistent policy.

The Community's excess refining capacity presents a serious problem because of its size and the length of time for which it is likely to continue (20 to 30 % greater than demand until 1980—1982).

On a proposal from the Commission, the Energy Committee appointed a special Working Party to report on the current problems of the Community's refining industry. The Committee has received a report from the Working Party on the present situation.

After an extensive discussion the Energy Committee (on 26 November 1976) agreed on the seriousness of the problems mentioned in the report.

On this basis the Commission is now preparing proposals for possible guidelines to be adopted by the Community. They will be submitted to the Council early in 1977. As soon as they are approved by the Commission the relevant texts will be forwarded to Parliament.

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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. *Decision on the urgency of the motion for a resolution on malt*

**President.** — I now consult Parliament on the request for debate by urgent procedure in respect of the motion for a resolution, tabled by Mr Bangemann on behalf of the Liberal and Democratic Group and Mr Vernaschi on behalf of the Christian-Democratic Group, on unfavourable developments on the malt market (Doc. 486/76).

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

**Mr Cointat.** — *(F)* Mr President, I should like to explain very briefly why our Group will not be voting for the adoption of urgent procedure in this matter.

Firstly, the Control Subcommittee has never agreed to a censure motion on this question.

Secondly, the Control Subcommittee is part of the Committee on Budgets, to which this problem has never been referred, so that the chairman of the Control Subcommittee was not empowered to table a censure motion.

Thirdly this is an everyday matter, and I do not see the point of building it up into a great drama.

**President.** — I consult Parliament on the adoption of urgent procedure.

Ladies and gentlemen, what is happening is likely to appear as some sort of plot against those who have tabled this request for urgent procedure. In fact there is no-one here to represent these two Groups, and if I were to have Parliament take too hasty a decision we would be sure to be accused of acting inconsiderately and of taking advantage of the circumstances. Therefore, although we have been sitting for five minutes, I propose that we rectify the situation by taking this vote after Question Time.

I call Mr Cointat.

**Mr Cointat.** — *(F)* Mr President, I would not wish to appear subversive, but may I point out that the two Groups who have requested urgent procedure knew better than anyone that we would be voting on their

request at 10 o'clock: if they are not here, it is because they do not wish to be.

Secondly, I have explained the voting intentions of my Group, and the two Groups in question did not hear my explanations. Perhaps I might also have been able to persuade them.

Thirdly, the vote had been started and must therefore be completed.

I apologize for these remarks, Mr President, but the Rules of Procedure oblige me to make them.

**President.** — Mr Cointat, thank you for the tone of your remarks. From the purely formal point of view, you are perfectly correct. I tried to express my dilemma in a situation where not one member of the two Groups requesting the procedure is present to vote. I would not like to be accused of avoiding the issue.

I call Mr Durieux to speak on behalf of the Liberal and Democratic Group.

**Mr Durieux.** — *(F)* Mr President, for our part, we withdraw the request for urgent procedure, since the whole of our Group had not been consulted.

**President.** — Having got this far, and with at least one of the Groups now represented, I put the request for urgent procedure to the vote.

The request for urgent procedure is rejected. The motion for a resolution is referred to committee.

3. *Question Time*

**President.** — The next item is the continuation of Question Time (Doc. 464/76).

With regard to Question No 29 by Mr Blumenfeld to the Conference of Foreign Ministers:

How does the Conference view the Danish Government's attitude in the UN debate on South Africa of 10 November 1976 when Denmark voted in favour of a resolution containing criticism of Community Member States (arms sales to South Africa)? Does it not consider the Danish vote as a serious blow to political cooperation between the EC countries?

Mr van der Stoep, President-in-Office of the Conference, has informed me that the nine Member States of the Community take the view that they cannot answer it.

We shall now deal with the questions addressed to the Council.

I would inform you that seated beside Mr Brinkhorst is Mr Tomlinson, United Kingdom Under-Secretary of State for Foreign Affairs, who has come to see how our Question Time is conducted. We greatly appreciate the interest which he is thus showing in our proceedings, and I welcome him on behalf of all of you.

*(Applause)*

**President**

I call Question No 22 by Mr Glinne, for whom Mr Dondelinger is deputizing:

Why, in its decision of 1 June 1976, did the Council exclude the French Democratic Labour Confederation, the second largest trade union group in France, from the ECSC Consultative Committee; how can it justify such an attitude?

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) I should like to point out to the honourable Member that the French Democratic Labour Confederation has brought an action against the Council Decision of 1 June 1976 designating representative workers' organizations with a view to renewing the ECSC Consultative Committee and that this action is currently before the Court of Justice of the Communities.

**Mr Dondelinger.** — (F) Is the Council aware that when it was agreed to organize the first tripartite conference, the then Council settled by negotiation the question of the representation of the National Confederation of Executive Staffs? Is the present Council aware that in forcing the FDLC to take legal action, it is laying itself open to the accusation of high-handedness?

**Mr Brinkhorst.** — (NL) It is of course always better to settle matters out of court. I should nevertheless like to say that since this matter is in fact *sub judice*, it would not be wise to discuss it further in a political context.

**President.** — I call Question No 23 by Sir Geoffrey de Freitas:

What are the Council's plans for inviting (a) Members of the European Parliament and (b) journalists and other members of the public to legislative and quasi-legislative meetings of the Council?

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) This is a fascinating proposal with which the present Council has already been regularly concerned. It will suffice for me to give the short answer that the Council is not in fact in a position to settle the question of public access to its proceedings as long as the regulations on the subject remain as they are, and furthermore that the Council does not distinguish between legislative and non-legislative activities. This, Mr President, is a consequence of the present structure of the institutions as they operate at the moment. That is the only answer I can give the honourable Member.

**Sir Geoffrey de Freitas.** — Is there any precedent in any democratic country for final decisions on legislation being made by ministers sitting in secret?

**Mr Brinkhorst.** — (NL) The fact of the matter is that the European Community is a very unusual body, so that in this respect precedents which apply in Member States are not always followed in the Com-

munity. But I must add that this is a very legitimate question.

**Mr Dykes.** — Will the President-in-Office take note of Parliament's profound dismay and dissatisfaction with the nature of his two replies to this question? The pressure from this Assembly for proper legislative hearings of the Council of Ministers is going to grow inexorably and the sooner it is conceded — and we are not asking the Council of Ministers to surrender in any way — and the sooner it is conceded — and we are not asking the Council of Ministers to surrender in any way — and the sooner it is conceded to be an entirely legitimate and proper development, the better. At the moment many Parliamentarians here are only asking, at the very least, as a first step, for the final legislative session on each decision to be in public. Would not the President-in-Office agree that, once direct elections are here, the Council of Ministers will in effect be another chamber of the total of European parliamentary institutions, and then it will have to be in public anyway.

(Applause from certain quarters)

**Mr Brinkhorst.** — (NL) I understand the way you feel, but as long as the structure of the Communities remains as it is, I am afraid that this problem cannot be solved in the way the honourable Member wishes.

Besides, I assume that in his own Parliament the honourable Member also has the national means at his disposal to confront his government with the unjust situation which he has just pointed out.

**Mrs Ewing.** — The President-in-Office said it was a fascinating question, but he has certainly not given this Parliament a fascinating answer.

Could he not at least consider an experiment to see what terrible things will happen to the Council of Ministers if they could at least admit Members of Parliament who served on committees which were appropriate to the subject the Council of Ministers is debating, albeit legislative or administrative? Could we not try that experiment and see how we all get on, because parliamentary disquiet is even worse than public disquiet and public disquiet always leads to enquiries?

**Mr Brinkhorst.** — (NL) I would be the last one to say that fascinating questions by Members of Parliament always receive fascinating answers from the President of the Council. With regard to the content of the honourable Member's question I would like to add that, given the way the Council of the Communities functions at the moment in its relations with the Commission and with the European Parliament, I do not really see any possibility of making the distinction proposed by the honourable Member. But, I repeat, if Parliament does its homework well, and also follows it up back in the national parliaments, then I think that the future may perhaps look more promising.

**Mr van der Hek.** — (NL) The President of the Council says that we must do our homework well. Is the President of the Council also prepared to do his homework well in his own country? And then to submit proposals on behalf of his Government with a view to making Council proceedings open to the public when purely Community legislation is being dealt with?

**Mr Brinkhorst.** — (NL) I assume that Mr van der Hek has no precise recollection of the replies which I gave on this subject on 22 July 1973, otherwise he would not have put this question to the present President of the Council in his capacity as a Netherlands minister.

**President.** — Since its author is absent, Question No 24 by Mr Dalyell will receive a written answer<sup>1</sup>.

I call Question No 25 by Mr van der Hek:

If, as reported in the press, a meeting is held in Japan to discuss economic problems, will the Council ensure that the Community as such is represented at this meeting and puts forward its own position?

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) In replying to the honourable Member's question, I can tell him that, following the press reports to which he refers, no specific initiatives have so far been taken.

Should a Rambouillet-type international conference on economic problems take place, I would remind the honourable Member of what I said in this House on 15 September, namely that:

at the European Council meeting held on 12 and 13 June this year, the presence of the Community at possible future conferences was discussed and this question will naturally be raised whenever another conference is due to be held.

I would add that in my view this question is certain to figure again on the agenda of the Council should more specific initiatives be taken.

**Mr van der Hek.** — (NL) Thank you for this formal answer. And now perhaps the President of the Council would like to add something substantive. Does the Council really intend to see to it that the European Community and the Member States are represented exclusively by the Community institutions and not by the representatives of individual Member States?

**Mr Brinkhorst.** — (NL) It is, of course, out of the question for decisions to be taken by anyone other than the Council and the Commission when Community competencies are involved. That naturally applies also to cases where, for example, such matters are discussed at a Rambouillet-type international economic conference.

**Mr Cifarelli.** — (I) Can you tell us whether the French President has put forward proposals for a conference to be held in Europe at which the Community as such would represent the nine countries which belong to it?

**Mr Brinkhorst.** — (NL) I can simply repeat what I have already said, namely that officially no decision whatsoever has so far been taken with regard to another Rambouillet conference.

**Mr Cousté.** — (F) What concerns me is to know whether the Community would be represented by the Council or by the Commission. In fact, the problem as we see it is to know how the Nine would be represented.

**Mr Brinkhorst.** — (NL) As the honourable Member is aware, the Community is generally represented at international meetings by the Council and the Commission. That is for example the case with the Conference on International Economic Cooperation, and that is also the case at other meetings such as UNCTAD IV in Nairobi, for example. But whether the Council or the Commission speaks for the Communities depends of course on the subject under discussion and on the various fields of competence. Those are the rules which of course must also apply when decisions are taken in other contexts.

**Mr Laban.** — (NL) Following the President of the Council's reply to Mr van der Hek, in which he clearly stated that at this type of meeting no decisions could be taken which in fact come within the sole responsibility of the Community institutions, I should like to ask how it has been possible at these meetings for, for example, decisions to be taken by a number of countries with regard to export credits, while other countries simply have to accept that as a *fait accompli*.

**Mr Brinkhorst.** — (NL) I am afraid the honourable Member is misinformed. No formal decisions have been taken. With regard to export credits, a Commission proposal has been tabled on which the Council will have to take a decision in due course — I hope as soon as possible.

**Mr Patijn.** — (NL) Surely the President of the Council does not wish to contend that when a number of countries enter into gentlemen's agreements, with which the other Member States are confronted as a *fait accompli*, this is not a case of decision-making by the Community. Of course you can agree formally that it is not a decision by the Nine, but the result is the same. Our worry with regard the coming Tokyo conference is that a number of Member States will enter into a gentlemen's agreement which is then binding on the Council. There is certainly no need to evade the question.

<sup>1</sup> See Annex.

**Mr Brinkhorst.** — *(NL)* I hope that I do not have the reputation in this House of evading the question. What is involved here is a question of Community competency, on which a proposal has been tabled by the Commission. We must distinguish clearly between the time when the Community is not yet concerned with this question and the time when it is. In the first case the Member States are free to conduct individual negotiations, whereas in the second case every Member State, including Member States which take part in other discussions at which not everyone is represented, is of course bound by what the Community has decided.

**President.** — I call Question No 26 by Mr Nyborg :

Since liberalization of the road haulage business must be regarded as expedient also at European level, can the Council state why no decision was taken at its meeting of 4 November 1976 to increase Community quotas for the carriage of goods by road between Member States ?

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* At its meeting on 4 November 1976 the Council decided to make permanent the Community quota system for the carriage of goods by road between Member States. The volume and allocation of the licences will be reviewed each year. The Council intends to adopt a regulation to this effect at its meeting tomorrow, 16 December. The Council has not, however, been able to take a decision to increase the quota from 1 January 1977.

**Mr Nyborg.** — *(DK)* I should like to thank the Council for its answer, which was a little more positive than I had dared hope it would be, but we must also note that nothing has happened in the past few years, and I should therefore like to put a supplementary question to the Council since I believe that although we have great opportunities for progress in the Community, the political will seems to be lacking. I hope it will be present tomorrow so that progress can continue. My question is : would it not have been better to have a linear increase in the number of road haulage licences before taking any further action ?

**Mr Brinkhorst.** — *(NL)* I should just like to say to the honourable Member that the Council of Transport Ministers, the current presidency of which is held by the Netherlands and which is due to meet for the second time tomorrow, certainly has some progress to its credit. With regard to the increasing of quotas, a count must naturally be taken of the present economic situation and the structural difficulties in the road haulage sector. I have the impression that the problems involving the control of capacities are even more pressing. In this respect the question of Community quotas is thus not even the most important bottleneck.

**President.** — I call Question No 27 by Mr Dykes :

Following on from the negotiations between the IMF and the United Kingdom Government, what consideration is being given to a Community scheme for dealing with the sterling balances ?

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* I am sure that the honourable Member will understand if, five hours before the British Government makes a statement in the House of Commons on the role of sterling and the IMF loans, I confine myself to repeating what the President of the Council said before this House in November. We know that the Government of the United Kingdom has not made any request to the Community and the Commission has not made any proposal to the Council for the kind of scheme suggested by the honourable Member. However, informally on the occasion of the Council meeting of 8 November, other Ministers of Finance assured the Chancellor of the Exchequer of their understanding as far as the current problems faced by the United Kingdom were concerned. They noted the negotiations with the International Monetary Fund embarked on by the United Kingdom Government and intimated that they would, if asked to do so, examine at a suitable time any question relevant to the economic problems faced by the United Kingdom. I would just add that this problem naturally concerns all the Member States of the Community and that the desire and the will of the other Member States to help in this matter have only become stronger.

**Mr Dykes.** — Can I thank the Minister for that very fair answer and entirely concur with him that it would be impossible really to proceed in detail with this question today several hours ahead of the announcements in London. The question was of course submitted before the Chancellor made his decision for today. But could I at least ask the Council representative to consider giving some study and thought — and perhaps some encouragement to Commissioner Cheysson's very kind response to my suggestion yesterday — to the long-term stabilization of the sterling balances ?

**Mr Brinkhorst.** — *(NL)* Of course this question falls into the wider context of Community economic and monetary cooperation. It goes without saying that the Community alone is not able to tackle monetary problems of the magnitude indicated by the honourable Member himself. That requires world-wide cooperation and it is obvious that the Community will have to carry out the necessary studies on this question.

**Sir Brandon Rhys Williams.** — Would Mr Brinkhorst agree that the problem of the sterling balances merely presents, in an acute form, a Community problem which arises from movements of capital which are uncontrollable and that the only way in which movements of capital will eventually be brought into a manageable condition is if we move towards an active and free Community capital market in our own currencies? Can the representative of the Council say what progress is being made towards establishing a genuinely free capital market in Community currencies?

**Mr Brinkhorst.** — (NL) The honourable Member is aware that there are at present great differences between the Member States with regard to economic development, and that consequently the monetary and economic policies pursued by these different Member States also vary. The question of a free capital market is an essential part of the problems surrounding the greater convergence required in the economic and monetary field, but it cannot be considered in isolation from other instruments which also serve the aim of greater cohesion. This is why it would be difficult for me to go into this aspect in detail; it is a part of a much wider complex of problems which I have just outlined briefly.

**President.** — I call Question No 28 by Mr Adams, for whom Mr Albers is deputizing:

What is the Council's position in relation to the setting up of the European Trade Union Institute?

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) It will be recalled that the Council Resolution of 21 January 1974 concerning a social action programme provides for Community aid for the setting up of a European Trade Union Institute. The Council confirms the terms of this undertaking as given in the aforementioned Resolution. As for the implementation of this principle, the Council will adopt a position in the light of the proposals which the Commission will be submitting to it. As Parliament is aware, the Council has before it at the moment a request from the Commission for a transfer of appropriations totalling 45 000 u.a. from Chapter 98 (non-allocated provisional appropriations) to Article 307 (operation of the European Trade Union Institute). The Council will act on this request after the European Parliament has adopted a position.

**Mr Albers.** — (NL) Obviously the European Trade Union Confederation has not succeeded in recent years in drawing up the proposals necessary to get this institute off the ground. But our information is that enough progress has now been made to permit the setting up of this institute next year. The amount which the European Community is expected to provide is, however, considerably higher than that just

referred to by the President of the Council, and my question now is whether, if it becomes clear that a considerably larger sum is needed — say 500 000 u.a. — to set up this institute, we shall soon be able to expect a supplementary budget once the necessary proposals for it have been drawn up, and will we then be able to ensure in mutual cooperation that this institute is in any case set up as quickly as possible?

**Mr Brinkhorst.** — (NL) As I have already told the honourable Member in reply to his first question, the Council attaches a great deal of importance to the setting up of a European Trade Union Institute. As for the question of the amount of funds needed for the purpose, the Council is of course mainly dependent on the Commission, which in this matter must put forward proposals for a draft budget. Not until the Commission has performed its task can the Council declare itself in favour. I assume that the honourable Member will thus address himself first of all to the Commission.

**President.** — Question Time is closed. I thank the President-in-Office of the Council for his statements.

#### 4. Debate on request

**President.** — The next item is the topical debate, requested yesterday by Sir Peter Kirk on behalf of the European Conservative Group, on the Commission's reply to Mr Howells's question on the green pound. I call Mr Hughes on a point of order.

**Mr Hughes.** — We are, Mr President, in some difficulty in that the Committee on Agriculture has already appointed a rapporteur to report to Parliament on the whole question of the green pound. I believed it was the usual practice that, where a committee had a subject under close scrutiny and a report was before that committee, debates would not be held on the particular subject. And, therefore, I wonder under what procedure we should continue, when the Committee on Agriculture has got the matter under consideration.

**President.** — Mr Hughes, there is nothing in the Rules of Procedure to prevent us from holding this debate. Besides, the subject is so complex and wide-ranging that it goes beyond the terms of reference of one committee, whichever one it may be, and the debate which has been requested can only help the responsible committees to clarify their ideas.

**Mr Hughes.** — Is it, Mr President, in the power of this House to take a vote as to whether we hold this debate, and if so, could I move that such a vote be taken?

**President.** — In accordance with Rule 47 B (3) of the Rules of Procedure, it is for the President to decide



**President**

whether or not to open a debate of this sort, and the decision is not subject to debate.

I have therefore decided that a debate should be held and now call Mr Howell to present the subject on behalf of the European Conservative Group.

**Mr Howell.** — Mr President, it gives me little pleasure to rise to begin this debate, but I think it is such a serious matter that this House must discuss it at this time. I also feel that the answer I received from the Commissioner yesterday was totally inadequate and that the matter cannot rest there. This is not just a British affair, as some people choose to say it is. It is a Community matter, and it affects the Irish as much as, or indeed more than it affects the British. The Irish producers are being put in a most impossible position as a result of the action of the British Government. I therefore think it right and proper that we should discuss this matter here. The British Government is acting unreasonably, in my opinion in refusing point blank to readjust the green pound; it is putting unbearable strains on the Community as a whole. As far as the producers are concerned, we are doing very grave damage to our British agriculture. It is a very short-sighted policy indeed, and I will just give an indication of what is happening to the British pig producer.

Bacon is being exported from Denmark to Britain at a price of £1 025 per ton. British bacon is selling at £990 but the MCAs received by the exporters are £276; they are able, with the help of the MCAs, to give discounts of up to £150, which put our British producers at an awful disadvantage — to the extent that they are going out of business and we are contracting our pig industry. This will have a serious effect on the consumer in due course. It is not in anybody's interest that we should pursue this very short-sighted policy; surely it is obvious to everybody that by holding prices down, as we are doing, artificially, in an untenable way, we will sooner or later in Britain come up against a cliff face of prices. We will have to scale that cliff face, and it will be more difficult for the consumer at that point than if we had gone up in a gradual way and had realistic prices throughout the Community. I believe it is in the interests of all in Britain that this should be adjusted. There is particularly serious trouble in Northern Ireland owing to the small readjustment of the Irish pound; this is causing the shut-down of factories in Northern Ireland.

The final point I want to make, Mr President, is that we are operating a most un-common market with false currency, and this cannot go on. I believe that we should be working together to get nearer to a common currency. By operating these green currencies in the way that we are doing now, we are moving further and further apart and creating untold difficulties for the future of the Community. I therefore

ask the Commission to exert the greatest possible pressure on the British government to save it from its own folly and to save it from doing damage to the whole Community.

*(Applause)*

**IN THE CHAIR : MR SCOTT-HOPKINS***Vice-President*

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

**Mr Frehsee.** — *(D)* Mr President, there is no doubt that this is a very serious matter, as Mr Howell has just explained. It is such a serious matter that the Commission has in fact put forward a proposal for possibly solving the problem or at least reducing its worst effects, and since it is such an important matter the Committee on Budgets proposed yesterday that it should be debated here. In the 1977 budget we shall probably need to set aside a sum of nearly 1 300 million u.a. for these agricultural MCAs. The Council also considered this problem at its last meeting on 29 and 30 November and, as with all the other problems, was unfortunately unable to find a solution, so that it is clearly appropriate that we should discuss it again today.

The problem itself is not exclusively a matter of the green pound; here too I agree with Mr Howell. It is a question of the monetary compensatory amounts as a whole and of the structure of the agricultural prices policy, which has established uniform prices for agricultural products in all nine Member States which cannot be maintained because the currencies have become so unstable since 1969.

We have thus had this problem since 1969. It all began when the Federal Republic of Germany was forced to revalue and farmers thus had to be compensated for this if they were actually to receive the prices laid down for agricultural products throughout the Community. Owing to the sharp devaluation of the Italian lira and the British pound, as well as of the Irish pound, the position has now become particularly acute. Thus the problem is now concentrated much more on these three countries; whereas Italy has dealt with it comparatively well and has constantly made considerable adjustments to the value of the green lira, as have the Irish to some extent, the British do not consider themselves able to do the same.

Mr President, we need to examine the pros and cons of these monetary compensatory amounts. And it is perhaps particularly appropriate for me to speak *in favour* of them, since I have always warned this House and the Commission against simply regarding the compensatory amounts as a troublesome burden to be got rid of as quickly as possible. Recent developments have proved me right. The system of counter-

**Frehsee**

vailing charges — as these MCAs are also known — is in fact a bond holding the Common Agricultural Policy together. All the money that is spent for this purpose — and this needs to be stated quite categorically — thus keeps the European Community alive. If these MCAs were abolished, the bond holding the Common Agricultural Policy together would be dissolved and the European Community would be deprived of one of its two supporting pillars: the Customs Union on the one hand and the Common Agricultural Policy on the other. I would therefore warn against any hasty or unduly short-term decisions.

I am not, however, particularly in favour of the Commission's proposals which, as my colleague Mr Hughes just said, are already being considered by the committees. These proposals also contain certain dangers, since they could amount to setting a sort of ceiling on the funds available for the MCAs. Any such ceiling, however, would naturally mean, Mr President, a sort of renationalization, in that the individual Member States of the European Community would have to pay from their own national funds anything that was no longer met from Community funds. That would mean a return to national agricultural prices, or prices fixed largely at national level, and it would be extremely regrettable if what we have achieved here in many years of common endeavour were thus to be ruined.

The day before yesterday we discussed the milk sector and it was said that our current butter stocks were 98 000 t more than a year ago. God knows they are still too high — 400 000 t in all — but compared with the previous year the amount has not changed significantly. May I point out here that this is also due to the operation of these MCAs. It is true that the British consumer gets his butter for about half the price laid down here, and that this comes about with the help of the MCAs, but it also serves to eliminate a substantial part of the butter mountain.

I say this to show that this question has not only negative aspects. And now — I shall have to be very brief — one further point: there is no doubt whatever that complete realignment of the green pound would add a further twist to the inflationary spiral in Great Britain and also in Ireland, which still has some ground to make up. Can we justify such a development in two Member States? Similar considerations have always led us to agree to the revaluation of the green lira in Italy. Admittedly the position is slightly different there, but in Great Britain and Ireland the result would be a marked surge of inflation and quite considerable disruption of the social contract which in fact, Mr President, deserves our approbation.

I should thus like to point out that this problem cannot just be solved with a snap of the fingers but

needs to be given very careful consideration, in the interests of these Member States and of the proper operation and continued existence of the European Community.

*(Applause)*

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

**Mr McDonald.** — Mr President, I am very glad to have an opportunity of speaking on this question, however briefly. As I see it, the common price arrangements for agricultural products designed to allow genuine free trade in those products and guarantee a satisfactory level of income for farmers in the Member States are the cornerstone of the Community's Common Agricultural Policy. These prices also determine the level of protection against imports from non-member countries, as well as the level of internal market support. Now the common price arrangements are operated, as you all know, by fixing the common prices, export refunds, import levies in terms of accounting units, and these units of account are converted into the national currencies of the Member States by use of the official representative conversion rates for each Community currency. These are the rates which have become known as the green currencies. They ensure that the common prices have the same relative value, in terms of national currencies, throughout the Community. Though there have been changes in the market exchange rates of the currencies of most Member States in recent years, the representative conversion rates used for CAP purposes have not been fully brought into line.

Mr President, I submit that we must have a change in the present system. Surely the present system was not designed to operate as it does against an agricultural producing country such as ours. Mainly because the Member States — the United Kingdom in particular — have not seen fit to bring their green currencies into line, the present system is causing outrageous distortions in the trade, and indeed making it difficult for cheap producers like the Irish farmers to maintain trade, even in our traditional markets. I would ask, Sir: was the MCA-system devised mainly to subsidize consumers in Britain or, indeed, any other country? I ask for the abolition of the MCA-system; or at least that before the proposed automatic adjustment of the green currencies is brought into operation, the base is corrected immediately and beforehand. Otherwise this provision will be useless.

I would like to point out, Sir, that to date, my country has contributed almost £40 million in MCAs. This we feel is a completely inequitable tax, and because of the present grave distortions, if this situation is allowed to

**McDonald**

continue, our contribution through MCAs will effectively subsidize British consumers. I have nothing against British consumers, but why should we 3 million people be asked to contribute next year an estimated £150 million under this system?

It was not designed to do that. And I ask the Commission to give this vexed question their immediate and serious consideration because unless it is corrected the entire system will fail to operate and it will certainly cause a most unjust burden on our people. And I would ask the representatives of the British Government to display a sense of fair play here because it is a distortion and I know that the ordinary British citizens have always been people who have operated a system of fair play and I ask for their support when they speak to their own government representatives in order that there should be equality and to give the system an opportunity of working as it was intended to.

*(Applause)*

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

**Mr Lenihan.** — Mr President, very briefly and within my allotted time, I would like to emphasize some basic factors in this matter.

First of all, and I am certain that the Commission will agree with me here, this threat of the monetary compensatory amounts and the distortions involved, vis-à-vis sterling, will mean, if allowed to continue, the destruction of the only concrete policy adopted by this Community — the common agricultural policy. I think nobody in this House looking at the matter rationally can deny that fact. And this is a fundamental matter because as far as the Community is concerned this is one area where Community institutions and the Community as a whole have played a part. And speaking from a very basic, strategic point of view — and I would like to remind the House of this as it has not been referred to in the debate yet — there is the question of guaranteeing food supplies. Apart from the social and regional aspects that are important and inherent in having the common agricultural policy, the Community has already had its hard lesson in regard to the energy supply situation. From the strategic position food supplies are more important. The food supply cycle is a very long cycle and over a period of years it is fundamental to guarantee these Community basic food supplies and that basic strategic aspect of the common agricultural policy represents a very important achievement as far as this Community is concerned. And that applies to consumers in their own long-term and basic interest as much as to producers. I mention that point because it is one that is not often mentioned.

Again, on the question of cost it is estimated, and again I am subject here to correction by Commissioner Lardinois, that the cost to the Community next

year will be in the region of £500 million if this practice is allowed to continue unchecked. And in my view I am being conservative again in my estimation here and I would like to hear from the Commissioner on that aspect. There is again a practical financial reason why we should not allow this to continue unchecked; on the conservative estimate of £500 million it represents one-fifth of the Community's agricultural expenditure and 12% of the entire Community budget. As far as my own country is concerned — though I am not unduly preoccupied here with our interests and I mention the basic Community interests first — as far as my own country, Ireland, is concerned, of course, the matter has become intolerable, as the monetary compensation amounts currently represent 23½% of the value of Irish farm exports. This represents basically a tax on our exports and I will just illustrate that by a few figures, again current figures. Only last week, and again I am subject to correction by Commissioner Lardinois here, we had a crazy situation where beef prices in Germany were 83% of the guide price while Irish prices were 73.4% of the guide price. So that you have this differential existing at the moment vis-à-vis German exports into the British market. German exporters can now export into the British market at a lower rate than the traditional Irish beef exporters. This again amounts to a crazy distortion that is not justifiable.

I am sure that Commissioner Lardinois is well aware of the facts in this matter. The question is what do we do about it? The system was originally designed, as everybody knows, to deal with temporary and minor fluctuations in currency values. The whole system has fallen to the ground by reason of the collapse of sterling and by reason of — and I am saying it quite candidly to our British friends — the fact that the Community is now in a situation of artificially subsidizing the British consumer. How long can we afford as a Community to jeopardize our basic food supplies in order to temporarily bail out the British Government which is not facing up to its responsibilities? This is the basic matter involved and unless we do something about it we are not going to make any progress. We have got here a commitment on the part of this Community to remove disparities in every region of the Community, we have a Regional Fund and a Regional Fund Commissioner, we have a Social Fund and a Social Fund Commissioner. What they are doing and the money they are spending out of Community funds is very small compared to the effect that the common agricultural policy has in its transference of resources to the areas that need help. That is absolutely fundamental and if you look at the whole Community programme in its totality and regard the common agricultural policy as part of an overall policy designed to deal with regional and social problems, then one sees the importance of this particular policy.

## Lenihan

In conclusion, Mr President, I would just like to say one thing. We should have a phasing-out of monetary compensatory amounts over a two-year period. It cannot happen overnight. I appreciate the problems of the British Government; it cannot happen overnight, but let us have some phasing out system over a period of two years and gradually abolish it. Let us recognize that it is a system that just does not work in our circumstances at the moment.

*(Applause)*

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — Mr President, we are facing in an acute form a manifestation of a long-term problem. The problem of agricultural prices is presented in this acute form at the present because of the sudden adjustment of the sterling exchange rate in 1976. It has brought out the inevitable tension which must always exist between producers and consumers of essential household goods and services. Consumers can defer their purchases of luxuries, but obviously they are affected directly and immediately by changes in the price of food.

The particular dilemma of the Community arises from the fact that we have an active interventionist policy where agricultural produce is concerned, but our policy in the field of social security is rudimentary and fragmented. We have no Community system to offer consumers a minimum income guarantee. Thus we have to tolerate the persistence of acute and unnecessary poverty in the midst of affluence. When there are rapid changes in food prices, this fact of course immediately comes to public notice. Our primitive social security system has to be remedied if we are to end the tension between consumers and producers of agricultural produce.

Firstly we have to ensure that consumers are not exposed to serious and unacceptable deterioration in their living standards when changes occur in the level of prices of essential household goods. This is particularly a problem of providing adequate income support for families, since the size of the household makes so much difference.

Secondly, we have to recall that many of the worst cases of hardship are to be found within the agricultural community itself. Family income support at an adequate level for the agricultural community would bring flexibility and humanity to the workings of the market. A Community system of minimum income guarantees is an essential balancing factor in the equation. The present crisis over price adjustments is merely a symptom of the fact that the common Agricultural Policy is not an adequate policy on its own, while we try to operate a multi-currency system

without any serious effort to tackle our social problems as a united Community.

*(Applause)*

**President.** — I call Mr Spicer.

**Mr Spicer.** — Mr President, I would like to make one particular point to Mr Hughes. I agree with him wholeheartedly that this matter is under discussion within the Committee on Agriculture, but we cannot wait that long, because what we are dealing with now is a catastrophe within some sections of the farming industry in the United Kingdom. Now, I am not going to talk about the farmers. I know certain people might expect me to do that, but I am going to talk about the pig-processing industry alone and the problems which it faces.

What we are seeing is a distortion of a trade pattern which would be unacceptable to everyone in this House if it applied anywhere else, because what is happening in the pig-processing industry alone is that factories in the United Kingdom are closing down because they are facing a loss of £5 or £6 for every pig they process. Because they are part of a multinational company, and because those pigs can be processed at a profit — a false profit — in Holland, the whole of that operation is being transferred to the Dutch subsidiary. I do not blame the company concerned — they are absolutely right. But what is horrifying is that we are taking away the absolute bedrock of the industry and we are destroying it for all time.

This is not, Sir, a normal cycle. This is a situation which will be irretrievable because of the destruction of the pig-processing industry in the United Kingdom. And, inevitably, if that process goes on and is allowed to continue — not for a matter of months, but even for three or four more weeks — we face one firm outcome: in the long term the consumer will pay the price which the producer and the processor are paying now. And that Sir, is why I make my plea. We have no need to say this to the Commissioner. He understands only too well what the problem is. But my plea would be for some change. Mr Früh was quite right to say that we cannot possibly expect the green pound to be realigned and the whole burden to be carried immediately. I believe it is right and proper for the British Government to give some indication that the present position is unsatisfactory by making some small change, which would then force other people to make adjustments on the MCAs, which at the moment they are not doing.

What is happening, I believe, is that certain people within the Community are hiding behind a smoke-screen and saying this is all the fault of the British Government and the green pound. I do not believe that is true. Some people are doing very well out of the present level of MCAs and they do not want them

## Spicer

to be changed. All I would ask, and plead, is that some action be taken and everyone comes out into the open, they put their cards on the table, and above all that they accept that we cannot tolerate the massive unemployment within a very vital industry in the United Kingdom, and furthermore we cannot tolerate the destruction of an industry, which will come about if the processing plants are closed down.

And, finally, I say once again that this will come back on to the consumer, and the consumer will pay the price in the end if this is not put right, and put right quickly.

*(Applause)*

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — Mr President I must say that so far it seems to me that this debate has been marked by a very strong taint of stinking hypocrisy because, if I may say so, the producers do not produce for themselves, they produce in order to sell their goods. It is about time that we said rather plainly that the whole question of monetary compensatory amounts does not simply concern the income of the British farmer. I acquit the gentleman who has just sat down, because it seems to me that he was making a valid point in respect of one industry — the bacon industry in our country, which has suffered very considerably by entry into the Common Market. But for the rest, for many of our Irish colleagues to come here knowing as they do that the British market is one of their largest and most easily penetrable...

*(Cries of 'Hear!, hear!')*

and to lecture this Parliament and the British consumer in the way that they have this morning is to me the most incredible brass-necked effrontery. If I may say so, perhaps we should just point out simply that if you put up the price of goods inside Britain whilst, as an attempt to control inflation, the British Government are forcing prices down, are asking the trade unions to sacrifice wage increases, are asking them to hold to a social contract which is fundamental to our chances of survival — if they say at the same time that they are going to demand that food prices rise the equivalent of 47%, which was what the Commissioner was talking about, then they are committing the most outrageous piece of specialized pleading I have ever heard in my life.

*(Cries of 'Hear!, hear!')*

They know very well that the British farmer is not doing badly out of the existing common agricultural policy, they know very well that the agricultural workers have agreed to hold their wages down precisely to fight inflation, and yet they still come here and talk about the need to change the monetary compensatory amounts to benefit only the farming community. Who do they think will buy this produce when it has risen to the level of prices that they

demand? Perhaps we should point out to them that, when the price of beef went up in the shops, people stopped buying it: that when the price of butter rises in the way that they want, people will stop buying it. Why is it that this Community has had to bring forth the nonsense of the margarine tax? — not because people on the European continent are buying butter in vast quantities, but because people cannot afford to buy butter and dairy produce because of the working of the existing common agricultural policy.

Now if we are to talk sense in this Parliament, we have got to talk about how we can best deal with surpluses, how we can best deal with the structural imbalances and how we can make sure that the consumer is properly protected. We cannot have some members of the farming community coming here and using only specialized pleading to protect their own very narrow interests. That is not what the common agricultural policy is about. Why is it that the whole of the Irish community is spending a vast amount of money on advertizing its dairy produce in Britain? — because we are an easily penetrable market, and because they know that we are their largest customer. They should beware of eternally telling us that we are doing it on subsidies. Our country is a country which will soon be a net contributor to the EEC, and to talk about one narrow sector is not to talk about economics in the real sense.

I think, Mr President, we don't need to detain the House very much this morning because what we have seen, as usual, is a sheer propaganda effort only noticeable for the emptiness of the noises that it has made. You know what they say — the emptiest drum makes the loudest noise, and it sometimes seems to me that the farming community represented here by one or two very narrow-minded speakers is capable of making the loudest noises when it has the very least need to complain.

*(Applause from certain quarters)*

**President.** — I call Mr Dykes.

**Mr Dykes.** — Mr President, I think that Mrs Dunwoody has shown once again, as she usually does, that the violence of her speeches as ever is in inverse proportion to the rational nature of their content, and for her to accuse, I presume this group or some spokesman of it, of hypocrisy in this debate is a sublime piece of hypocrisy on her part. It is totally misleading, incidentally, for her to suggest that a 47%, I think she said, adjustment in the green pound would produce a unit-for-unit effect on either farm-gate prices or retail food prices. She knows full well that the ratio is one to four or one to five and therefore, if there was a full adjustment in the green pound over whatever period of time, there would be something like a seven, eight or nine per cent increase in food prices and no-one on this side, no-one in this group has suggested, Mr President, that the consumer's

**Dykes**

interest should not come first. Of course, everybody in this Parliament would say that the interests of consumers as a whole and of housewives in particular purchasing foodstuffs are the first priority for any sensible politician irrespective of party and we acknowledge that. But what we are saying at the same time, and what the British Government will in due course say, even if they do not have the courage to say it now, is that the green pound imbalance cannot continue without seriously undermining and threatening, as Mr Lenihan said, the very basis of the CAP. And in due course therefore, whenever it may be — and there is a British minister here today and it is a pity he can't intervene in the debate, though perhaps he can — at some stage in the future, despite what Mr Silkin says now, the green pound is going to have to be adjusted and therefore the rational issues in this debate must surely be how that is to be done, what is to be the first step — 4½ seems to be a chimerical and indeed notional amount bearing in mind the severe depreciation of the pound sterling — and how long it will take. I was interested to note the very moderate and sensible suggestion of the Group of European Progressive Democrats that this might be done over two years. However it is done, whatever kind of replacement transitional subsidy on certain individual foodstuffs there may be to counteract the effect of increasing farm-gate prices by British farmers, it will have to be done. Why isn't the British Government honest enough to admit that this is so? If it persists in the present policy, and I am not concerned above all with the interests of farmers, far from it, if it persists in this policy it undermines the whole Community, let alone the CAP.

Now it is difficult for us to debate this too much today when the IMF measures and the public expenditure measures are to be announced in the British Parliament. There is a relationship between the two things, but I hope the Commissioner, in replying will give full weight to the apparent determination of the Commission to try and begin to effect changes in the monetary compensatory amounts paid to the United Kingdom as soon as possible. The Italians accepted their obligations with the green lira, the Irish have to a lesser proportion accepted their obligations in respect of the Irish green pound, Britain as a member of the Community despite its economical difficulties has to do the same sooner or later.

*(Applause)*

**President.** — I call Lord Walston.

**Lord Walston.** — Mr President, I have no right, any more than has my friend Mr Howell to speak on behalf of the British farmer, but as a British farmer, I can speak purely personally and say just this. We are in my country engaged in a fight against inflation. We are all agreed that that is of over-riding importance

and that every member of the Community, every loyal member of my country has to make his contribution. Some people's contribution is a heavy one, some people's is a light one. But everybody has to make it. And I believe, and I base this on my own personal contacts with farmers of all kinds, that the great majority of British farmers are prepared to put up with lower profits and in some cases, because of the bad weather conditions of this year, even to have temporary losses if, by so doing, they are able to help in this fight against inflation. And I would be very unhappy if Members of this Assembly went away with the impression that all British farmers — I cannot speak for the Irish ones — all British farmers are demanding higher prices at this particular time, because that is not so.

Now, if I may speak as a European, I agree wholeheartedly with my friend Mr Frehsee. It is of over-riding importance for the Community itself, for the survival of the Community, that every member of it should be economically strong. And when one member is weak, and, alas, it is at the moment my country, it is in the interests of the Community that all members should gather together and help. We are receiving help. It is not very pleasant to be at the receiving end of charity, if you wish to call it that, but that is the sign of Community solidarity and the object it is to promote the economic well-being of one member who is temporarily going through a difficult time. And I believe that the Community is right to do this and in the long run it will emerge stronger as a result of it.

My third point is to agree with what Mr Dykes has said, and I think everybody will agree with him, that sooner or later the green pound must be adjusted, sooner or later we must have a common currency and the sooner that can come the better it will be, but it cannot come at this time without seriously weakening the whole of the Community. And I hope that, within a matter of years, we shall be able to approach, in whatever stages are considered necessary, a complete parity of exchanges. But for the moment we, as farmers, in Britain must make our sacrifice and I believe do so willingly. We, as members of the Community, must work together for the welfare of all the Members of the Community.

*(Applause)*

**President.** — I call Mr Tomney.

**Mr Tomney.** — Mr President, the European Parliament should be the master of its destiny. It will not avoid its own fate unless it takes a long-term, objective view of the situation in which it now finds itself. The speeches so far on this subject have been in the main responsible, but I want to deal directly with the position of the Irish delegate who has now temporarily left this Chamber. It is one thing to kiss the blarney stone. It is another thing to bring it here with you

## Tomney

And in his absence let me remind him that, under the Parliament Act of 1920, special provision was made for the Republic of Ireland regarding its associated status with Great Britain. Normally it would have been, and should have been of great benefit to Ireland. The same delegate was speaking yesterday on this topic and he mentioned that the penalties involved for Ireland, with only 3 million population, placed a grave financial responsibility on the Government of Ireland. Well, let me tell him that, of that 3 million population, 1 million is resident in England, either permanently or temporarily, enjoying the benefits of the British council housing system, subsidized income and the social security system to which they are not entitled by virtue of their contributions. And yet we come and get this utter rubbish two days in succession from the Irish delegates.

Now after dealing with that in the manner that I think it should be dealt with, let me say this. Europe, not only Great Britain, is in a state of industrial and financial stringency which can affect every country. Our own problem is intensely difficult, but we are trying to build new institutions which we hope will be permanent. Even our industrialists are having to borrow money at 15% to invest in industry. How can you make a profit in the financial world today having to borrow money at 15%? It is just not on. On top of that, if you make the necessary adjustments in the green pound too urgently you will place upon the British public and the British Government a burden it is not able to bear. And this can revert to the Belgians and the Germans, and the French, because we are all in the same situation of contracting world markets. So I do ask you to bear with our situation for probably two or three years yet — as long as that — until we can adapt to a system which we hope can become a blueprint for stability throughout the rest of Europe.

*(Applause from certain quarters)*

**President.** — I call Mr Yeats.

**Mr Yeats.** — Mr President, I merely want to say with reference to the rather insulting remarks that we've just heard from Mrs Dunwoody and Mr Tomney that I personally don't believe that the bandying about of insulting and abusive remarks is any contribution to the debate.

So I will merely make one point — and it is one that I would be glad if someone from over on that side would answer. While one accepts, with the greatest sympathy, the efforts being made in Britain, by means of the social contract and so on, to remedy economic problems there, if the British Government, for their own internal reasons, wish to maintain the lowest food prices in Europe, then they should ask the British taxpayer to pay for these by means of subsidies — not ask all the rest of the Community to pay.

**President.** — I call Mr Kavanagh.

**Mr Kavanagh.** — Mr President, I too would like to answer Mr Tomney very briefly. He made very insulting remarks about the Irish in Britain.

Quite honestly, if the Irish in Britain were to leave tomorrow, I think the whole hospital system and the building industry would collapse, and many other important industries would certainly go to the wall.

*(Applause from certain quarters)*

The Irish are not over there drawing social security alone. They are over there and they are working hard in the British system, and have done their part down the years. It is an insulting remark to the Irish to have said what he has said.

Thirty-eight million pounds may not be a great deal to the British, but it is the amount that the Irish farmers are contributing to the British subsidy this year. If we had the full representative rate, that money could go a long way to provide jobs for the country which has the highest unemployment rate in the Community. If this system is to continue into next year and the figure expands to 120 million, as it is expected to do, then something drastic will have to be done about the representative rate of the green pound for Ireland.

It is only fair that we, as Irish representatives, should demand this. Our base is agriculture, the British base in the economic field is industry. If the British look for the full rate for their industrial produce, why shouldn't we look for the full value for our agricultural output — which, as I say, most of our associated industries depend on?

With other speakers from the Irish nation today, I also want to ask the Commissioner to see that in the next year or so — nobody is demanding an immediate change — something is done to bring about the full representative rate for the Irish green pound.

*(Applause from certain quarters)*

**President.** — I call Mr Lardinois

**Mr Lardinois, Member of the Commission.** — *(NL)* Mr President, I should like to begin by quoting a few figures which reflect the present situation. We have a difference of 38.5 points in the value of the British pound and 23.5 points in that of the Irish pound; the difference for the lira is 18.5 points and that for the French franc about 16 points, while the Benelux currencies show an appreciation of 1.4 points and the Deutschmark one of 9.3 points. That is the position today and all these compensatory amounts are applied as appropriate to imports or exports of a number of agricultural products. I say for a number because not all agricultural products are concerned, e.g. fisheries products, horticultural products, a great many food-stuffs and most products of the Mediterranean region.

## Lardinois

We have tried to apply this system only where it was absolutely essential and in doing so we have run the risk of certain distortions. But when the amounts are not too large we can live with the problem and even exclude further products from the system, giving them normal treatment, by which I mean treatment similar to that given to all industrial products or raw materials outside the agricultural sector, under which fluctuations in exchange rates are passed on. It is only for a number of food products which are important to both producers and consumers, particularly in the North of the Community, that we have this system which is now threatening to get out of hand.

Turning now to Mr Howell's question, I should like to say that in the past Britain has admittedly profited from this system — at least as far as consumers are concerned — but that it played the game as we had expected when the system was introduced, at least until the middle of the summer this year. Since then the depreciation of the pound has become so great that the Commission has felt obliged to make both short- and long-term proposals, to which I shall return in a moment.

Mr Frehsee said that the system of monetary compensatory amounts was imperative for the Community in order to keep the agricultural policy alive. I agree with him in principle. There is no doubt that at present the conclusion in the monetary system is such that we cannot manage without this system. Nevertheless I believe we were wrong to introduce it in 1969 because we lost an opportunity provided by the agricultural sector to force the Finance Ministers to do more for the Community's economic and above all monetary policy.

But since we did what we did in 1969 we cannot now abolish the system overnight without doing irreparable damage to our agricultural policy. To that extent I agree with Mr Frehsee. But on two conditions: firstly that the existing monetary compensatory amounts are not maintained for too long, and secondly that they do not reach excessive levels. Well now, the present situation is that Germany was allowed to maintain its monetary compensatory amounts for too long, thus giving rise in effect to a distortion of competition in European agriculture, and that the compensation granted to the United Kingdom is at present too high. We have therefore proposed a long-term programme with more or less automatic adjustment for past currency developments, under which trends over a period of, say, one month or more are disregarded.

I am glad to see that this idea is gradually gaining ground in the Council and also in the Monetary Committee. I know that there was broad agreement in the Monetary Committee on the long-term system proposed by us. Unfortunately I have to say that on this point the continent was isolated. It is thus a

matter of extreme urgency that Parliament should look into the proposal for adjusting the green currencies, as it is quite certain that the Council will shortly have to take a decision on it.

Clearly we cannot let things stand without accepting the consequent need for an additional budget simply to cover the monetary compensatory amounts for 1977. I think it was Mr Lenihan who said just now that this would cost the Community some £500 million in the course of 1977. I think Mr Lenihan is being very optimistic. If no changes are made in the system and no decisions taken, I estimate the cost to the Community budget in 1977 at not £500 million but twice that amount. If nothing is done next week we shall have to consider the financial consequences. I believe that this is the best way of making the Finance Ministers aware of their responsibility.

Mr President, I should like also to stress a second point. I have already said that a large number of products were excluded from the system, precisely in order to allow the forces of the free common market to work, but the distortions of competition have now become too great. When customs duties between Britain and Ireland on the one hand and the rest of the Community on the other are lowered on 1 January, we shall probably have to introduce monetary compensatory amounts for a number of food products, in particular for a great many food products which are exported by Britain on the basis of raw materials costing some 35 to 40 % less than in the rest of the Community. From the Community point of view this is, of course, a horrifying situation. It seems to me that the present situation is having further terrible consequences in Northern Ireland, which is faced with such awful difficulties. Because we had to allow one country to reduce these MCAs faster than another country, the result is smuggling on a scale the like of which has not been seen in Europe since the Second World War. What is more, this situation may well be benefiting elements which are doing anything but contribute to the maintenance of order in Northern Ireland.

We have therefore had to agree to the British Government's subsidizing the meat factories and slaughter houses in Northern Ireland in order to counteract this smuggling to some extent, at least as far as cattle are concerned.

What this means in fact is that one distortion is being remedied by another, which in turn leads to still further distortions. This is an intolerable state of affairs — not least from the point of view of the Common Agricultural Policy. Now that there is a real likelihood of these MCAs absorbing between 25 and 30 % of the total agricultural budget next year, I believe the situation has become intolerable. But let me repeat: I am not pleading for the abolition of this system, which is absolutely vital in the present mone-



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tary situation. We must maintain it, in the interests of both consumers in countries with a devalued currency and producers in countries whose currency has moved up in value — but only on condition that this situation does not lead to immobility and that adjustments are made more gradually and the amounts do not become absurdly high.

Mr President, as a Dutchman I do not wish to comment on Mr Tomney's remarks about the Irish in Britain. On the only occasion in history when the Dutch got involved with the English and Irish they did not do too well and simply contributed to still greater confusion. I do not wish to imply that I liked what Mr Tomney said. The contrary is unfortunately the case. In this connection Mrs Dunwoody pointed out that the system should in fact also help to solve the problem of surpluses. For some products this is undoubtedly true. But that is not what the system is intended for. Mrs Dunwoody knows very well that I am anything but opposed to subsidies on food products when we have a surplus of them in the Community. In other words, if Britain can adhere to the spirit of the regulation in this respect it will have a very strong moral claim to make itself heard more forcefully on the subject of consumer subsidies for products which are in surplus. I believe that this is the direction in which we must seek a solution, rather than in the use of certain mechanisms for a purpose other than that for which they were intended.

If the present situation continues, there is a real risk that for certain sectors of agriculture the adjustments in Britain will come too late. Our experience in Italy in 1973 was particularly bad in this respect. Secondly unless sufficient adjustments are made to this system the costs become too high in the very near future you can expect a supplementary budget of some 500-600 million u.a. for this sector alone. Thirdly, this situation is creating even greater difficulties in an area which is part of the Community and has been living for years in a state of virtual civil war, namely Northern and Southern Ireland. Fourthly, this system means that in the short-term too much is in fact being asked of the Republic of Ireland. If no changes are made, Ireland will become a net contributor to the agricultural budget next year, whereas up to now — this year and last — it has, to my mind rightly, drawn substantial extra revenue from the agricultural budget. I hope that we can solve this problem and that the overwhelming majority in the Council is prepared to do so. I appeal to Parliament to consider this long-term programme as soon as possible and to reach a decision on it in January at the latest; I call on all Members, and in particular the British Members, to persuade their governments to take a small step forward. And action is needed quickly — otherwise this system is in serious danger of disappearing. I must emphasize that payments by the Community were not discussed when Britain joined and were not decided on during the 'renegotiations'. The Council can thus revert to

the position of March 1973. In March 1973 these payments were still financed nationally. I should not like to move in that direction, but in the long run I see no other solution than to revert to that situation — unless all the players play the game.

*(Applause from the right and the centre)*

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

*5. Statement by the Commission on the fisheries sector*

**President.** — Before we consider the Question on trade with Japan, Mr Gundelach would like to make a brief statement on the problems in the fishing industry.

I call Mr Gundelach.

**Mr Gundelach, member of the Commission.** — Mr President, I have been asked to tell the House about the state and nature of the deliberations at present taking place in the Council with regard to fishing policy, in order that this House may organize its subsequent debate on this matter in the light of the most recent information about developments.

At its meeting on Monday of this week the Council decided upon the main lines of the mandate which the Commission should have to negotiate with countries with whom we can establish at least some degree of reciprocity, that means Iceland, the Faroe Islands and Norway. They further decided upon an autonomous regime concerning fishing by non-reciprocity countries in our waters which would apply only for the first three months of 1977 and at a very reduced level. The Council had a first discussion — not on the Commission's proposal for an internal fishing regime which has been held over — but on a proposal of a more pragmatic nature concerning an interim arrangement which should allow us to get into 1977 without internal Community conflicts, but without prejudice to the position of one party or the other in regard to the main elements of the final internal regime.

There was unanimity in the Council that the interim regime must in no way prejudice the final internal regime. In the light of decisions taken in regard to the non-reciprocity third countries, the Commission undertook to review the figures which have been suggested with regard to this interim regime, taking into account also certain problems of fish conservation again of a short-term interim nature, and the Council meeting between the Ministers of Agriculture and Fisheries and Foreign Ministers planned for yesterday was therefore postponed until the beginning of next week.

I will conclude by saying that for the time being the Council will therefore not be discussing the Commission's proposal of September of this year concerning a final common fishing policy but only an interim

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arrangement based on fish conservation and on fishing quotas which will allow us to get into 1977 in an orderly manner, in a Community manner, and without unnecessary chaos. In the meantime these negotiations to which I referred and the basis of which I already explained to this House some months ago — and these principles have not changed — will be proceeding at the same time.

#### 6. *Change in agenda*

**President.** — I call Mr Spicer on a point of order.

**Mr Spicer.** — As you know only too well, Mr President, on Monday when we were discussing the agenda, there was a very strong feeling in the House that we should go ahead with the debate on fishing which was scheduled for Friday, in spite of the fact that the rapporteur, Mr Kofoed, was very much against that and wished it to be postponed until January. I would have thought that it might now be wise for us to reconsider that decision in the light of the statement made by the Commissioner, and if the rapporteur still feels that that debate should be postponed until January, I for one would be very much in favour of our going along with that suggestion.

**President.** — I call Mr Prescott.

**Mr Prescott.** — Mr President, this proposal, which was not known to us on Monday, puts a different reflection on the issue of whether we debate Mr Kofoed's report on Friday. That report deals with the proposals which were submitted by the Commission in September. The Commissioner has just made clear that we are now talking of an interim agreement which will not prejudice any subsequent agreement on a new Community fishing policy. The House is therefore faced with a different position today, Mr President, compared to Monday.

However, I don't go quite as far — and I am sure my group supports the point — as Mr Spicer has done, because I think it would be valuable to use the opportunity on Friday to express an opinion, as the Ministers will be meeting on Monday and Tuesday to discuss an interim agreement where we have to establish measures for conservation and quotas. I would therefore propose, Mr President, that we still use our slot. The political groups will be meeting before then to decide how best to use it. We shall have the opportunity to express opinions on that occasion on how best the ministers may consider the new interim agreement. We would prefer at least to express an opinion on Mr Kofoed's report without holding a full debate involving all the amendments to the Commission's September proposals.

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — (DK) In view of Mr Gundelach's statement, I think the best course for us to adopt is to take our time and consider the report in January and so

deal with it separately from the discussions going on at present. I also think that we might make it more difficult for the Council and the Commission to reach decisions if we were to have a debate on Friday, which would relate to short-term considerations, whereas our report looks to the long term. I support Mr Spicer's call for a postponement until January.

**President.** — I call Mrs Ewing on a point of order.

**Mrs Ewing.** — However this question of the Friday slot is resolved, if the debate is in any event to be postponed until January, could we make sure it is not held on a Friday? It is a day when, for all good reasons, we do not have a good attendance in this forum. If there is any postponement of the debate, could we have it on the most important day, whatever that day may be.

**President.** — The House is faced with two decisions. Mr Spicer, and indeed the rapporteur have asked that the debate on Mr Kofoed's report on fishing should be adjourned until the January part-session.

Are there any objections?

That is agreed.

Mr Kofoed's report on fishing will therefore be held over until the January part-session and I am sure that Mrs Ewing's comments when she was raising her point of order will be noted by the enlarged Bureau.

The next point the House has to consider concerns Mr Prescott's proposal about Friday. The House obviously cannot take any decision now in vacuum if there is a motion for a resolution put forward with a request for an urgent debate on the matter of fishing, the House will obviously be able to take a decision then. I would therefore suggest to the House and to those Members who want such a debate that this is the procedure they should adopt.

I call Mr Gundelach.

**Mr Gundelach.** — Mr President, it would naturally be entirely inappropriate for me to interfere in the procedural discussion of this House, but I would like to make it clear, on behalf of the Commission, that, if a motion for a resolution is tabled and a debate takes place on Friday on the interim internal regime, then, due to the negotiations with Iceland and Norway, I shall unfortunately not be able to be here. Even if I was here I would not be able to say anything concrete about it because as long as the negotiations are going on I will not have concrete proposals. I do hope that the House will understand that in that eventuality the Commission will not be considered to be in default because they cannot give you detailed information about what our proposals are going to be. They will only be known after the negotiations and that means on Monday.

**President.** — I am sure the House will understand the Commission's position.

7. *Oral question with debate; Trade with Japan*

**President.** — The next item is an oral question with debate (Doc. 390/76) by Mr Osborn on behalf of the European Conservative Group to the Commission of the European Communities on trade with Japan :

What has been the outcome of recent discussions between the EEC and Japan on steel and shipbuilding and other sectors where Japanese imports penetration gives cause for concern ; what can be expected by way of a reduction of imports from that country — without import controls ; and what opportunities will there be for Community exports in such key sectors as motor vehicles, pharmaceuticals, textiles, chemicals and mechanical industries and engineering ?

I call Mr Osborn.

**Mr Osborn.** — Mr President, Mr Gundelach, well knows that the Community is importing Japanese goods and at the same time we have a high rate of unemployment. Many of us are concerned at the ready accessibility of Japanese goods at a time when we ought to be making these goods in our own factories in our own constituencies. I therefore tabled this question two months ago but the debate was postponed.

I have tabled this question to give the Commission an opportunity to submit to this Parliament an up-to-date report on the current state of negotiations between the Community and Japan. Secondly, it provides the Commission with a chance to analyse longer term trends, sector by sector, in our trade with Japan and I thank the Commissioner for the information he has made available to many of us. Thirdly, I ask the Commission what measures it now proposes to adopt to redress this increasingly serious imbalance of trade which is causing so much concern, and I stress particularly the steel and shipbuilding industries but there are many more.

In the press the negotiations between the Community and Japan have most certainly been studied with interest. The first official reaction to the sort of charge the Commission was making about excessive exports, some of them being ballbearings which we referred to last month, and insufficient imports is, as I understand it, not what the Commission was hoping for. And therefore we want to know what the views of the Commission are. The Japanese were not able to offer much reassurance about manufactured goods, on the grounds that the present structure of Japanese industry is such that it does not allow for large-scale imports of such goods. Only when Japan is in a position of no longer needing to import huge quantities of raw materials would she be able to boost her imports of manufactured goods. And this is a very significant situation which we must look into. Does the Commission accept this reasoning ? What does the Commission propose to do in the meanwhile and what assurances can the Commission offer that they will continue to press the Japanese to provide a more detailed and more constructive response to the Community's demands ?

I have been to Japan and I know that the distribution of Community goods in Japan presents a problem for our

salesmen because of the structure of Japanese industry. I have seen the investment in shipbuilding, motor manufacture, steel and seen the high rate of productivity, which compares more than favourably with most competing operations in the Community. But of course the remedy is in our own hands. There is a comparison between the United States and Japan. I have visited the United States over the last decade and found their manufacturers have taken an uneasy view of Japanese imports. One of the principal causes of the recovery of the Japanese economy from the slump caused by the rise in oil prices in 1973-74 — and it should be remembered that Japanese self-sufficiency in energy is no more than about 12 % — was the upturn in the US economy. The consequence has been that they were able to suck in exports from Japan of manufactured goods. The Americans of course have a trade deficit with Japan. Their situation compared to our 2 : 1 ratio, is much more manageable. Community exporters are, for the most part, seeking to export to Japan goods which the Japanese can manufacture for themselves in their own factories at prices well below what would be economic in our industries. Therefore Parliament is entitled to ask the Commission what examination it has made of the possibility of diversifying our exports to Japan in such a way that there is a greater measure of complementarity. But are we asking for the impossible ? In their exports the Japanese have chosen certain markets and try to obtain world domination of those markets. I include electronic as well as engineering products, but their whole economy has been purposeful nationally in so far as they have invested in the extraction of the raw materials which they do not have in their own country. A study of the figures supplied by the Commission shows the extent to which the Japanese have an imbalance with Australia and other countries from which they obtain raw materials, and the complexity of the world trading pattern involving the Community and Japan.

Now I turn to the question of barriers to trade. At the consultations held in Tokyo in June this year it was agreed there should be a systematic examination of those barriers which continue to hinder exporters seeking entry to the Japanese market. There has already been some useful progress in this field. For example, I understand the details of possible changes in Japanese law affecting products specifications are now much more easily available. But perhaps the Commissioner would like to tell us when the results of the systematic examination of these problems will be published ? I hope it will be in time for my colleague Mr Baas to incorporate them in his report on trade with Japan for the Committee on External Economic Relations. He has invited me to attend that committee and there will be a report early next year. In my view this is the key to the whole problem, to identify ways in which the Japanese might open up their home market to make it more accessible to our exports. It should be understood that many of us are of a friendly disposition towards the Japanese, but in the commercial field they do involve a challenge to industries in our constituencies.

**Osborn**

I turn finally to the continuing attempt to secure in trade negotiations a better deal for our exports to Japan. I hope the Commission is aware that this raises the question of how much confidence people have in the Community's institutions, for unless the Community can make effective use of its strength as the world's major traders, manufacturers and industrialists we may well experience pressure to seek to return to national negotiations. Obviously, industry by industry, within nations — cutlery and steel being but two examples I am familiar with and particularly the special steels sector in Sheffield — there are many who wish to make their own negotiations too. And I think this is most urgent in the sectors suffering from dumping. We have the Geneva anti-dumping code of 1969, and as this House will be aware, from 30 June next year, the Commission will be taking over full responsibility for anti-dumping measures in the new Member States. We would like an assurance from the Commission that this transfer of powers will not involve unacceptable delays in the imposition of such measures as may prove necessary. In my case, as a Member for a steel constituency, I must confess that negotiations between trade associations, local companies and the British Government have not always been easy and I would like an assurance that we can make better progress with the Commission.

In conclusion Mr President, I would like to draw this House's attention to the motion for a resolution tabled in the name of the Conservative Group. I believe this debate has come at a most opportune point in our negotiations with the Japanese and our role here must be to direct the Commission's attention to those aspects of the problem which are of special interest to the Members of this Parliament. The Commission should know and the Japanese should know the concern of this Parliament about this whole issue. There has also been a motion submitted by the Christian-Democratic Group and it is suggested that the two final requests in their motion — requests (a) and (b) — should be added to paragraph 3 of the Conservative motion, so that we can have a composite motion from this Parliament to strengthen the hand of the Commission. I would like the Commission to return to its negotiating task not only better informed but fully assured of the support of this House. Mr Gundelach gave us a good example in his reply two months ago. This situation does cause grave concern and continues to cause grave concern in our member countries and I hope that the Commission will prove worthy of the confidence that we now place in them.

*(Applause)*

**President.** — I call Mr Gundelach.

**Mr Gundelach, member of the Commission.** — Mr President, may I welcome this question and thank the honourable Member for having agreed to hold this debate a few weeks later than originally intended.

That permits me to take account of a number of important recent developments and to give a fuller picture than would otherwise have been possible.

In particular, it enables me to take account in my reply today of the outcome of recent consultations between the Community and Japan — both the Coal and Steel Community consultations and the ordinary high-level consultations — and of certain exchanges which the Commission has had with the Japanese Government, as well as the lead up to and the outcome of the Community's trade relations with Japan. I would like to add that the Commission is fully aware of the concern which is felt in this House on this matter. It is a concern which, as you will remember from the debate two months ago, the Commission fully shares. We have demonstrated in our acts that we do share it.

We are indeed grateful for the support we are getting from this House — from its debates, the points of view expressed by individual Members and resolutions passed by the House as a whole. It can only strengthen us in our continued efforts to come to grips with the problem. The House will be familiar with the Commission's general views, but in the light of the events of recent months — in particular, of a certain amount of misleading press comments — they might perhaps bear repeating.

We remain as firmly today as we have ever been in favour of expansion of trade between the Community and Japan. We consider that the development of a better trade balance should principally be achieved by increasing Community exports to Japan. I find myself here in agreement with Mr Osborn. But, given that immediate results cannot be expected in this field, we believe that any sectoral problems which may arise in that trade should be handled by active consultation with a view to avoiding unilateral restrictions which, in the end, can only be harmful to the international trading Community, including ourselves.

In all honesty, we have been compelled in recent months to warn our Japanese partners that the credibility of this policy was being seriously undermined, and that if this credibility could not be restored by concrete measures, we feared for its survival. That is why we have seized every opportunity to point out to the Japanese Government and Japanese industry that the sharp increase in the Community's trade deficit with Japan and the rapid growth and concentration of Japanese exports in a very limited but important number of sectors were bringing with them the danger of provoking a reaction which will be damaging to our mutual trade relations and to the fabric of multilateral world trade in general. In a phrase that I used in this House at the end of last year, and again when I visited Japan this summer, I expressed the fear that, quite unwittingly, they were sowing the dragon's teeth of protectionism. That then is the background to the events of the past few weeks.

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Let me now deal with some of the specific points raised by the honourable Member. First, the question of Japanese steel exports to the Community. After a session of fact-finding talks which were held in Tokyo at the end of October, a regular ECSC-Japan meeting was held in November. On that occasion the Japanese side provided satisfactory and reassuring information about the estimated level of steel exports in 1977, which are scheduled to be lower than in 1976. They specifically confirmed that the extension for 1977 of the existing voluntary export restraints being practised by the six major Japanese steel producers would be authorized. Reassurances, as requested by us, were also provided regarding exports by the smaller producers of shapes, angles and sections, of flat bars and of special steel.

I should emphasize that there is no question here of any agreement being sought by the one side or being entered into by the other, but of assurances. So far as Japanese exports of special steels to the United Kingdom are concerned, I would remind the honourable Member that at the beginning of September it was made clear after informal talks between the Community and Japan that Japanese shipments in the first half of 1977 would be well below the level of the corresponding period in 1976. There will be further talks between us early in the New Year about the expected level of exports during the second half of next year.

Then, there is the extremely important question of shipbuilding, where I fear the situation is still a good deal less satisfactory, although I would not wish at this stage to sound too pessimistic. The Commission gave particular emphasis at the high level consultations in the middle of last month, to the serious problems which the Community's shipbuilding industry faces in view of worldwide over-capacity in this sector. A great deal of unemployment is at stake. We considered that Japan had a special responsibility in this matter because Japan is a country that has most rapidly expanded its capacity in recent years. The whole question is being discussed in the framework of the OECD, but admittedly without much progress being made so far.

But the Commission has now, in the context of the talks I have referred to, persuaded Japan that it could be useful to hold bilateral talks in parallel with those multilateral discussions in order to give us an opportunity to put our view more forcefully and possibly pave the way for an acceptable multilateral solution. A high-level Commission delegation would pursue these bilateral contacts in Tokyo on 20 December. In advance of that meeting I would not wish to say too much about what might happen if it were to produce no results, but obviously something would have to happen. I must make it very clear that neither the Commission nor the Member States are prepared to stand idly by

and watch a major Community industry being squeezed out of existence with all the economic, strategic, regional and social consequences, in particular, as I mentioned before, with regard to unemployment, that that would entail. Our approach to these talks is that, if we are to avoid a thoroughly unhealthy international rat race over who gets what share of the shipbuilding market, time is now running out.

Let me now briefly deal with two other aspects in which I think there are some signs of improvement. In respect of ballbearings, the House will know that only last month the Community officially opened an anti-dumping investigation. We will be holding a meeting with the Japanese exporters in the middle of next month. Meanwhile, they have already raised their prices by 5 % and a further price increase of 10 % is envisaged at the beginning of next year. But I can assure the House that we will follow up this investigation vigorously but fairly.

Secondly, Japanese car exports to the British market: following my conversation with Mr Yushino on 16 November, the Japanese government has told us that their car industry estimates that their exports to Britain in 1976 will not conspicuously exceed the level of 1975. Further exchanges of information between the industries concerned regarding prospects for 1977 are in train.

I turn now to the question of the Community's exports to Japan, to which the honourable Member referred in the latter part of his question. In certain of the sectors which he mentioned, we have already made concrete progress towards improving conditions for the access of Community goods to the Japanese markets. So far as motor vehicles are concerned, Japanese testing will be carried out in Europe from 1 April next year. We have also obtained some changes regarding the application of safety and pollution standards to all cars exported to Japan. In the pharmaceutical sector certain pre-clinical tests carried out in Europe have been recognized by the Japanese authorities since the beginning of October. I am replying here to a specific question, and my reply can be taken into account in the report to which the honourable Member referred. The remaining non-tariff barriers in this and other fields has been communicated or will be communicated to the Japanese and we look forward to detailed discussions in the near future.

We have also raised with Japan a number of specific problems relating to European exports of footwear and canned meat to Okinawa, on all of which we await replies from the Japanese side. We have already received certain helpful assurances about imports of manufactured tobacco products.

Imports into Japan of silk products from Italy have been the subject of successfully concluded consultations. We have also established in consultations that a resumption of growth of imports into Japan of textiles

**Gundelach**

and clothing from the Community can be expected when the economic upturn in consumer expenditure there improves, as there are signs it will.

In respect of chemicals, and, perhaps most important of all, processed food, we are preparing for further early work together. We are to have a detailed round of bilateral talks about processed food early next year, and I make no secret in talks with the Japanese authorities of the fact that we attach very great importance to the expansion of our exports in this sector. This is a sector where our exports are generally rather competitive and where expansion could take place relatively rapidly and without the long lead-time in major investment in distribution and servicing facilities which is often an absolute prerequisite to successful exporting in other sectors.

We also want to study with the Japanese such general issues as the Japanese regulation on trade marks, packaging and other similar non-tariff barriers or related issues, and the impediments to European exports which arise from the Japanese distribution system, a matter of very great importance.

Mr President, as you will see we are asking Japan to cooperate in this wide-ranging attempt to build up our exports and we believe that it is in their interest as much as ours to do their bit to help. But they can do no more than open their doors somewhat wider. That I think they can and should do, and here I would like to emphasize that the Community as a community has been using and will continue to use all its influence, in bilateral talks or in the multilateral talks which will be resumed in Geneva in 1977, to open these doors for our exports to the Japanese market. I would also like to state quite clearly from my experience of talks with Japanese and industrialists that any undue pessimism in regard to marketing possibilities in Japan should be avoided.

It is a big and rich market where a number of our products, given improved access to their market in regard to classical trade barriers or non-tariff barriers of various types to which I have referred, will indeed be capable of competing. I have no doubt about that. It may necessitate a certain diversification of the Japanese economy. That is no more than we can rightfully expect from one of our trading partners. We cannot obtain and maintain an international trading system if certain parts of that trading system try to go their own way. I don't think that is going to happen, I think the trend is in the opposite direction. I think therefore that once again an appeal should be made to our own industry to use the opportunities that result from our efforts to open doors and windows in the Japanese market. Because, as I said, we can only do so much, and the Japanese can only do so much. From then on it is up to our exporters and industrialists to push through the door and to achieve a more substantial penetration of the Japanese market, and here nothing

is more important than competitiveness and continued performance. I can assure you that anti-dumping procedures on a Community level will be used speedily and without any unnecessary delay. Assurances have been given by Sir Christopher Soames in various forms, including a written reply to this House.

Mr President, the European Council, helped, I openly acknowledge, by the cooperative first response of the Japanese authorities in recent weeks, has given a new lease of life to our policy of seeking a way out of difficulties by trade expansion and by cooperation through consultations where problems, including problems of import penetration of our markets, arise. The Commission intends to spare no effort in pursuing that policy, but we will only succeed if we can show results. There will be many eyes concentrated on the key figures as they are published in the months ahead, and if we cannot coordinate our efforts so as to have an effect on them, we shall be in trouble again, to the detriment of a free international trading system. It is no solution to fall back on national protectionist policies. I think we are entitled at this moment, in view of the response we have received, to face the future with moderate optimism, but also with vigilance.

*(Applause)*

**President.** — I call Lord Castle to speak on behalf of the Socialist Group.

**Lord Castle.** — It will be no surprise, of course, to the Parliament that the Socialist Group identifies itself entirely with the purpose of the question and, with the rest of the Members and groups in this House, welcome the statement we have had, couched as it was in commendable diplomatic terms. It does not use the harsh language that we politicians at times have to use in condemnation, but is, as far as one can expect from the Commission, explicit about what the action proposed is. I think all of us must agree that one of the phenomena of our age has been the emergence during the last three years of Japan as a major problem — I choose my words carefully — a major problem in world trade. And I congratulate the Japanese on this. It is in no spirit of envy that we in this House should be deploring today the advance of Japanese manufacture. These are a proud people, full of initiative and energy, and tribute has been paid to their productive capacity and, inferentially, to their management in the speech of Commissioner Gundelach.

We are, however, faced with the fact that over the last six years, the trade deficit between the EEC and Japan has increased by eight times in favour of Japan. These are mere figures. They can be translated from industry to industry, but to those of us who are dealing with the British public, and to those of us who are dealing with the German public and the French public, they represent in many cases real tragedies of employment

## Lord Castle

and frustration of hopes. We have to ask ourselves if, in all fairness to Japan, we can correct a tendency which some people, including myself at times, have thought could be remedied by import restrictions. I do not yet abandon the belief that there is a possibility in that. Meanwhile I accept the intentions of the Commission, egged on by, if I may so, a not too vigorously expressed Council recommendation, because if pusillanimity was ever exemplified, it is by the comments of the Council on this very very important trade.

Sir, what we realize is this: that Japan, because of its initiative, is today subjecting itself to great suspicion. I use the word 'dumping' — an impolite word which the Commission would never use. But we have at this moment going on an enquiry into the ball-bearing industry as a result of direct detailed evidence produced by the ball-bearing industry itself. We expect a decision on that next year. But if it applies to ball-bearings, if the Japanese manufacturers and exporters have a somewhat elastic conscience on this matter, it can apply and perhaps does apply to other industries as well. And so I hope that during those three months of consultation which have been asked for by the Council, we shall have a very thorough investigation into the trading practices and the structures of the industries in Japan.

There is much unanimity in this Chamber on our determination to get to the bottom of this matter and to ease the situation in this way. Where I think we all are agreed is that whatever the causes of our failure in exporting to Japan, this is where the solution lies. But not with our own country because some very very difficult obstacles and irritations have to be removed from the Japanese set-up if we are to succeed. You can speak to any manufacturer in any of those exporting trades where we can conceivably trade with this great nation and they will tell you that intentionally imposed restrictions and regulations are preventing them from exporting and thereby helping the flow of world trade, which will benefit Japan as much as it will Europe.

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

**Mr Vandewiele.** — *(NL)* Mr President, I should like first of all to say a word of thanks to Mr Osborn and Mr Klepsch for having raised a very important problem. I should also like to thank Mr Gundelach for the informative statement he made. We have the impression, however, that he is rather too optimistic. The tone of his statement is extremely good in the diplomatic sense, with a view to the impending major discussions in Tokyo, but Parliament is clearly anxious to express its deep concern. What, then, is the situation? For months a situation has been building up which threatens the freedom of world trade. The chronic trade deficits of the United States and the countries of the Community seem to foreshadow a serious crisis, and we now need to reaffirm forcefully

and unanimously that free trade must be maintained with no quantitative restrictions.

This should not, however, prevent us from continuing to face up to the cold facts, against the background of the Community's annual trade deficit with Japan. At present this amounts to 4 000 million dollars, which is quite intolerable, especially since Japan supplies mainly valuable consumer goods and vital raw materials. There will thus have to be serious efforts on both sides if we are to avoid a series of trade restrictions being introduced between the EEC and Japan, which would start a chain reaction of protectionist measures. This point was also emphasized just now by Mr Gundelach.

When I was 15 or 16 there were three words that I noticed coming up all the time in the newspapers; these were the words self-sufficiency, quotas and protectionism. The question today is whether the negotiations will spare us these old concepts. The Member States accuse Japan of dumping. Certain products are being delivered sometimes at much less than the market price. Exports are heavily subsidized, while high rates of duty restrict imports. At present there is particular pressure on the steel and motor industries, shipbuilding, the textile industry and the electronics sector.

In order to avoid the President's gavel, I shall go straight on to my conclusion. The resolution contains two important paragraphs, which I should like to put as questions to the Commission. Mr Osborn will also be justifying these points again presently. The first question is as follows; Is the Commission of the opinion that it is possible to propose measures aimed at making more 'transparent' the activities of Japanese firms which are primarily engaged in exporting to the Community? The Japanese Government could perhaps be asked to ensure that the complete annual balance sheets of these firms are published. This is an important question in view of the negotiations to be held in Tokyo. The second question is: Can the Commission insist that the Japanese Government make major concessions to give the industries of the Community access to the Japanese market comparable to that enjoyed by Japan in the Community market?

On behalf of my Group, I shall support Mr Osborn's resolution, and I hope that this text, with our amendment, will be approved by Parliament.

*(Applause)*

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

**Mr Cousté.** — *(F)* Mr President, Mr Gundelach quite rightly reminded us of the background to this problem. I shall not go over the same ground, I shall merely say that what we are concerned about is the steady deterioration in a certain number of key sectors: steel, shipbuilding, electronics, ballbearings, motor vehicles and the construction of turnkey factories.

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The effort made by Japan to redress its balance of payments is quite remarkable. It is clear from the statistical evidence that the balance was practically redressed in 1975 and this year Japan will have a trading surplus of the order of three to four thousand million dollars. This is a spectacular result.

How is it to be explained? That is the fundamental question which we have to answer, the more so since that recovery was achieved at the expense of a number of major countries, and particularly, I am sorry to say, of the Community. The least pessimistic estimate of the Community's trade deficit puts it at \$3 100 000 000 for 1975 and at more than \$4 300 000 000 for 1976.

This deterioration can give us no grounds for satisfaction, and this is reflected in Mr Osborn's question and in the comments we have just heard, and also in Mr Gundelach's own remarks. We cannot be satisfied with the statements made or with the friendly proposals which are put to us.

It is for that reason that specific measures are necessary, and more urgently in two sectors than in others. In the steel sector in particular the problem is not only economic but social; it is not merely a question of the sale of Japanese products to Europe, but also of increased unemployment and the dismissal of workers, as was underlined by the recent reaction of 139 local councils in the Lorraine basin. Not only is there stockpiling, but there is also the fact that buyers of capital goods are no longer buying. The main reason for this situation is that steel prices have gone back to the levels of two years ago whereas, in the interval, costs have increased by more than 30 %. In these circumstances, Mr Commissioner, it is difficult to accept that the Japanese should still sell at a distance of 15 000 kms from their own country at prices lower than those of European producers.

How is it possible to offer in third countries prices 500 to 1 200 FF lower than those applied by the Community? How are the aggressive trade practices of the Japanese to be explained if they are not resorting to dumping, and taking advantage of an undervalued yen, and what are the non-tariff barriers which they are erecting to keep out European and American imports but evidence of a protectionist policy?

Two types of measures must be taken. The first should be applied in the short term. It is urgently necessary to call a halt to the damage being done to the iron and steel industry. The establishment of Eurofer is not in itself an answer. The real difficulty lies in the undertaking, given by the leaders of the Japanese iron and steel industry, to impose export limits on themselves, and I know that they will be ready to honour further undertakings in 1977. However, we should not forget that, while the firms I am referring to are members of the Confederation, almost half of these steel works and of the capacity of the Japanese industry is outside

it and is therefore a constant threat to this policy of voluntary restraint. I should like to know what action the Community can take in this regard.

Such an agreement would in any case be temporary, and would only have the effect of a safeguard clause, that is to say, it would inevitably provoke a reaction from the United States.

Any real dialogue cannot be limited to Japan and the Community. The problems of the iron and steel industry have world-wide ramifications and our treatment of them must take account of that fact. An urgent priority is a tripartite arrangement between the Community, Japan and the United States. I do not recall hearing anyone say this and it is something which we should like to have heard, particularly since consideration is in fact being given, at the highest level, to an agreement, a process of consultation involving the industrialized countries. That seems to me to be extremely urgent.

The second sector in which concrete measures are particularly called for is that of shipbuilding, about which our British colleagues have just voiced their concern. I should like to associate myself publicly with their view that it is urgently necessary to reach an agreement.

Speaking for myself — and I will end on this note — I acknowledge the Japanese statements that they will take steps to enable us to export goods to them and that they are willing to make things easier for our pharmaceutical products and motor vehicles. However, there is a danger, and I say so quite plainly, that these are only good intentions. I know that the list of recognized tests has not yet been drawn up and that Japanese car safety regulations are the strictest in the world. There is also the question of customs duties, to which no reference has been made and which are of the order of 6 to 15 %. Is this what can be described as opening up the Japanese markets? I don't think so, in spite of the efforts which we are making and which you are supporting. Is there not dumping when, in spite of increased costs and the fall in the value of the pound, the average Japanese prices of electronic equipment imported into the United Kingdom show practically no change and there has been a considerable reduction in the price of colour television sets? The same is true of processed agricultural produce. Let us not forget that, if the Japanese market is open, it operates on a system of global quotas. Urgent action must be taken. There must be consultation with the Japanese, and there must be world-wide consultation too.

*(Applause)*

**President.** — I call Mr Pintat to speak on behalf of the Liberal and Democratic Group.

**Mr Pintat.** — *(F)* Mr President, we should first of all be glad that the threat of a trade war between Japan



## Pintat

and the Community has been averted. We can understand that the temptation to impose import restrictions was very great. Our earnest wish is that negotiations should continue, despite all past and present difficulties, and that efforts should be made to reach agreement. We therefore support the Community proposals for an equitable overall reduction in world shipbuilding capacity which were presented to the OECD working party. It seems however that the Japanese Government has reduced the scope of its proposal on this point.

There are some who would like to see protective measures enforced without delay. We Liberals are resolutely opposed to such a course. We would remind the House first of all that the leaders of the OECD countries have on several occasions made it clear that they are all firmly of the opinion that protectionism is a false solution to their difficulties and that it should be unequivocally rejected. Agreement was reached in 1974 on a formal undertaking along these lines and it was renewed in June 1976. The chief world powers referred to it both at Rambouillet and in Puerto Rico.

These undertakings must be looked at again because of the serious difficulties which we are experiencing with Japan. Let us not adopt any protectionist measure without first clearly assessing all the risks involved. It could in fact be dangerous for the Community itself to decide on protective measures without careful consideration.

Aggressiveness of Japanese industrialists has been criticized but, if the term is properly understood, i.e. if dumping — which must be prevented wherever it occurs — is excluded, does that aggressiveness not correspond exactly to the policy which Member States are encouraged to adopt, i.e. to counter the present economic crisis by finding new external outlets for our industry?

If we take retaliatory action against sales by Japanese industrialists, they will then want to increase their sales in other areas, particularly in the United States. I agree with Mr Cousté on the need for a tripartite agreement between the United States, Japan and Europe. If there was a protectionist chain reaction, the Community would sooner or later suffer from such a policy and we would be heading for a serious world economic crisis. We would then have a much more serious unemployment situation to worry about.

Of course, economic liberalism is not always a panacea, but I think that today it is the best way to solve our current difficulties.

Our main effort should rather be directed at our sales to Japan, in accordance with the request from the last European Council. The Japanese themselves should be the first to make this effort. On the one hand, the various administrative and very real barriers which limit the entry of our products should be removed. Here I am thinking in particular of the fussy, pettyfoggling standards which European exports to Japan have

to satisfy; they should be simplified, for example in the case of cars, which have to be retested in Japan. Furthermore, there should be substantial increases in the quotas applicable to key Community sectors.

I will close by emphasizing that the position we are adopting in this matter, and which generally coincides with that of the Community authorities and of Mr Gundelach himself, is not aimed at a short-term easing of the situation. There are some who would recommend the immediate application of harsh measures. These would perhaps have more effect on the internal policy of the Member States since they would be seen to produce immediate results. But the more clear-sighted and the more courageous attitude which we advocate will certainly, in the long-term, be to the greater advantage of the Community and of the world economy.

The Liberals will therefore vote for Mr Osborn's motion for a resolution.

**President.** — I call Mr Gerlach.

**Mr Gerlach.** — (D) I am unwilling, or rather unable, to put my trust in the opinion shown here by Mr Gundelach, and I should like to quote one example — that of the zip fastener industry — to show why. Other sectors have also been mentioned. This sector is represented in Japan by a single large company, YKK. This firm has a market share of 90 % in Japan and in the neighbouring countries with important textile industries, which in their turn export large quantities of ready-made garments and zip fasteners to Europe. This company thus has a strong economic basis with low-cost mass production in Japan, and it is not afraid of imitating European and American zip fasteners, accepting the risk of lengthy patent litigation. It is not afraid of systematically offering Japanese zip fasteners at dumping prices in the North American and European markets. Japanese export figures show an annual growth rate of 30 to 40 % in this sector.

And what methods does this company use? Whole plane-loads of German and other European clients are invited on two-week pleasure trips to Japan. After the central bureau for combating unfair competition in Frankfurt has intervened, a cunning Japanese compromise was reached whereby these invitations were shortened by a week. The Japanese have also not been afraid to bring an action in Brussels against a major European firm in this sector for alleged domination of the market, in order to gain further competitive advantages in Europe — which is a grotesque situation in view of their undisputed 90 % share of the market in Japan and the Far East and a market penetration in Europe that has now reached 25 %. For the Federal Republic alone, imports of zip fasteners from Japan have increased as follows: 1973 — 10 000 000; 1974 — 14 000 000; 1975 — 22 000 000; — even though this was a year of recession.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — It's a one-sentence question on clarification of something that Mr Gundelach said. Could he explain precisely what he meant by the 'international rat race' in shipbuilding being brought to an end, because, when I go to the Scottish Trades Union Congress this weekend, they will certainly ask.

**President.** — There are three speakers due to speak but if Mr Gundelach wishes to intervene now he may do so.

**Mr Gundelach, member of the Commission.** — Mr President, I am very grateful for being given the opportunity to reply at this interim stage of the debate because — as I explained earlier this morning — I have to be in Brussels later this afternoon to negotiate on the fishing problem, but one of my colleagues will be very happy to follow the remaining part of the debate.

Firstly, I want to express my gratitude to all those who have spoken, who have on the whole expressed themselves on the same lines on which I spoke on this occasion and on an earlier occasion. I therefore feel that already at this stage I can thank the House for the support which it is giving to the line the Commission is trying to pursue.

We remain convinced that we have to maintain a free international trading system which is of vital importance to the Community itself, because the Community lives by being able to trade with the outside world. We are, as you know — it's been repeated over and over again — the biggest trading area in the world. If we cannot trade freely in a reasonably open world, the basis for our social, economic and political stability disappears. We have no interest in getting into conflict with other major nations, which can only lead to a deterioration of trading conditions, which will hit us more than anybody else.

This being said, we obviously have to find solutions to problems posed to us, not so much — if I may be permitted to interject this — by the size of the Japanese surplus in terms of the balance of trade with us. It is the rapid increase in that figure which is giving me cause for concern. And it is the penetration in certain key sectors, which are very important from the point of view of employment and social problems, shipbuilding, steel etc. May I remind you in this context, that the size of the trade surplus Japan has with us is not much bigger than the trade surplus the Community has with two or three small neighbouring countries in Western Europe. So, if we start protesting that we can't accept the trade surplus of 4 million, we have to be extremely careful because then somebody else might get the idea that they also ought to introduce some restrictive measures against the Community.

It is the penetration in certain sensitive sectors which worries us. And I think we have put it squarely to the Japanese that this must be brought under control.

And the answer to Mr Gerlach and others therefore is that we will indeed insist that the fair provisions laid down in international rules on trade are scrupulously maintained and followed by Japan, and if that is not the case — I do not hesitate to mention the word 'dumping' — when I have reasonable proof that such practices are being carried out, we will take the necessary action. But I do not want to stand here and throw around accusations of dumping and subsidization when there is not sufficient proof thereof.

But if such proof comes to light, then action, as has been demonstrated, will indeed be taken.

I do not share Mr Cousté's pessimism in regard to the possibility, over a reasonable period of time, of increasing our exports to Japan. I do feel that in a number of areas — chemicals, pharmaceuticals, processed foodstuffs — we are competitive and given an open door we will be able quickly to increase our exports. I do feel that we can increase our exports of steel products — like car and machine components and, in the long run, even cars, machinery and a lot of our other traditional items like refrigerators. It takes an effort in the trade policy field. We will make that effort with your support.

When that effort is made then the European industry itself will have to make an effort and I must say clearly here now they have not so far made that effort. They could learn something from the Japanese. What they have been able to do to adapt themselves to the tastes and to the conditions of the European market the European industry will have to do, when we have opened the door, on the Japanese markets. Let me say in reply to Mr Dalyell that when I mentioned the words 'rat race' I was referring to the current situation which is that we have an overall prospect of an overcapacity in the shipbuilding area. We have a confrontation with Japan because they are the ones who have most rapidly increased their capacity and in international negotiations on this problem they have so far been demanding a share of total capacity which would reduce us to a level which, from the point of view of employment and from the point of view of economics, is totally unacceptable. Therefore we have been insisting that they have to carry a bigger burden in reducing their shipbuilding capacity. That was what I meant by referring to this subject, Mr Dalyell, and I do think that even if we have bilateral contacts with Japan on this subject the solution has to be an international one. Whether we are going to have an international agreement on steel is another and much more complicated matter. Mr Cousté referred to this, and we have an arrangement now — though not an official one — with Japan which will take care of this problem for us for the time being. We had been offered previously such an international arrangement by the United States, We refused it because it meant a loss of exports for Europe. We have a bigger export

**Gundelach**

industry to the United States than the other way round and the proposal for an international arrangement which we received from the United States would have meant cutting European overall production in exports down in a way which we could not accept. I must therefore sound a warning against a too speedy acceptance of the notion of international arrangements in regard to steel. Experience has demonstrated that it is a good deal more complicated than that. For the time being, however, I think we have got this problem under control as far as Japan is concerned. Our main priorities now are shipbuilding and a number of other items where export possibilities exist on the Japanese market.

**President.** — I call Mr Martinelli on a point of order.

**Mr Martinelli.** — Mr President, I have the feeling that points of order are being used to bend the rules of procedure. My reason for raising this point of order is to express my surprise — although I intend no disrespect — that the general debate has been interrupted before several Members have had a chance to speak, merely because a request was made to allow the Commission representative to speak. I should like to know, Mr President, who will be speaking this afternoon and what form the debate will take.

**President.** — The list of speakers for this afternoon is as follows: Mr van der Mei, Mr Molloy, Mr Martinelli, followed by a reply by the representative of the Commission.

The proceedings will now be suspended until 3 o'clock this afternoon.

The House will rise.

*(The sitting was suspended at 1.10 p.m. and resumed at 3 p.m.)*

IN THE CHAIR: SIR GEOFFREY DE FREITAS

*Vice-President*

**President.** — The sitting is resumed.

We will now resume the debate on the Oral Question tabled by Mr Osborn on trade with Japan.

I call Mr van der Mei.

**Mr van der Mei.** — *(NL)* Mr President, the problem of trade with Japan also presents us with a number of questions of a more general nature arising from the recessionary trend in the world economy and the burdensome effects of this on various sectors. The difficulties are such that in some countries calls for protectionism of the old sort can be heard once again. That is in itself a dangerous development. The Thirties taught us what unfortunate consequences protectionism can have for the world economy. There are at present two remarkable phenomena making themselves felt in this field — remarkable because they are more or less mutually opposed. On the one hand we see efforts towards further liberalization of

international trade — and rightly so — and on the other hand governments are beginning to give active support to their own industry, albeit not by direct import restrictions.

Now it seems to me that a policy of active and temporary support for the home economy can be necessary, precisely with regard to promoting a balanced and healthy economic structure. But this support must not be unlimited. Otherwise we shall once again find ourselves in a situation comparable to that in the Thirties, and that is precisely what we are anxious to avoid. There must be limits to the support that is given. Since I hold this view, which presupposes a balance in international trade, I endorse the European Council's expression of concern on 30 November at Japanese import and export practices. In the last few years the development of European trade with Japan has in fact shown a very steep increase in the Community's trade deficit, i.e. a massive imbalance. Whatever the world economic situation, this is unacceptable. Both the Community and Japan benefit from the balanced development of their mutual trade. And at present there is no question of there being any such balance. We can help achieve it by making agreements with Japan in one form or another in order to obtain an ordered development of the market. In the absence of such agreements we are in danger of finding ourselves in a situation where the only possible remedy is in unrestricted direct or indirect protection of the home economy. Such a situation, which recalls the Thirties, must be avoided at all costs.

My last remark concerns shipbuilding. It will be no surprise that I as a Dutchman pays attention to this branch of industry. Shipbuilding has always rightly been comparatively important for my country. In the past few years we have seen a rapid and massive penetration of the world shipbuilding market by the Japanese. It is thus right that this question has been given attention in the context of the OECD, and we know that the Commission of the European Communities has put forward certain proposals there. From what we have heard in this context, we do not have the impression that these proposals have met with a very positive response from Japan.

There are now to be more bilateral discussions between the Community on the one hand and Japan on the other hand. And the question that arises here is: what are the Commission's expectations with regard to the outcome of these discussions? To put it another way: does the Commission see a real possibility of resolving the current differences of opinion? Only on the basis of fair negotiations between the Community and Japan will it be possible to find a lasting solution to the current problems. These negotiations must be fair in the sense that both parties continue to talk in terms of free international trade, which can only be achieved and maintained by means of a balanced development of mutual relations.

*(Applause)*

**President.** — I call Mr Martinelli.

**Mr Martinelli.** — (*I*) Mr President, 300 seconds is a very short time in which to say anything and I shall therefore have to keep to my prepared text.

First of all, I must congratulate Mr Osborn on his praiseworthy initiative in tabling this question on the Community's increasing trade deficit with Japan. It is a trade deficit which — and we heard this several times this morning — will this year exceed 4 000 million dollars, twice what it was in 1974 and 15 times the 1970 figure. It is true, as Mr Gundelach said this morning, that trade has increased on both sides throughout this period, but while the Community's exports to Japan have doubled since 1970, imports from Japan have increased approximately fourfold.

The Commissioner told us this morning of the assurances — for that is all I can call them — given by the Japanese Government some weeks ago, but I am bound to say that these assurances have not been backed by much in the way of positive measures. There is no truth in the statement, made recently by a spokesman for the Tokyo Government, that Japan has a liberal trade policy. This is borne out by three facts.

Firstly: it was Lord Castle, I think, who said this morning that Japanese exports are to some extent supported by prices which, for example in the case of ballbearings, are 25 % or even 50 % below those on the domestic Japanese market. This has led to a tremendous jump in exports of these products to the Community — in two years exports of conical bearings increased by 100 %. I know that an anti-dumping procedure has been started, and I would ask the Community to pursue this procedure and, if need be, to take the necessary measures.

Secondly: there are still definite import restrictions in Japan. The fact that the Japanese authorities have always refused to recognize the tests carried out by foreign car manufacturers, and have always relied exclusively on their own tests, is one example of those non-tariff obstacles which distort trade and which GATT, amid understandable difficulties, is trying to abolish. The Japanese have now said that from 1 April 1977 — and talks will continue until then — they will discontinue the procedures applied up till now to imports in this sector. Better late than never, but this date must be adhered to, and the Community will have to be watchful.

Thirdly: there is the worsening situation in the ship-building sector, which several speakers mentioned this morning. One Member said that he had visited shipyards in Japan. I also led a party which visited Japan to see the shipyards, and I must admit that, although what we saw there indicated undoubted technological advance, there were also indications of indirect assistance which were difficult to pinpoint.

Japan has agreed to bilateral talks, as we were told by the Commission representative this morning.

But these bilateral negotiations must not just be used as another form of procrastination, while unemployment in this sector steadily gets worse throughout the Community, including the country which I am proud to represent here — Italy.

Let me add — and I am closing now, since 300 seconds is indeed a very short time — that the three factors I have mentioned are accompanied by warnings signs for the Community. The trade deficits of many Member States have now become massive and chronic, and they could lead to a serious crisis in Community trade. This year's trade deficit could — as we heard this morning — be as high as 20 000 million dollars. Of this sum, there is the 4 300 million dollar deficit with which the Commission should be concerning itself in the short-term. This amounts to about one-fifth of the Community's total deficit, whereas trade between the Community and Japan accounts for only 7-8 % of all Community trade. This is a deficit which must constantly be borne in mind.

*(Applause)*

**President.** — I call Mr Molloy.

**Mr Molloy.** — I believe that the fundamental issues apropos this particular debate were very ably put by Mr Osborn in his opening speech. I was also encouraged by the remarks of Mr Gundelach. While the Commission is well stocked with good intentions, they are a little short on good actions, but perhaps this might be the occasion when on an issue as serious as this the matter will be given the priority that it commands.

We ought to realize that this is not the first time that a Japanese Government and Japanese industry has tried to threaten European industries. In the first instance they failed, because quite frankly Europeans were not quite the mugs that they thought we were, although they had some initial success. And I think this has to be referred to because this is not the first time that Japanese industrialists and Japanese governments have tried to pull a fast one. I suppose that every Member of this Parliament will remember the days when Europe was flooded with phoney, false, cheap and nasty Japanese goods masquerading as genuine European goods, with little fakes and fiddles to make people think that they were purchasing a good French, German, Dutch or British article when, in point of fact, they were purchasing a very cheap and nasty Japanese article. I believe this has to be said and we have to speak very strongly about it.

The endeavours that have been made to obtain reciprocity with regard to trade agreements between the countries of this Community and the Japanese have met no response whatsoever and there is no doubt about it, Mr President, that Japanese dumping, particularly in the field of electronics and steel manufactures,

**Molloy**

is causing very serious concern, certainly in Great Britain, and in other parts of this Community. It has been done with a ruthlessness which shows no consideration whatsoever for any principle of world commercial cooperation or indeed any propriety. Therefore I believe that we have the right to invoke the authority of this Parliament in order to remove this industrial and commercial injustice and the form of brigandry that the Japanese government is indulging in. They must be made to realize that their behaviour will have and is indeed already having serious and deleterious effects on the lives of very many people not only in the United Kingdom but in other parts of Europe. This clever attitude of Japanese industrialists and the Japanese Government does nothing whatsoever to enhance good relations between Europeans and the Japanese people. That is a fundamental point that they have got to understand.

Therefore I would say in conclusion, Mr President, that I hope that the European Community will be absolutely united on the essential need to seek a change of attitude by the Japanese Government and let us at this stage base our efforts on this fact: the cooperation of the Japanese Government to remove this injustice and this unfair trading, with its effects on unemployment, is bound to lead, if they will only appreciate it, to a much better mutual understanding between the peoples of this Community. This would augur well for the future relationships, not merely of this Parliament nor of the industries of Europe, but for the future relationships between the peoples of this Community and the peoples of Japan. This is what I hope Japanese industrialists and the Japanese Government will clearly understand.

**President.** — I call Mr Carpentier.

**Mr Carpentier.** — (*F*) Mr President, I do not think that this is a new problem. The penetration of the Community market and that of other countries by Japanese products should have been noticed some months, if not some years ago. Perhaps it is now rather late for us to try to decide what measures are required to deal with the situation. I note that Mr Klepsch's motion for a resolution refers to motor vehicles, special steels, ballbearings, etc. One thing which is missing, and to which one honourable Member referred, is shipbuilding.

What we have to do is not merely to take note of the situation but to decide what countermeasures we, the Community, will take to deal with it. No concrete proposal has yet been put to us. There is a lot of talk in this Assembly, but little action. We need to know if the Community, which means the countries which constitute it, will or will not jointly adopt a certain number of measures. Indeed, if the problem of Japan is to crop up again in three months, four months, six months or a year, then we are wasting our time. That

is why I should like to point out that we are being subjected to a form of economic aggression. What then will the Commission do? I have no idea. It will discuss the matter, it will talk, but what real measures will be taken?

Mr President, this is almost a trial of strength. Honourable Members should realize that we either resist or collapse. If we are to resist, a certain number of measures must be implemented, for it is not enough to talk, we must make it clear that we are ready to take retaliatory action and that we have the means to do so. In fact, if we give way to Japan on imports, if we give way again on energy, we shall give way on everything and then where will we end? What then would be the position of Western Europe tomorrow or the day after? Has it not been said that economic competition is a form of war? That war has been declared on us. Have we the means to take counteraction? Can we take the necessary measures? Who will take them?

In this matter, the future of our Community and of our civilization is at stake. We are ready to negotiate but not with an adversary who, as the text points out, is aiming for economic domination. Let us then at least tell our Japanese partners in plain and unambiguous terms that there is a limit to what we can tolerate in such a situation.

(*Applause*)

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (*DK*) For quite a long time now there has been what many speakers have described as a kind of war, a trade war, between the USA and the Community. It has more or less subsided but now we are having difficulties with Japan. We are faced at present with a large number of immediate problems which look as if they will be extremely difficult to solve. The conflict with Japan is getting worse every day and affects many sectors, some of them of critical importance: steel, shipbuilding, electronics, ballbearings, motor vehicles, the completion of turnkey factory projects, etc. Japan's efforts to rectify its balance of payments situation, seriously affected by the oil price increases in 1973 and 1974, have been successful, since the balance of payments was practically restored in 1975 and a credit balance of three or four thousand million dollars is expected this year. This remarkable result was possible because the entire Japanese economy was mobilized in order to increase sales and limit imports and also because of a policy of retrenchment combined with dependence on their own resources.

The many meetings which have taken place, among them meetings of the Japan — ECSC contact group, and the high-level consultations in Brussels, have not brought much hope of an agreement satisfactory to the Community, nor is it easy to feel confident that

Nyborg

the vague promises from the Japanese Ministry of Industry and International Trade and the Japanese Confederation of Industry and from other bodies will lead to any significant improvement in the situation. We should also not forget that the United States did not hesitate to take steps to deal with its unfavourable trading situation with Japan; it should also be stressed that a further conflict between the EEC and the United States would be undesirable.

A tripartite arrangement between the EEC, Japan and the USA would seem to be advisable. It would be a constructive step in the present circumstances if we could establish machinery for consultation between the USA, Japan and the EEC on matters relating to trade with countries outside that grouping. I am thinking particularly of trade with the COMECON countries. It would be a good thing if agreement could be reached on the avoidance of unnecessary competition, for instance in respect of interest rates on loans to COMECON countries and the duration of such loans, and also in relation to export loans to firms inside those three areas in respect of exports to the COMECON countries.

The so-called gentleman's agreement between the four major powers in the EEC and Japan and the USA is quite inadequate. Something more effective and more fundamental is required. It would also be desirable for all the parties concerned to stop certain exports to COMECON countries, since a lot of the exports from Japan, the USA and our own Community to those countries consist of advanced machinery and entire factories which will in the future be a serious competitive threat to our own industries. The Western world must come to a reasonable agreement on its internal trade relations. A policy based on dumping and similar methods of boosting exports is unacceptable.

We would therefore ask the Commission whether it has any ideas as to how the Community can increase its exports to Japan while at the same time establishing contact with Japan in an attempt to co-ordinate efforts to improve trade with third parties.

*(Applause)*

**President.** — I call Mr Baas.

**Mr Baas.** — *(NL)* Mr President, I was unfortunately unable, on account of engagements in my own country, to attend this morning's debate. I have, however, been able to listen to the tape and I must say that I thoroughly support Mr Gundelach's comments on the maintenance of free trade and greatly appreciate the fact that he put forward a number of ideas on the subject.

I believe that in this debate following Mr Osborn's question we are ignoring the real problem, which is how we can introduce our own products onto the Japanese market. I should like to ask the Commission

whether it is prepared to carry out a study of the possibilities for selling European products, both producer goods and consumer goods in Japan, a market some 6 000 miles from Europe which has a completely different pattern of consumption, and of developing sufficient export potential to make our trade with Japan more balanced. I should greatly appreciate it if the Commission could give us this across-the-board survey of the Japanese market in the near future.

My second question to the Commission is: in what sectors of industry is there a chance of reaching agreement with Japan on a possible division of labour? For it seems to me that honourable Members are missing the heart of the matter. I am always reluctant to criticize so-called 'dumping' and 'the progressive infiltration of the European market'. If they are infiltrating the European market, then we must ask ourselves whether we are exporting with the same drive and energy as Japanese industrialists in our market.

And finally my third question. Would a European Bank be able to simplify in particular the financial aspects of our exports to Japan? I am afraid, in fact, that with regard to export promotion we are far behind the Japanese because throughout the world, including Europe, Japan offers package deals covering all financial aspects. Precisely because we are faced with divergent banking regulations in the various Member States, we cannot offer the same service. I should thus like to ask the Commission whether, with a view to infiltrating the Japanese market and winning the markets where we are in competition with the Japanese, it would not be possible to create such a European Bank.

*(Applause)*

**President.** — I call Mr Jahn.

**Mr Jahn.** — *(D)* Mr President, ladies and gentlemen, for twenty years Japan has been expanding its international trade twice as fast as the rest of the world. Particularly in 1973 and 1974, Japan's foreign trade was characterized by rapid growth. After stagnating exports and declining imports last year, the value of Japan's foreign trade in 1976 will once again be a record. Between May and August 1976 the increase in Japanese exports compared with the same months of the previous year was between 20 and 30 %, and in September the figure was as high as 36 %. With a total of 6 600 million US dollars, exports in September reached a new record level. The continuing increase in the Japanese trade surplus is — as we have seen here today — a cause for increasing concern and annoyance in the Community. Japanese exports are concentrated in a small number of product groups such as steel, shipbuilding, cars and electrical goods. Massive concentration on the construction of ultra-modern plant with maximum capacity enables Japan to exploit all the cost advantages of mass production,

## Jahn

while the concentration of exports on a small number of high-quality products for which there is popular demand in modern industrial society also permits optimum use to be made of production capacity once a massive attack on the standardized needs of modern consumers in the uniform markets of America and Western Europe has been successfully carried out — and this is precisely what has happened.

For certain high-quality mass products, Japan has won a dominant position on the market in some EEC countries with the use of aggressive sales methods. By offering substantially lower prices, Japanese suppliers have within a short time won over large sections of the market from the European producers.

Now in the past few months there have been talks and negotiations, and last week's negotiations confirmed — here we must take a very realistic attitude — that Japan is willing to tone down its aggressiveness with regard to exports and prices in a number of critical sectors which particularly concern us and to promote greater penetration of EEC products into the Japanese market by reducing the numerous non-tariff barriers to trade. We must, however, be wary of aiming at the equalization of trade balances on a bilateral basis, which is something that is not even achieved between socialist countries and will be impossible between countries with a liberal trade policy.

In conclusion, I should like briefly to mention certain prospects for the future. For months now we have been aware of signs and symptoms of a threat to free international trade, such as chronic trade deficits in the United States and also in the Community countries such as France, Britain, Italy and Benelux, as well as in Scandinavia, so that we have the prospect of a serious foreign trade crisis. Free trade, without quantitative restrictions, must be maintained. We must prevent — and I should like to stress this point — a revival of import restrictions, and it is the aim of the Western world, i.e. GATT, the OECD, the European Communities and the Rambouillet and Puerto Rico summit conferences, to arrive at a definite solution to this problem. It would, of course, nevertheless be wrong to overdo this freedom in world trade.

We were told earlier in this debate that we currently have a deficit in our trade with Japan of 4 000 million US dollars, and that this current imbalance must be eliminated. In the short term, there is a need for measures to limit Japanese exports to the European Communities in a few particularly critical sectors. I stress the word 'limit'. In the medium term we must aim at a balance by increasing European exports. Japan must translate its intended policy of promoting imports into concrete action.

I should like to conclude by saying this: for its part, European industry should seriously examine its conscience as to whether it has hitherto given the Japanese market the necessary close attention that is required by such a closed but potentially promising market.

In view of the systematic, intensive and costly way the Japanese first investigate, then develop and finally conquer foreign markets, the accusation that European exporters are guilty of inaction is not totally without justification. There is a need to intensify European efforts to increase exports to Japan.

*(Applause)*

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — *(D)* Mr President, ladies and gentlemen, I am conscious of the responsibility and honour of speaking at the end of this interesting debate.

I am not of the opinion that the question of jobs is solely a matter of asking Japan for the answers — it includes points which concern us as well, namely the question of whether our attitude is as marvellous as is sometimes made out when Japan is represented as the devil and the Community as the angels. Neither of these pictures is correct. Both sides are human and both are hard-working nations.

I think it is wrong to denigrate Japan and Japanese industry and its methods. There are bad individuals, as there are here too. Dumping should of course be called by its proper name, when it can be proved. Anyone who has looked into the problem of dumping knows how difficult it is to prove dumping on the part of a country that works under human and social conditions that are quite different from those under which we have or want to work.

Mr Gundelach's remarks this morning showed an excellent sense of balance and restraint. In my view, continuing efforts to remove tensions by peaceful means are the right way, and a public indictment of the Japanese people and Japanese industry is the completely wrong way of solving the problem.

Our firms and social partners must also be conscious of their responsibility for exports, and it seems to me that a greater awareness is needed than hitherto, for exports are not threatened by acts of God, they are threatened by cost factors, and to a certain extent we can control these cost factors — for instance, has German industry rationalized everything that can be rationalized in order to reduce export prices? Have both sides of industry taken full account of the fact that exports are a matter of life and death for us?

These points should also be mentioned. That means that we should criticize our own actions, not just those of Japan and ask ourselves whether we have done everything possible to maintain this export policy fairly and justly. I wanted to make this point as a final contribution. Let us be Christian, and Christians start with contribution for their own acts.

*(Applause)*

**President.** — I call Mr Tomney.

**Mr Tomney.** — I will try not to be un-Christian following the preceding remarks.

Tomney

One can read statistics, trade journals, and so on, but it is not until one goes to Japan that one appreciates the enormity of the problem with which competing Western nations are concerned. I have just read on Reuter's telex that we have an adverse balance of payments in Great Britain for last month of £600 million. This is a measure of the failure of Great Britain and the success of Japan.

It is absolutely necessary that we understand the industrial and financial nature of the country with which we are dealing. You cannot impose — nor should you try — any Western system upon the Japanese trading economy or Japanese industrial practice. They have a parochial and a paternal system. The lives of people employed in Japan are confined almost entirely to factory procedures, up to and including marriage, up to and including company houses, up to and including company pensions. This has resulted in the fact that Japan has no social expenditure on the same pattern as Western countries. There are enormous tracts of Japanese towns, for instance, without sewage systems. There are enormous acres of Japanese towns without public housing as we in Europe know it. And this gives rise to a concentration of financial power in the hands of industry, because they are not taxed on the commodities of industries for the benefit of social development.

Now, when you have a situation like this, it is absolutely necessary to understand what you are dealing with. Because in the Western world, it is not unknown for financial agreements to be entered into between Japanese manufacturers, Japanese bankers and Western bankers. And part of the blame for this system lies with ourselves. There are any amount of concessionary banking agreements between European companies and the Japanese which bring a rich reward to the importing countries.

This is not a question of dumping as such ; it involves selective concessions, to the detriment of Western industry, chiefly scientific industry. For instance, up to and including Pearl Harbour, the American industrial military system did not realize that it was entirely dependent upon the Japanese industry for ball bearings. They woke up overnight and found that the whole of the American war machine was running on Japanese ball bearings. Throughout Europe now most of the electronic equipment — sometimes developed in the West by Western technology — has been copied and offered back to us at a cheaper price. In the British motor car industry, for instance, the Japanese have invaded to the extent of 46 %. The British motor car industry is our major exporting industry. Therefore, if this Assembly is going to look at this question it must do so on an internal and an external basis.

(Applause)

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission.** — (D) Mr President, this debate has brought out a large number of anxieties which are to a large extent justified. I would ally myself, however, with those speakers who start from the assumption that we should not take a one-sided view of things. We have difficulties and problems in our trade with Japan, but this is still no reason for us to commit harakiri. We must analyse the situation carefully : what are the causes, and where are we justified in making complaints ? To this extent this debate has been particularly useful. We have identified those practices which deviate from our own and which are a cause for concern. We have contributed to defining the concept of dumping, in connection with which I should like in particular to develop one point.

If we are to talk about dumping prices in the case of Japan, we must be very careful to compare the export prices with the domestic Japanese prices. We must not create our own devil or Beelzebub to take all the blame, we must see things in the right proportion and in the right context.

You have, however, also contributed to giving a precise definition of the various sorts of product which are causing difficulties. I do not need to spell them out again, from shipbuilding and car exports to ballbearings. There is a whole series of products for which an anomalous situation has in fact arisen.

As you know, the European Council in The Hague passed a resolution on this question of trade with Japan and expressed its views on the matter. As you know, we hope that a remedy will be found and that it will be found soon.

There is a lot of truth in what was said in the debate. Time is short, and we cannot allow things to continue as they are. The fact should also not be overlooked in Tokyo that the European Community does in fact have a good memory. None of us here has forgotten that once before, in 1971 and 1972, Japan managed to restore its trade balance with the United States to a satisfactory position. We now look to Japan to make an effort. We are not looking for efforts to be made at the expense of third countries — this too must be clearly understood. It is not a question of shifting on to third countries the burden of our trade problems with Japan. What we hope for is an improvement in trade practice in terms of fairness.

What we hope for is an improved system of information, and here I should like to take up a question raised by Mr Osborn. Here too we must make our own contribution, via our trade representatives, via our own Community mission and the embassies, to giving a clearer picture. Finally, we also hope for a reduction of non-tariff barriers, which have done much to restrict this trade in recent years. What we want, then, is increased access to Japan for our products. We believe that this is an urgent matter, we believe it is



**Brunner**

fair to demand this. We do not wish to exaggerate but to point out the seriousness of the situation as it actually is.

Your debate has helped to clarify the situation. The Commission will make every effort to find a remedy. We shall also undertake the study which Lord Bruce mentioned. We believe that much can be done. However, we feel there is a need for good will on the Japanese side and we know that there is not much time left.

**President.** — I have a motion for a resolution, tabled by Mr Osborn, on behalf of the European Conservative Group, with a request for an immediate vote pursuant to Rule 47 (4) of the Rules of Procedure, in order to wind up the debate on the oral question to the Commission on trade with Japan.

This motion for a resolution has been printed and distributed under No 488/76.

We shall first consider the request for an immediate vote.

I call Mr Osborn.

**Mr Osborn.** — Mr President, I thank Mr Brunner and Mr Gundelach for the replies to the question. Quite obviously they can rest assured that Parliament and the members of all political groups accept the concept of wide-ranging comprehensive trade discussions between the Community, the largest trading bloc in the world, and Japan, rather than industry-by-industry voluntary arrangements nation-by-nation, and even the concept of tripartite talks including the United States of America. The industrial interests which provide employment in our respective countries and constituencies need the assurance which we have had today that the Commission in fact has the competence and power to look after individual interests when looking after the overall trading pattern.

Mr Brunner has dealt with the work of various overseas embassies of the Nine in comparing domestic prices in a third country with the prices of the goods here and he has also referred to the fact that the Commission is taking over responsibility from national governments for proving dumping. There are good reasons for an effective dialogue between our industrial federations, Chambers of Commerce, trade associations and the Commission. This is a debate which has given the Commission an opportunity to indicate how it is tackling the problem and I welcome the contributions of Mr Gundelach and Mr Brunner.

We have before us an amendment to my original motion for a resolution, prepared from the original Christian-Democratic motion for a resolution, which would provide Parliament with an opportunity of giving wholehearted support to initiative and the work carried on by the Commission in trading relations with Japan. I therefore accept the amendment tabled by the Christian-Democratic Group instead of their

own motion for a resolution as an addition to paragraph 3 of my motion for a resolution. The Socialists have indicated their support for this and would like to include much more. I think time may prevent that, but perhaps we could include something more when we have the debate on the report by Mr Baas, so I very much hope Parliament will accept my motion for a resolution with the Christian-Democratic amendment.

**President.** — I put the request for an immediate vote to the House.

The request for an immediate vote is adopted.

I call Mr Carpentier to give an explanation of vote.

**Mr Carpentier.** — (*F*) Mr President, I shall be very brief.

A problem which, to my mind, is as important as that one is being practically omitted. The remarks made by the Commission do not satisfy me at all. We cannot have committees meeting indefinitely. I would like all honourable Members to ask themselves whether it is the industrialists who lead the world, or whether it is the elected representatives.

Then the United States were discussed. What have the United States to do with this problem, which concerns the European Community and Japan?

If the European Community is not capable of presenting a united front to the attempts at economic hegemony over certain products of a country, it will never be able to solve any problem regarding other products which tomorrow we will obtain from another country.

**President.** — I call Lord Castle to give an explanation of vote.

**Lord Castle.** — My colleagues and myself shall be voting for this motion, although I believe that the procedure by which these three proposals came before us this afternoon at short notice was not the most advantageous for the Assembly. We are all agreed, and we want to be as explicit as possible. If it is possible to add the three words, 'especially in the shipbuilding industry', as emphasized by my friend on my right, then I do not think you are going to be denied a unanimous vote.

But it is absurd that a compromise resolution — if it is a compromise, it's a composite resolution — should be weakened in any way by purely procedural objections at the last moment. If you will add 'especially in the shipbuilding industry' to paragraph 3a of the amendment tabled by Mr Klepsch and Mr Vandewiele, I think we could have a more effective and direct resolution and a unanimous one.

**President.** — Lord Castle, I shall put your request to Parliament when the time comes, but first I must have the *written* text of the amendment which you

**President**

propose. Would you bring it up in writing, and then in due course when we get to that point, I will ask Parliament whether it will accept this procedure.

On the preamble and paragraphs 1 to 3 I have no amendments. I put these texts to the vote.

The preamble and paragraphs 1 to 3 are adopted.

After paragraph 3, I have Amendment No 1, tabled by Mr Klepsch and Mr Vandewiele on behalf of the Christian-Democratic Group, proposing the addition of two new paragraphs :

- 3a. Asks the Commission to propose measures aimed at making the operations of those Japanese firms which are principally responsible for exporting to the Community more 'transparent', for instance by requesting the Japanese Government to ensure that the full accounts of these firms are published ;
- 3b. Requests the Commission to insist that the Japanese Government makes substantive concessions permitting the industries of the European Community to obtain access to the Japanese domestic market comparable to that enjoyed by Japan on the Community market.

I call Mr Vandewiele.

**Mr Vandewiele.** — *(NL)* Mr President, there must be no confusion over numbering. The two paragraphs are in addition to Mr Osborn's paragraph 3. We therefore propose — and think that Parliament as a whole was in agreement — that this amendment should be adopted.

We might possibly also agree to Lord Castle adding a new paragraph to our amendment. If he wishes to do so, I would ask him to read us the exact text. I therefore propose that we first vote on paragraphs 3 a. and 3 b., and then we shall listen with a sympathetic ear to Lord Castle's addition.

**President.** — I call Mr Osborn.

**Mr Osborn.** — I support the amendment.

**President.** — I call Lord Castle.

**Lord Castle.** — I am setting a precedent in asking for this. I think we should be elastic in these matters. And in view of the discussion which has preceded the vote, especially the remarks made so forcibly by Mr Carpentier, I am suggesting that we could be more explicit in 3a if after the words 'the operations of those Japanese firms' we added the words 'especially in the shipbuilding industry'. We shall thus be specifying something which goes home to all the peoples of the Community and reassuring them that we are dealing with heavy industry in this way. I would have thought, judging from the debate which has preceded this, that it is the will of the Community, of Parliament that those words be added.

**President.** — I will now put to the vote, the admissibility of an oral amendment which has been submitted to me in writing in only one of our six official languages.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — I think this is a very difficult point because you are, in point of fact, asking the House whether we will accept an amendment to an amendment. You have made the point yourself about the various languages. I am not discussing the merits of the amendment. All I would say is that what has been read out makes no sense in the English version at all. So God knows what sense it makes in any other languages. I think once we start accepting verbal amendments to amendments in only one language, without having the text in front of us, no matter how good it may be — and I am not disputing the merits of Lord Castle's amendment — I really think we are getting into a morass from which it would be very difficult for your successors to extricate themselves later.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — *(B)* Mr President, according to the Rules of Procedure an oral amendment is in fact admissible as long as no Member of the House objects. A majority vote in favour is not enough, but we must all agree. May I tell the mover that, if we have understood the point correctly, we have no objections to the addition proposed by Lord Castle. He would like to see shipbuilding firms singled out for special attention from among the Japanese firms in question. Of course you can argue about whether other industries should be listed, e.g. the ball-bearing industry, but if it contributes to a unanimous decision by the House, we are prepared to include the five words.

May I just say to Mr Scott-Hopkins that the way I understand it is that the shipbuilding industry is to be given special emphasis. We would agree to this.

**President.** — I call Mr Carpentier.

**Mr Carpentier.** — *(F)* Mr President, I do not know whether Lord Castle's amendment is admissible, that is a question of procedure. I should just like to say to Mr Klepsch that there is quite a difference between a problem involving zip fasteners and one involving a 500 000 tonne ship, and we must distinguish what is important.

**President.** — I call Mr Giraud.

**Mr Giraud.** — *(F)* Mr President, I understand your difficulty. You are bound by a text which does not allow oral amendments to be tabled in sittings, and you are quite right in wanting to comply with it. It is valid when it involves long sentences which can lead to different interpretations in the other languages, and I am in favour of every language being respected. But when it simply involves adding 'especially in the ship-

**Giraud**

building industry' I have sufficient confidence in the ability of the interpreters to give us an accurate and immediate rendering of what is actually meant by this phrase in any language.

**President.** — Rule 29 of the Rules of Procedure says that unless Parliament decides otherwise, amendments shall not be put to the vote until they have been printed and distributed in the official languages. Therefore I have to consult Parliament.

Is Parliament in favour of admitting this oral amendment?

That is agreed.

I call Mr Vandewiele.

**Mr Vandewiele.** — (NL) Mr President, now that the question of the possible amendment which has now been added to paragraph 3 has been settled, I think it is superfluous for the authors of the amendment to say any more. Both Mr Osborn and I have already explained the importance of this amendment this morning. We therefore ask Parliament to give this text its unanimous approval.

**President.** — I put amendment No 1, as amended, — the words 'especially in the shipbuilding industry' being added after the words 'Japanese firms' — to the vote.

Amendment No 1, as amended, is adopted.

On paragraph 4, I have no amendments.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

I call Mr Carpentier to give an explanation of vote.

**Mr Carpentier.** — (F) Mr President, I welcome Lord Castle's amendment, but on the other hand I must say that the French Socialists will vote against the motion for a resolution because it does not solve any problems and does not go to the heart of the matter.

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

The resolution is adopted. (!)

8. *Statement by the President of the Commission on the Commission's activities during its period of office (followed by debate)*

**President.** — The next item is the statement by Mr Ortoli, President of the Commission of the European Communities, on the Commission's activities during its term of office.

I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — (F) Mr President, ladies and gentlemen, this is the last time that I shall be addressing this House as President of the Commission of the European Communities. Although this is an emotional occasion for me, it is not my intention to make an emotional speech. I simply want to take stock with you of the state of Europe.

When the Commission took office in January 1973 it had a twofold task: to bring into operation an enlarged Community that now included Denmark, Ireland and the United Kingdom, and to implement the programme drawn up at the Paris Summit by moving on to the second stage of economic and monetary union on the basis — need I add — of fixed but adjustable parities, establishing the Regional Development Fund and preparing social, industrial and scientific, and environmental action programmes. Other no less ambitious proposals were also put forward defining an energy policy, facing up to Europe's responsibilities in the world, improving political co-operation, strengthening the Community institutions and striking out on the road to European Union by 1980.

Set these targets against the current state of Europe, and you might be tempted to conclude that the Community institutions have often failed in their task and that the Commission, like the others, must take its share of the blame.

I won't deny that we have had our difficulties and our failures. But I will not have it said that the Commission's role has withered in a Europe that has nothing more to offer than disillusion and pessimism. I believe, as you do, that Europe is needed now more than ever. And, in the midst of an economic crisis whose consequences cannot as yet be fully gauged, the Commission has been striving to maintain the Community's internal cohesion, to preserve what has been achieved, to move on to joint action in the world at large and to play its part in developing Europe's institutions.

At the beginning of 1973, the Commission rapidly reorganized itself to take account of the realities of a nine-member Community and started work straight away in the economic and monetary field by setting up the Monetary Cooperation Fund and proposing pooled reserves. In other areas, too, the Commission prepared a report on regional problems in the enlarged Community, set in motion a policy to protect the environment and the consumer, pushed ahead with the social policy and turned its thoughts towards the new association policy. Many of these policies, which I won't mention again, were successfully promoted during our term of office.

(1) OJ C 6 of 10. 1. 1977.

## Ortoli

The year was not over when the Community was faced with the most serious crisis in its history, a worldwide crisis with disastrous consequences and persisting uncertainty, in sharp contrast with the twenty-five or thirty years of uninterrupted growth we had experienced since the end of the Second World War.

As a result of the crisis the Member States lost no time in looking to their own interests: solidarity disappeared at the threat of a cut-off in oil supplies, the second stage of economic and monetary union went by the board, the Regional Development Fund was frozen.

The Commission changed its strategy: undaunted by its lack of power or the inadequacy of its resources, its main purpose now was to overcome the effects of the crisis.

I was convinced then, as I am convinced now, that the changed international circumstances compelled the Member States, even more than in the past, to look beyond their own individual concerns and work out Community solutions — the only solutions with sufficient authority behind them. Our continent is short of space, lacking in raw materials, without sources of energy, and the crisis is no passing phase that will soon come to an end and readily give way to a low-cost expanding economy once more. It involves fundamental questions on which our whole future depends:

How can we maintain the major economic equilibria in Europe, particularly growth and employment?

What is Europe's place in the new international equilibrium now evolving?

How can we see to it that a spirit of solidarity will prove stronger than national selfishness and provide a solid basis for a union of our peoples?

Both now and in the immediate future there are harsh realities we must face up to. The quadrupling of oil prices has caused a transfer of resources with two lasting consequences: it encroaches upon our purchasing power — the substance of our economy — and, in many Member States, has engendered payments deficits which cannot be dealt with reasonably promptly by conventional economic measures. This is a formidable external constraint that affects our standard of living and leaves us with less room for manoeuvre.

In these circumstances the Commission's first concern has been to preserve the internal cohesion of the Community. Its endeavours have not been entirely fruitless: in February 1974 the Council decided that there would be increased concerted action on economic policies (the 'convergence' decision), though, sad to say, the victory here was procedural rather than anything else. But where the Commission has been most successful is in its constant vigilance to see that each Member State was discouraged from taking protectionist measures, and in its effort to

ensure that what protectionist measures were taken were kept under Community scrutiny. The protectionist tendency has been contained, and so far there has been no serious threat to the customs union.

In terms of Community solidarity, our first shaky steps were at least taken in the right direction. Credit facilities under the medium-term support arrangements have been strengthened; Community loans machinery has been set up, and assistance has been given twice already — to Ireland and Italy. There have also been two breakthroughs: the setting up of the Regional Fund and the substantial extension of the Social Fund.

Despite all this, after three crisis years the Member States are still as far out of step as ever. Annual inflation rates currently vary from 18.5% to 5%. Balance-of-payments situations differ sharply from one country to another and growth rates still lag below their pre-crisis levels.

But in recent months things have been looking up. Gradually our Member States are coming round to seeing the economic situation in the same way and are showing the same vigour in getting to grips with the inflation problem. Gradually they are beginning to realize that they must work out a common medium-term economic strategy with the two sides of industry, in order to restore the major equilibria, especially on the labour market.

I have no hesitation in hailing this new convergence of diagnoses and remedies as a factor of great importance, a prelude to genuine common action.

The Commission's proposals will open the way towards this new growth, with a short-term economic policy centred to some extent on budgetary policy but also on joint efforts to curb the growth of money supply, and by means of common instruments such as the Monetary Cooperation Fund and the European Unit of Account, which can help to stabilize exchange rates. At the same time we must think seriously about the nature and scale of the transfers which need to be made in a spirit of genuine solidarity, rooted in the common interest and supported by the efforts which recipient countries will themselves be making. But there is much more to be done if we are to make the Council face up to its responsibilities.

These attempts to get economic and monetary union moving again must go hand in hand with the more general efforts of the industrialized countries to set the Western economy on a new footing and to help develop the new international order within which a more united, more steadfast Europe, speaking with one voice, will be able to make its presence felt. In the policy we will have to pursue I see no real distinction between progress made in purely internal matters — harmonization of policies, structures and conduct — and the dialogue with our major partners elsewhere

## Ortoli

in the world, where our influence will exactly reflect our unity.

Our attempts to work for general economic improvement have been accompanied by more specific measures to iron out the imperfections in individual policies, and chiefly the agricultural policy, which is certainly one of the most important.

I admit that the cost of the Common Agricultural Policy is high, but it is not exorbitant. Anomalies like the present system of monetary compensatory amounts must be removed as soon as possible. The structural surpluses of certain commodities in a world where hunger is still very much a problem are all the more preoccupying in that despite them the farmer is still left with a frankly unsatisfactory income. In both areas something will have to be done, and we have made the necessary proposals, but we have never lost sight of the objectives of the CAP. The fact remains that the CAP has played a stabilizing role in these times of crisis and that consumers have been assured of regular supplies at steady prices despite some enormous leaps in world prices. In the light of the Commission's reports of 1973 and 1975, we must continue our efforts to improve and consolidate a policy which is, after all, one of the pillars of the Community enterprise.

The feeble response of the Member States to calls for a common energy policy to meet the tremendous challenge now facing the industrialized nations makes me wonder whether our peoples really do have the determination to guide their own destinies.

I find it hard to believe that we have not learned enough from the lessons of the last three years to make us devise a bold, ambitious policy aiming at the same time to develop alternative sources of energy, to maintain and expand our indigenous supplies, and to make real, significant progress in rationalizing our use of energy.

The Commission has not lost all hope of success; one day Europe may yet realize the plain fact that, as regards energy, its fate is in its own hands, that it must resolutely get down to coherent, joint action and convince its partners, notably the USA, that we are all on the same side. More than anything else we must construct a balanced energy policy, open to outside considerations but solidly organized at home. The Community dare not meekly sit back and accept being dependent on the outside world for over 60 % of its energy supplies without doing something about it.

But if we wish to control our future energy situation we cannot shirk the task of setting up Community-wide instruments of nuclear policy. We need to ensure that nuclear power can be developed under conditions that are safe and acceptable to our people and that the specific interests of Europe are defended in the world at large. This means that the Community

must be in a position to state, in this area also, what its interests are and what constraints it is able to accept. To neglect Europe's strength in this field will be to put ourselves at the mercy of decisions taken by others.

Let me conclude these remarks, which are partly a review of prospects and partly a summing-up, by reiterating my main theme — that priority must be given to the internal development of the Community, to reducing the differences between us, to framing an economic policy for Europe which will use growth and employment to make the most of our range of assets and qualities, and of our spirit of solidarity, and provide proper support for our efforts to reorganize the economy. We must not let Europe die from within for lack of the support that integration will provide. We must not let the divergence of our economies weaken Europe's external influence and its political potential.

Just think of the opportunities we have! Just think, if you will, how eminent Europe's place in the world could be! Testing though it has been for the Community's internal development, the crisis has reminded Europe of the international role it has to play. It has increased Europe's awareness of its involvement in a complex of interdependent relationships. We would not want the Community to act like a great power in splendid isolation. But at least it has begun to realize the benefits that flow from presenting a united front! That is one of the things we have achieved over these last four years.

Certain aspects of interdependence have made themselves felt very forcibly, and I have already referred to the abrupt revelation of our vulnerability in the field of energy and raw materials. Although less dramatic, other kinds of interdependence are no less powerful. For instance, there are the links binding Europe to the developing countries, where the privileged relations established by Member States have now been taken over by the Community and are being developed on a footing of partnership and cooperation. The Community also has a role to play in establishing with all these countries relations based on the need to use to the full the capacities for economic development available on both sides. At a time when the situation of certain developing countries was worsening, dramatically in some cases, the Community could not shirk this role nor fail in this responsibility.

Internationally, this policy has given rise to two developments:

- (i) the progressive involvement of the Community in development aid — the generalized preferences, a start towards financial help, food aid, the attempts at coordination of national policies;
- (ii) the growing responsibility of the Community as such in the dialogue which has begun on world economic problems, especially those of the Third World.

## Ortoli

In one of these areas, our aim must be to extend the scope of the Community's development activities : in the other, to consolidate our unity in the effort of economic organization that is now being made.

The North-South dialogue, though it has been adjourned, is still essential to the establishment of enduring and harmonious world relations based on expanding trade and growing economies and restored stability. And it requires our unstinting participation if it is to succeed. To this end the Commission has made an exceptional effort in the field of study and analysis, is very active in presenting the Community's views and will do all it can — both in its own sphere and in its relations with the Council — to ensure that the few months between now and the ministerial meeting are employed in effective preparation.

Alongside these important activities, the Community has consolidated its relations with privileged partners — the Mediterranean countries and the ACP States. The Lomé Convention has made possible the systematic, large-scale implementation of original and innovative instruments — such as Stabex, which came into force this year — whose effects are already apparent, not to mention the interest they have aroused worldwide. The Lomé policy, in the development of which Parliament has such a large part, has already been the subject of extensive commentary, but at the risk of being repetitive I would say that in launching so wide-ranging, so comprehensive and so new a form of action, on the basis of equality, Europe has expressed in concrete terms both its political capability and the genuine nature of its involvement with the Third World.

The conclusion of a whole network of agreements with the Mediterranean countries, opening up our market to them and laying a stable foundation for cooperation, is another aspect of the Community's global policy. The development of our system of generalized preferences and the agreements with South American and Asian countries bear witness to the Community's commitment to a greater solidarity with all the developing countries.

In the wake of these agreements the Community's financial aid was substantially increased — European Development Fund, emergency aid, food aid and other forms of assistance for specific purposes. Aid to the developing countries today accounts for a larger share of the Community's budget than anything other than the Common Agricultural Policy.

In its relations with the industrialized countries the Community has demonstrated its outward-looking approach, in conformity with the conclusions of the Paris Summit ; witness, for example, the agreement on economic and commercial cooperation with Canada, the first of its kind with a developed country.

If we turn to the Community's part in trade expansion, we must in all objectivity recognize the Commis-

sion's contribution to keeping trade flows open. In a world threatened by protectionism, the Commission was the first to call on everyone to keep a cool head. It has used all its political influence to forestall protectionist tendencies within the Community itself, thus enabling the Community to participate with no loss of authority in all the major rounds of negotiations aimed at a better organization of free trade, particularly in the OECD and GATT, and to defend with maximum effectiveness its own interests in its relations with most of the major economic powers of the industrialized world, particularly the United States and Japan. Here, our record is a good one. At all events, the Community's 'economic diplomacy' is operating successfully.

Europe's place in the world will depend on its economic and political cohesion. We were aware of this at the time of the 'renegotiations'. We shall be mindful of it again when a further enlargement of the Community takes place — an event which will oblige us to strengthen our internal structures. This need for cohesion and for effectiveness is what gives meaning to our discussions about the Community's institutions. The first essential here was to start people thinking, to give them food for thought and to guide them in the right direction : this was the aim of our report on European Union and of the Tindemans Report.

I regard it as a promising sign, because it is a sign of courage and lucidity, the fact that, despite the crisis, a genuine search for ways and means of strengthening European integration was undertaken — for the first time since the Treaty of Rome was drafted. This has shown us that if we are to develop it must still be on the basis of the Treaty and the institutions laid down by the Treaty — institutions which must be strengthened, not changed.

In the past four years there have also been some highly significant advances :

- (1) The participation of the Heads of Government and the President of the Commission in the administration of Community affairs within the European Council now makes it possible to determine the priorities of European policy at the highest level. Though it still has to improve its procedures and the manner in which its meetings are prepared, the European Council has on a number of occasions provided a political impetus which has carried European policy to new heights.
- (2) The second major step forward is that the election of the European Parliament by universal suffrage, envisaged throughout the twenty-five years that we have had the Treaties of Paris and Rome, has finally been approved. This will be an opportunity for the people of Europe themselves to debate Europe's procedures and powers and for the polit-

## Ortoli

ical parties to draw up European political platforms.

I now come to the Commission itself. What is its situation at the end of these four years?

We shall not be leaving an enfeebled Commission behind us. Over the years, issues which used to exercise the critics have been settled with a minimum of fuss: the Commission's place in political cooperation, its full participation first at summit conferences, then at European Council meetings. The Commission plays a fully fledged part in the work of the Council, as initiator, catalyst and guarantor. There are limits which we could not overstep, but these are the very limits imposed by the Treaty. The Commission shares in the government of Europe; it is not the Government of Europe. Our institutions must live with their constraints for a long time yet. We must recognize constraints and strive with might and main to confine their effects.

Much of what we have done remains hidden. The Commission can certainly be said to have performed its duties, played its full part in the work of the Community, made the proposals which it had to make and broadened the dialogue with all the economic, social and political forces which go to make up Europe. It has made a special point — as you are in the best position to know — of developing and intensifying its dialogue with this House.

Ours has been a difficult task, reflecting the difficult times which Europe is now experiencing. The Commission is not like a fleet sailing proudly before you in the sunshine, decked out for the review, flags and pennants snapping against the blue sky. The Commission is rather a working fleet on the high seas, in the thick of an electric storm, ploughing its way through the towering waves.

Despite the difficulties, I have stuck stubbornly to a number of principles: that we voice the common interest of our peoples, that we preserve what has already been achieved, that we systematically explore all avenues of progress. I also wanted our team to be more than just the formulator of common policies: I wanted it to act as a catalyst too. The role of the Commission, as I see it, is to make our proposals reflect the Community interest at all times, to prod a Council often hampered by the political need to compromise towards a decision.

This view — ambitious but pragmatic too — inspired all our efforts. People say that the Commission's proposals are too theoretical, that they do not make enough allowances for national circumstances or for the political or practical facts of life. I do not share

this view. The Commission does its best to appreciate everyone's legitimate interests in formulating its proposals, but it refuses point blank to come down to the lowest common denominator. The aim of the European endeavour is not compromise at any price. The Community is not content to induce each member to bargain away a little of its national substance. The Community's aim is, rather, to transcend national realities and seek that Community interest which welds its members together, which reflects that *'de facto solidarity'* the recurring theme in what I have been saying here today.

I do not think that I have twisted the facts or exaggerated our achievements to draw up a favourable end-of-term report. Indeed I had no intention of producing a balance sheet in the conventional sense. My concern was rather to highlight some features of the past which strike me as holding significance for the future.

Today, the Community has arrived at a halfway house. Nothing has been finally achieved. But nothing has been lost either. There *are* dangers, like the widening economic gaps between our nine countries, continuing disorder on the monetary front and an endemic protectionism which we have failed to eradicate completely.

But when the hopes are weighed against the fears, the promise of the future tips the scales as far as I am concerned.

Think of our common concern to pull out of the slough of despond to more solid economic growth in a more cohesive Community.

Think of that clearly expressed resolve to ensure that the Community plays an active part in defining a new world economic order.

Think of the election of Parliament by direct universal suffrage.

These key areas will be the new Commission's major concern. It, like us, will have to work towards internal integration if Europe is to make its presence felt, if Europe is to exert its influence on the outside world. The new Commission will have to continue, in the spirit which inspired us, with the task in hand, moving on from a Europe hitherto preoccupied with trade to build a Europe concerned with its citizens: a Europe for Europeans.

Our Commission believes that, in exceptionally difficult times and with your support, it has succeeded in keeping the flame alive. Tomorrow you will be able to help the new Commission to carry the torch and lead the way to a brighter future.

(Applause)

## IN THE CHAIR : MR YEATS

*Vice-President*

**President.** — I think that Members would wish me to thank you for your distinguished service as President of the Commission during the past four years. You have contributed greatly to the work of this Parliament and we look forward to meeting you again on occasions during the next few years.

*(Applause)*

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

**Mr Patijn.** — *(NL)* Mr President, it is difficult to react immediately to such a penetrating speech as Mr Ortoli has just made and to subject it to a thorough analysis. To begin with, I am very glad, on behalf of my Group, to associate myself with the kind words you addressed to Mr Ortoli. I say this in my own name and on behalf of my Group, and I should like to extend my thanks to the whole European Commission for all that they have done for the Community and for us Europeans in the past few years. I should also like to join in congratulating Mr Ortoli on the fact that we shall be seeing him here in this House during the next four years.

In preparing for a debate such as this where one has to reply immediately, one naturally looks back at the previous speeches made by Mr Ortoli. What have been his themes during the years he has spent in this Parliament? I believe there was a little of everything, a mixture of pessimism and of positive elements. He said this himself when in February 1974, after one year with the Commission, he was able to review the situation and made the energy crisis the main subject of his speech to this House. He spoke of reducing dependence on oil, stressed the need for solidarity in a time of crisis, and presented a comprehensive memorandum containing action programmes for everything that ought to be done. In February 1975 Mr Ortoli appeared before us in a much more sombre frame of mind. What we as a Community did was, he said, still of only marginal importance. We had given up our ambitions, our efforts had failed. Our programme was leading once again to a reduction in independence, while recovery and growth, as well as preparations for Economic and Monetary Union and the preparations for European Union, were being delayed. And then, nearly a year ago in February 1976, we had a flicker of optimism from Mr Ortoli on the European Council, the signing of the Lomé Convention and the favourable result of the British referendum.

These were indeed all elements to be welcomed. Once again independence in the energy sector and economic and monetary policy are the central themes

for the future. In the past year the President of the Commission has given prominence to three themes: mutual solidarity, reducing dependence, and recovery and growth. I could find many examples to illustrate this. I detect these themes again in what Mr Ortoli has just told us in his customary spiritual fashion. These themes are well chosen. These three themes — solidarity, reducing our dependence, and recovery and growth — are in fact the background against which I wished to assess Mr Ortoli's speech. As he put it today, the themes of central importance continue to be mutual solidarity, restricting the individualism of the Member States and maintaining internal cohesion, consolidating the agricultural policy and independence in the energy sector, and trying to ensure that the Community speaks with one voice in dealing with the outside world.

Mr President, I do not wish to dwell on these themes today. I do not think this is the right moment to pass judgment on how we have fared in all these tasks, on how much solidarity has increased, whether we are now less dependent and how recovery and growth have been coming along. I prefer to concentrate today on the Commission itself, this Commission which says that it must go about its task ambitiously and pragmatically. I agree. A Commission which lacks ambition is not fit to be a Commission. The Commission derives from the Treaty of Rome and, as in the parable, has the task of doing its utmost in very difficult circumstances, with a determination that cannot be expected of the Member States, to increase the talents given it and not to bury them. The Commission must be pragmatic, that it is also true. The Commission has to operate within political limits which it is difficult for it to overstep but which are often in conflict with the Commission's aspirations. Ambitious and pragmatic, agreed. But pragmatism must not get the upper hand over ambition. The ambition to work for the European Community, as outlined by Mr Ortoli, is of central importance. Pragmatism is not a strategy, pragmatism is a matter of tactics. The strategy should be to implement the Treaty with determination, and build the European Community. How does the Commission do this? Mr Ortoli said that its task was to act as a protector of all the Member States' interests, to defend the interests of the Community and to stimulate decision-making. And in doing this it must refuse to confine itself to the lowest common denominator. These are all well-chosen themes, they are all points with which I can agree utterly. However, a few questions arise which we wanted to ask on the occasion of the transition from the old to the new Commission and which we will certainly discuss with the new Commission when it takes office on 1 January. The question is: what does Parliament, what do the Governments and what does the Community want of the Commission? In connection with this I want to put a few questions and attempt to answer them.



## Patijn

Firstly: is the Commission a political body? The answer is an unqualified yes. It is a political body of the first order. An administrative body — I am thinking of yesterday evening's debate — could not be called to account via a motion of censure. Administrative bodies have to answer to those who are politically responsible; responsible politicians are called to account by parliaments in whatever way those parliaments see fit. The Commission is a political body. But can it operate as such within the framework of a customs union, or indeed of the agricultural policy? Can this same Commission operate in an economic union, a political union, or a European union? Is it sufficient for us to have a Commission which by its composition is in itself a compromise? It is a Commission whose ambition is to direct policy, but which by its composition brings together around one table a number of conflicting political forces — I do not need to give examples. Can a Commission with such a composition give direction?

As a result of these internal conflicts, the Commission's internal disunity with regard to the political direction to be taken is much greater than its solidarity and cohesion. I say this, Mr President, because development towards economic union and development of a monetary policy is not a politically neutral fact. It is something on which opinions differ in this Assembly, and Socialists, Christian-Democrats, Liberals, Conservatives and Communists will put forward different solutions because they will want to press their own vision of Man and society. And that is why more and more you see majority decisions being taken in this Parliament, with the majority in Parliament outvoting the minority. If you read the early debates you will see that in the days of the Customs Union that was much less often the case.

In this context the political composition of the Commission as it is at present — and I do not blame anyone for this — can be a handicap to which we should give some thought. What, in fact, will this mean, if we have a directly elected Parliament which might want to make more use of its political weight and gets as its opponent a Commission which represents political neutrality and in which the political forces which conflict with one another at national level are brought together? How can there be any direction then? What is the sense of a motion of censure brought by a particular Group if all Groups — including the Group which brings the motion — are themselves represented on the Commission? Therefore, though I say that the Commission is a political body, the question is whether the Commission can also function as a political body. This is not a question of personalities or political beliefs, but of the fact that the present composition can be a handicap to the further development of the Community.

As to the second question, whether the Commission is and should be ambitious, I have already said that the answer is yes. But can the Commission maintain its independence? On this I have my doubts. Can the Commission play its part to the full in the present system? I note that the Commission's freedom of action has been restricted, greatly restricted, in the past few years. In both the legal and the political sense, the right of initiative has, on paper, been fully maintained. But the field is held by the Council, which frequently threatens the right of initiative and bypasses the Commission via the political cooperation procedures and is setting up its own range of instruments. This is an unmistakable fact, and there is no clear delimitation of the areas where the Commission can play its art to the full and where the Council is interfering and taking the initiatives which could be taken by the Commission. However ambitious the Commission is, it has to be pragmatic and resign itself to the handouts it gets from the Council. The Commission's freedom of action is being taken over as the Council expands. We in the European Parliament also restrict the Commission's freedom of action; we restrict its freedom of action in that we kept a closer watch on the Council last year, by increasingly calling to account the President-in-Office of the Council and by calling to account the representative of the Conference of Foreign Ministers with the introduction of the right to ask questions — which is in fact a positive development. But why is Parliament doing this? Because the power in the Community is to a large extent in the hands of the Council. And if the power is in the hands of the Council, then the Council must be supervised, which is what Parliament is there for. But in doing that, Mr President, we restrict the power of the Commission and the motion of censure becomes an empty gesture — as we have seen once or twice — so that the Commission is more or less eliminated and it comes down to a dialogue on the future of the Community between the Council and Parliament, after which we instruct the Commission to work out the details. When I then read in the communiqué of the Summit Conference a few weeks ago that the European Council has once again confirmed that the elections can take place, this shows the two-part division of the organizational structure: the European Council with all its other Councils on the one hand and the directly elected European Parliament on the other. And the Commission no longer has any part in this. We must share the blame for this, but the Commission will in any case have to defend itself if it is to continue to play its part as an independent body. For without the Commission — and Mr Ortoli's speech showed this very clearly — the Community cannot function. The right of initiative can only be exercised by the European Commission. The guardian of the Treaties can only be the European Commission. This is the way it should be, as we all know. But it is also up to the Commission to prove it for the curtailing of the Commission's powers is not just something for which the Council and Parliament are to blame but something for which the Commis-

**Patijn**

sion has also been partly to blame over the past few years, in that its pragmatism has prevailed over its ambition. In saying this I do not wish to criticize Mr Ortoli himself, nor do I wish to criticize this Commission — the same has been true of all Commissions. It seems to me that in certain situations — and I am thinking of one from the past four years, the oil crisis — pragmatism has temporarily prevailed over ambition. I mentioned an example, but this is a general problem with which the Commission has to contend. And I think that in such a situation we can say this: agreed, the Commission must have ambition. Make full use of it, do not allow your freedom of action between the other two bodies to be restricted. And since, Mr President, at the end of your speech you asked for our cooperation to help the Commission to fulfil this task and move forward to a better future, I should like on behalf of my Group to assure the new Commission in advance of this support. An ambitious Commission, a pragmatic Commission, but a Commission with the ambition of really creating a better social, economic and political future for the Community.

Finally I should like once again to thank you, Mr Ortoli, and the other Members of the Commission together with their staff, most sincerely for everything you have done in the past few years, everything you have done to maintain good relations with Parliament, and for the enormous support you have given Parliament in the battle for its powers and for direct elections. We look forward to seeing you again in a new role in the new Commission.

*(Applause)*

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

**Mr Bersani.** — *(I)* Mr President, ladies and gentlemen, having listened to Mr Ortoli's report on his four years as President I, too, should like to congratulate him on what the Commission has achieved in these four years under his leadership. Mr Ortoli's report was, as usual, clear, precise and to the point. We can draw from it not only an assessment — with a fair amount of self-criticism, however — of the events which have occurred between 1973 and today, but also a careful insight into the links between past experience and future hopes. We as Parliament are bound to view our relations with the executive branch in dialectic terms, whether it be the Council of Ministers or, as in this case, the Commission. Consequently, while we are aware of the inherent difficulties and while we readily recognize the positive side of what the Commission has achieved, we cannot at the same time separate our recognition and acknowledgement from the duty of pressing, urging and encouraging, which we have as the critical conscience in the task of building Europe.

It cannot be denied, Mr Ortoli, that you and your colleagues took office at a particularly dramatic juncture, only a few months before we were hit by the energy crisis. This crisis, coming in the wake of the alarming increases in the prices of foodstuffs and raw materials in the late spring of 1973, with their inherent serious inflationary pressures, forced not only the Community, but the entire world economy into a period of crisis, the end of which is still not in sight. And despite the hopeful signs, this crisis is still threatened by the forthcoming decisions on oil prices by the OPEC countries. Unfortunately, these practical problems were aggravated by the deficiencies of the Community institutions, beginning with the Commission. These deficiencies can be traced far back into the past. Unfortunately, they were particularly true with regard to the basic concepts and implementation of economic and monetary policies. The plan for economic and monetary union, drawn up with the aim of paving the way for necessary political union at a later stage, had been in trouble for some time, as a result of certain, specific shortcomings, including the lack of political will. Not only had no great progress been made towards this vital objective, but there had been a steady deterioration of the situation with regard to aligning the national economic policies of the various Member States — alignment which is vital if there is to be any progress towards European integration.

In spite of this, the Commission was unable to find the means and the strength to tackle the problem of an internal malaise, which it had inherited from the immediate past, and which meant that it was unable properly to tackle the serious dangers of the situation. I should like here to mention a criticism which has been made elsewhere, namely that previous Commissions — for example, in 1963 and 1964 — tackled both the economic problems of the moment and medium-term questions in a manner which was much more positive, telling and opportune than was the case in the period preceding the present Commission under Mr Ortoli and, unfortunately, during the time of that same Commission. This has to be said without lessening in any way the increasingly urgent need for national economic policies to meet the requirements of a design for Europe which can only be based on increasing alignment and solidarity.

Nevertheless, as in every aspect of life, these four years of Commission and Community activity have seen both positive results and other events of doubtful or even negative value. The positive results are there before us, and in any case Mr Ortoli's report has offered a convincing survey of them. In this respect, the Commission of the last four years can claim results which henceforth belong to the history of this Community. They have not only added to the list of results actually achieved in the field, but have also

**Bersani**

helped to improve the image of our work together for a united Europe, and to make clearer the role of the Community as such, both within our own society and when dealing with the reality of the world situation.

Mr Ortoli, you mentioned in detail some of these positive results: the development of Community structures, in the first place; increased powers for Parliament on the basis of the Treaty; the Convention of 20 September on direct elections; the setting up of the European Council (with all its limitations); intensified dialogue between the institutions of the Community, and particularly between the Commission and Parliament, which are certainly not what they were four years ago. Each of us attained a greater awareness of his own responsibilities and a greater ability to assume them.

The work of the last four years culminated in the signing on 20 September of the Convention on the election of Parliament by direct universal suffrage, with all that this means for the final democratic legitimacy, not only of our own institution but also of the Community as a whole. We have all worked towards this, and the Commission has been second to none in encouraging this institutional development. Can we forget the setting up of a European Court of Auditors, or the spread of our influence into many new sectors of international affairs? In all these matters the Commission has made a contribution which is truly appreciated by the Christian-Democratic Group, particularly aware as we are of the problems of political union.

Another positive chapter is provided by Community activity at world level and especially with regard to the developing countries. This is shown above all by the Lomé Convention, but at the same time by our overall policy of cooperation with the Third World. In the last four years the European Community has gained a new awareness of its role and responsibilities in the world, and two events have occurred which many consider to be quite revolutionary in view of the fresh approach they offer and their impact on the present world economic order.

The Lomé Convention has created a new framework for relations between the peoples of Europe and fifty nations of the Third World, thanks to the basic structural features which it embodies, and the emphasis on the idea of partnership in the machinery and administration of the Convention. It offers an ideal point of reference and a new approach to the practical struggle with a number of vital aspects of what from now on must be considered mankind's most urgent problem.

The extension of Community cooperation to all emergent nations has meant that the EEC, by means of the global approach which Mr Ortoli clearly outlined, has meant a definite, even if still too limited, advance towards tackling the problems of the world today. This is a step of which the Christian-Democratic Group can only approve.

In an earlier debate we discussed in general terms the relations between the Community and other industrial-

ized nations — the United States, Canada and Japan — and what the Commission has done in this sphere. The importance of these relations was perhaps underestimated at first. More recently, the work of the Commission has indicated a greater awareness of their importance. Something urgent undoubtedly has to be done, if in this sphere too — and our chances of success in the North-South dialogue probably depend on this — we are to become an active partner and discard the subordinate role which the Community has too often had to play.

These are some of the more significant achievements in four years which, on the whole, have produced some very positive results. The Members of the Commission who have worked with you, Mr Ortoli, on these initiatives deserve not only our sincere appreciation but also a definite and considered acknowledgement of their efforts and their achievements.

There can be no denying the general assertion that the Common Agricultural Policy is a cornerstone in the construction of the Community, and its complex process of integration. The productivity rates that have been maintained (7%), its share of the GNP of the Community (0.31%), and the general results that have been obtained, both internally and at an international level (cooperation with the Third World, sugar, etc), have all helped the Common Agricultural Policy to maintain its position as a constructive element in European policy. At the same time, however, a number of significant structural distortions have been greatly aggravated. Allow me here one personal comment, rather than one made on behalf of my Group: just consider the disparities there are between us. I do not feel that the Commission, nor indeed the Council, has been able to avert the creation of two poles in the development of the agricultural areas of the Community. In this decisive but sensitive sector of the Community, the last four years have seen an alarming tendency for the north and central regions of the Community to grow apart from the southern and outlying areas; structural factors have appeared which can only upset the balance among the various areas of European agriculture and, in the final analysis, of European society. It would seem that part of the Commission has not been sufficiently concerned about such matters.

On the whole, our European society has certainly been spurred onto significant progress. With the encouragement of the European institutions, the trade unions in Europe have been persuaded to set up during these years the European Confederation of Trade Unions. It is to be hoped that supporting bodies like the European Trade Union Institute can be brought into being at a very early date. For the first time a dialogue has been achieved in an institutional framework between the different sides of industry, and my own Group attaches particular importance to these.

**Bersani**

As far as the European citizen is concerned, however, we are still at square one when it comes to recognizing specific civil and political rights at a Community level, across national frontiers. This is a vast field of action which we have barely begun to explore and it is impossible to over-emphasize its importance. More could surely be done in this field. Let me quote the words of Jean Monnet: 'We want to create not only a union of States but also a community of peoples and men.'

In the coming days, in fact within a few hours, one of the Commission's last tasks will be to reach some important decisions on VAT harmonization and, outside this purely fiscal field, other decisions on matters which affect the fundamental rights of the citizens of Europe. On behalf of the Christian-Democratic Group I should like to ask Mr Ortoli and his fellow Members of the Commission to make full use of this last chance to make a significant move in this direction.

The Commission deserves special praise for what we might call its 'democratic influence' in the areas close to the Community. The problems of Portugal and Spain, like Greece before them, have marked these four worrying and difficult years. The European Community has always acted with great responsibility, and shown a constant desire to encourage the growth of democracy in these key areas. We feel that the Commission has made a constructive and largely successful contribution in this area.

After this review of the Commission's positive achievements, which has not been without criticism on certain points, a more careful look at the negative aspects is in order. Let us consider firstly the economic crisis. We feel that the failure to avert the growing divergence between the economic policies of the Member States and to encourage instead a gradual alignment of the basic principles underlying those policies constitutes a very black mark. We all have our share of blame, in some countries more than others, but it cannot be denied, as I pointed out just now, that there have been certain failings on the part of the Commission with regard to both short-term economic policies and the connections between short-term and medium-term policies. The same must be said with regard to the Commission's statements on the energy policy. We know the efforts the Commission has made. The political responsibility lies with other bodies and with our own national parties. Nevertheless, we are the conscience and the watchful eye of the Community, and we cannot fail to point out this negative aspect and the pressing need to arouse everyone to the seriousness of the situation.

This is an aspect which undoubtedly requires all of us to increase our efforts at coordination and collaboration. The same can be said about the social policy. In the recent budget debate this House expressed no

little criticism and urged wider and more effective measures, since we were convinced that we must have a 'social' Europe with the participation of the vital forces which make up our European society, or else Europe will never advance to the extent which seems increasingly necessary. Let me just say that in this respect there were many facets of the problem which seemed to fall short of what was required. This is my criticism — and it is directed only very indirectly at the Commission — with regard to the delays concerning the proposals in the Tindemans Report. It was not Mr Tindemans' aim to draw up a specific and definite plan, but rather to encourage the return to a single and coherent approach, averting the danger of national policies which were becoming more and more divergent and disruptive. After all the assurances and statements of intent we have come to a dead stop. This is worrying. We know that the Commission has tried, but we must recruit all the available forces for this battle.

Mr President, ladies and gentlemen, my time is nearly up. However, I should like to offer one or two brief concluding remarks on behalf of the Christian-Democratic Group. On the whole, the Commission has done its job well. There have been delays, there have been failings, and we have pointed out some of the causes and some of the remedies, while acknowledging our own share of the blame.

We must, however, express our satisfaction at the continued relations of trust and collaboration between the Commission and Parliament in these past four years. This has been a great help. We congratulate you, Mr Ortoli, on your notable personal contribution to the progress of the Community. You likened the Commission to a fleet in the thick of an electric storm; continuing your metaphor, we could say that, as admiral of the fleet, you have striven to maintain headway and avoid drifting off course. And we are still sailing forward, even if we are way behind the schedule which the dramatic events of the age impose. We hope that the Commission can maintain this course and strengthen its political independence, which has been threatened in some sectors. We hope that the Commission will be increasingly aware of its great responsibility. In this task it will not lack, in this House, the solid and loyal support of the Christian-Democratic Group.

*(Applause)*

**President.** — I call Mr Johnston to speak on behalf of the Liberal and Democratic Group.

**Mr Johnston.** — Mr President, I must begin by joining those who have already thanked Mr Ortoli for what he has achieved these past four years, and indeed for the manner in which he has achieved it.

To use the word 'gentleman' is perhaps always a little dangerous because of the class constructions which

## Johnston

can be placed upon the word, but I do not think when I say that Mr Ortoli is one of nature's gentlemen that there is any room for ambiguity in what I am trying to convey.

*(Applause)*

His tact and efficiency, and indeed also his kindness, have made the work of those of us from the new Member States much easier. We are, as you might say, Johnny-come-latelys who followed long, perhaps far too long, after the original Six. Mr Ortoli, with unassuming dedication, has played a large part in ensuring that we have been able, if we have been sensible enough to wish it, to play our full part in the life of the Community, and in encouraging us to do so. This I think has been an important contribution to the Community's slow, difficult, but very real, growth in that period of time.

Perhaps, Mr President, you will pardon me a small, perhaps relatively insignificant, personal reminiscence. Very soon after I became a Member of this Parliament in 1976, I made a speech — I think perhaps it was my first speech in this chamber — and soon afterwards met Mr Ortoli outside in the corridor. Although obviously I recognized him, I was somewhat inhibited from approaching him. He was, after all, the *'formidable'* President of the Commission, and I was but a new boy. Nevertheless, he recognized me and was kind enough to stop, to offer his congratulations, to make comments on my speech. Now, that's a small thing in itself, but I think it indicated an attitude of mind and a generosity of spirit which have made Mr Ortoli at one and the same time a great servant of this Community, while he has also been its teacher. We can, I think, all be grateful that he is continuing to serve in the new — or rather, the renewed — Commission.

He would, I am sure, be the very first to recognize that his successor has no grounds for complacency. The quality of the work of the Commission has been in general exceedingly high. It has generally co-operated well with the House. As Commissioner George Thomson pointed out yesterday, in the last two years, of 281 opinions expressed by the European Parliament on the work of the Commission, 207 have been favourable, while, of the remainder, the Commission has accepted in whole or in a large part 52 of our critical suggestions. Only in 22 cases has there been rejection of the parliamentary view, and in some of these the Commission has been able to explain its position to our satisfaction.

I think it right to emphasize, Mr President, especially in the aftermath of the debate on the motion of censure, that as a rule we parliamentarians have found the Commission to be on our side in striving to strengthen, to develop and to improve the workings of the Community. What they and we have all too frequently found wanting, Mr President, is the polit-

ical will in the Council of Ministers, and especially — though, unfortunately, perhaps not exclusively — among those members of the Council of Ministers who are fellow countrymen of Mr Ortoli and Mr Jenkins.

The new President of the Commission has suffered in his political life for his European convictions. He knows as well as any how strong, persistent and perverse British nationalism still is. And I think that the recent political events in France indicate that — to put it at its very mildest — nationalism is still very much alive on the other side of the Channel also. Mr Jenkins will have the support of Liberals in this House in striving against these prejudices, which are as contrary to the true interests of the British and the French peoples as they are to the interests of their partners in our Community.

But Commission and Parliament can make their position clear to themselves and to the governments of Member States, and yet fail to communicate with the people. The first European election will of course provide us with a great chance to awaken our fellow citizens to both their opportunities and their duties. We are — somewhat too slowly, I must say — deciding how Parliament should carry out this side of its work and the Commission will have a million units of account to spend on its own campaign of information about the elections. My I plead with it to be bold? Let it take the attack; let it expose the delaying tactics and negative reactions within the Council of Ministers. Let those who block the progress of the Community and so blight so many of the hopes of our peoples, pay the price of public knowledge growing in time into informed indignation. The Commission should remember — and sometimes, I regret to say, it has not remembered sufficiently well — that it was created to be the political instrument of the Community, not the administrative agent of Member Governments. Why should the Commission not use its independence to insist that the treaties are fulfilled, not only in the letter of the papers that it puts before this Parliament, but in the spirit of the Founding Fathers of the Community?

With the approach of European elections, it is no longer possible for the enemies of the Community to argue that traditional democratic procedures are being surrendered, and are being handed over to a faceless bureaucracy. This has been a stock-in-trade of the opponents of Europe both of Left and Right, in the United Kingdom. Now it is those who delay direct elections, or seek to have them distorted by an unjust electoral system, who are denying democracy. Thanks to what Mr Ortoli and his colleagues have done — and what we hope Mr Jenkins and his colleagues will do — the bureaucracy of Brussels, so far from being faceless, has often been positively good-looking.

*(Laughter)*

**Johnston**

But the charms of the Commission are, I think, still too discreet. The public is not sufficiently aware of them. There have after all been four exciting years. The Lomé Convention was a milestone, the establishment of the Regional Fund was a forward step of profoundest significance, Euratom is a success story. It will be the work of Mr Jenkins to build on the foundations laid by Mr Ortoli and his predecessors. Foundations of buildings are necessary, but they lie below the ground, out of sight, except to those active and working on them.

The next stage in a construction of Europe must be above ground in clear view of the peoples of the Community.

Mr President, Mr Jenkins has, as I have said, suffered in his political life for his European convictions. His scars in this honourable campaign still show, and that gives him a certain advantage. He will be expected by the electorate to carry on the struggle, he will be expected to give voice to his European principles, as well as to serve. He must know that the great majority of the Members of this House are anxious and eager to hear him give utterance to his beliefs. If he can report real progress, so much the better, but he will fail the high hopes invested in him if he does not tell us if and when there is obstruction, and identify the culprits in the clearest of language. It will then be for us to relay his warnings to the voters.

Mr President, I hope and I believe that he may be able to count on this House to support him in attacking obstructions and in challenging those who erect them. That is what is expected of Mr Jenkins and what he has right to expect of this House, and that is what in so magnificent a way Mr Ortoli did for us and for the Community these past four years, for which I again thank him.

*(Applause)*

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

**Mr Nolan.** — Mr President, I would like to be associated with Mr Russel Johnston in his tribute to the outgoing members of the Commission and to its outgoing President who, we are happy to know, will still be a member of the Commission. Since Ireland joined the Community, we have had the pleasure of meeting members of the Commission — Mr Thomson, who is leaving, unfortunately, Mr Lardinois — who were, as Mr Johnston said, associated very much with Parliament and did their job in very difficult economic conditions, not only in Europe but in the world, efficiently and well. I certainly want to record my tribute to the President and to the members of the Commission in this House.

Going back over the past few years we must think of some of the problems that were not solved. It is usual for parliamentarians not to think of problems that were solved, but rather of the very serious ones that we still have with us. And in the social field we have major problems in Europe of employment of young people. I know that His Excellency the President of Ireland, a former Commissioner, Mr Hillery, did quite a lot of work in the Committee on Social Affairs and Employment on the Social Fund. Yet I am not satisfied that the Commission did enough for young people, I myself, speaking in this House a year ago, suggested voluntary early retirement — that is where people who reach the age of say 60 years who, due to health or some physical disablement would, if they got a pension at an early stage, voluntarily retire. This suggestion was not accepted by the Commission at that time, or indeed by the Council of Ministers.

Again I could be critical of the common agricultural policy. We had yesterday a debate about levies on milk. We have had the problem of beef mountains and we have the milk powder problem. One thing I again put on record: during those few years we did not introduce a common agricultural policy for sheep. This is one thing that should have been done. It was proposed by my French colleagues as far back as 1966. The French Members of this House proposed that there should be a common agricultural policy for sheepmeat. And I could never understand why there was not, because within the Community the production of sheepmeat has decreased. And sheepmeat is meat that has no surplus by-product. In other words, there is no problem of surplus milk, there is no problem of surplus butter. The only major by-product that we have from sheep is wool, and there is no surplus of wool. But if we are given incentives to produce more beef, we are then creating a problem of surplus milk and surplus butter. I would ask the incoming Commission — and indeed the outgoing President will be a member — to ensure, as a New-Year resolution, that one of the first things the Commission will propose is a real sheepmeat policy. I know certain proposals have been discussed but we went a sheepmeat policy similar to the one you have for beef. That is what I am asking for the reasons already stated.

We all know in our member countries people who are opposed to the European ideal, people who are opposed to Europe and to the Community. Even parliamentarians in our Member States, say: 'This is the responsibility of Europe, if we weren't in Europe, this problem would not arise'. I think that aid that is given to projects — be it a regional project in a Member State or a project for the eradication of animal disease — should be seen to be coming from Europe. It should not be paid into the national exchequer so that the government of my country or of any other country can say: 'we are doing this'. Governments are inclined to take credit for whatever money they may get from the Regional or Social Funds, or from the common

## Nolan

agricultural policy. They will claim that that is a government payment, whereas some of this money is coming from Europe. This money should be paid as European money distinct from whatever aid comes from Member States.

I will conclude by again thanking the President of the Commission for the cooperation that he has given to this Parliament and for the way in which every member of the Commission answered our supplementary questions. To those who are leaving the Commission we wish them well and to you, Mr President, we are glad you are still with us.

*(Applause)*

**President.** — I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

**Sir Peter Kirk.** — I suppose that I am one of the three Members of this Parliament who should rise with a blush of shame to add his tribute to the retiring Commission because I and Mr Aigner who is not here and the President, who is also not here at the moment, are the only three who have tried to get rid of them. Yet I freely admit on this occasion that although I feel that I was wholly justified in what I tried to do last June, no-one would have been more horrified than myself if I had actually succeeded in doing it. That is, I think, a tribute to the importance which the Conservative Group and this Parliament generally have always attached to the work which President Ortolí and his colleagues have given to the construction of Europe and to the strength of this Parliament. Nobody can pretend that they have had an easy task. The gale of the world, of which Mihailovitch spoke so emotionally in his prison cell, could easily have blown them away as it has blown so many other people away. Yet they can pin to their banner as they leave, those of them that are leaving, the words of the Abbé Sieyès after the French Revolution 'I have survived' and that in itself has been something of an achievement. But they have done more than survive, they have other achievements as well. Mr Ortolí said that this was an emotional occasion for him, and it is an emotional occasion for all of us because we have lived through events over the last four years which have been of vital importance not just for this Parliament or for the Commission but for the world.

The Lomé Convention, which I think every speaker has referred to, has been one of the most remarkable international achievements ever created. Let us not underestimate it. Of course, we can cry it down, of course we can say it could have been better. But in creating it we have created, I hope, a system of international cooperation which should be a model to the world and that was due to the Commission, to its President, to its members.

Turning to the Regional Fund, I might mention my own compatriot, George Thomson, and the work that he has done for it, although I regret that the fund is so small, I regret some of the decisions which the

Council of Ministers took in regard to it — and I have never made any secret of that. Nevertheless the Regional Fund stands too as a memorial of what this Community can achieve.

What about the Social Fund? My friend Mr Nolan regretted that it had not been terribly successful in the field of youth employment. I agree, but equally I am well aware of the fact that virtually the entire retraining programme of my own country is now paid for out of Community funds. This is something that is not known in my country and should be known and this is something for which the Community again can claim credit. So let us not run ourselves down. Let not the Commission appear here today at their last appearance before this Parliament in an apologetic mood. Why are there so few of them here today? We know. They are still working on the fisheries policy. One of them we know, has worn out his health in the service of the Commission. Others, we know, have suffered ill health in the course of that time. One, alas, we mourned only yesterday, because he was taken fatally ill while actually attending a part-session of this Parliament.

Let us then accept that we have had our failures over the last four years and what years they were! Who would want to have been a Commissioner? Who would have wanted indeed to join the Community — 1973 wasn't really the best year to choose in which to enter the European Community — if one had known the economic, social, energy problems that we were going to move into. And yet despite all that, the retiring Commissioners can claim that they have achieved a great deal. So yes, they have failed. They have failed in certain things, or the Community has failed, to be absolutely fair. And the Community is very much more than the Commission or the Parliament or anything else. We have failed in the economic and monetary sphere. I think that is the biggest failure, and the most disastrous failure in a way, because so much else depends upon it. We cannot get the agricultural policy right, we cannot get the social policy right, or the regional policy right as long as we have this terrible problem of the divergence of economies and the monetary differences between the various countries. And that has been a major failure and one which we must recognize. I wouldn't lay it at the door of the Commission, I would lay it much more at the door of Council of Ministers, but nevertheless the Community as such has failed and we must all bear a responsibility for it. We have failed too in the field of energy. Again we were faced with an unprecedented crisis. And we have not risen to that crisis. I hope that the new Commission — and I share with my friend Russell Johnston, the good wishes which we all feel towards the new President and the relief which we all have that so many members of the old Commission including its President will remain to help him — I hope that the new Commission will look to these two key areas in assisting the Community through its next few years.

**Kirk**

But let us judge the successes, let us judge the failures by the magnitude of the task which this Community is faced with. And then it will be seen that the successes are great and the failures, I think, are only stumbling-blocks along a very long road.

I don't suppose, the works of a very minor English poet called James Elroy Flecker. But he, with the genius of Frederick Delius, one of the new English composers, in his great chorus said :

'We are the pilgrims, master. We must go always a little further'. That is all that pilgrims can hope to do. The journey will never be complete'.

But he went further than that. He said : 'We take the golden road'.

The road that the Community is embarked upon is a golden road. We have gone a little further over the last four years and we have done so thanks to President Ortoli and thanks to the Commission and we are deeply grateful to him and to all his colleagues for what they have done.

*(Loud applause)*

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

**Mr Spinelli.** — *(I)* Mr President, our Group also wishes to join with the other speakers in bidding a fond farewell to Mr François-Xavier Ortoli and his fellow Members of the Commission as they are about to take their leave of us. Speaking personally — since I too was a Member of the Commission for three and a half years — I would add that this experience of working together, day by day, with others with whom one sometimes agreed and sometimes disagreed, with colleagues from different national and political backgrounds but who were united in their efforts towards the construction of Europe — I would add that this experience will always remain with me as an important unforgettable period of my life.

Together with Parliament and the Council, the Commission has played its part in some European achievements which it would be unfair to ignore but which I do not intend to dwell upon here, since Mr Ortoli and all the other speakers have already mentioned them. Nevertheless, the Commission must accept its share of the blame for the continuing and disturbing deterioration in the construction of Europe. This blame must be made clear here, not merely to stir up the past, but in the hope that the new Commission will not make the same mistakes again. The Ortoli Commission found itself up against a Council which, whatever form it took, showed as the weeks, the months and the years passed, from one subject to the next, that it was inherently incapable of performing the tasks which it so arrogantly assumes as its own. But the Commission did not condemn this shocking and impotent arrogance, it did not appeal to Parliament or to public opinion, and it did nothing to

combat the false doctrine of federation which will be the death of Europe. Instead, the Commission has continued its pretence of believing that progress can be made towards new goals within the existing structures, provided there is a modicum of political resolve.

President Ortoli, in his speech a short while ago, repeated yet again his faith — his blind faith, if I may call it that — in the ability of these structures to function. I am not going to list here all the missed opportunities which were quick to arise. As early as May 1973, if I am not mistaken, at the time of our first meeting on the Paris summit, we were asked by the nine Heads of Government what institutional machinery should be given to the Community and what powers should be transferred so that economic union could get under way. But the Commission, five months in power, replied that no new machinery or transfer of powers was needed, and that progress could be made with goodwill and suitable proposals.

Opportunity after opportunity has been missed, from supranational policies which could have been formulated to institutions which should have been reformed. On occasions like these the Commission could and should have initiated a wide-ranging debate on the Community's future, but the chance was always missed and the Commission always fell back on proposals which could not be faulted technically but which were final rulings, in keeping with the political impotence of the Council.

It could be said that the Commission did not even fight to give the Community powers which, while limited, would have been genuine and founded on the greatest possible participation of the peoples of Europe. An this came about because the Commission believed solely in technocratic competence rather than European democracy. This at least was the attitude and thinking of one or two of the Commissioners.

The Commission's major policy document was its report on European union, which followed and indeed went further than the Vedel report — which had been approved at the time by the Malfatti Commission — and took up the promise of the Rey Commission to propose that legislative and budgetary powers be granted to Parliament, as well as the request by the Hallstein Commission that the Community should be financially independent. The present Commission has been no more successful than all its illustrious predecessors in solving the problem of its own identity — partly a centre for supranational policy initiatives and partly a centre for formulating technical ideas which can then be put to the inter-governmental body, the Council. In this way the Commission has committed political suicide.

However, since the people of Europe, if they are to find a way out of the severe economic crisis and the humiliating situation which currently beset them, need a guiding light much more than any faceless



**Spinelli**

machinery producing motions for resolutions lacking any political consistency, it is our sincere hope that the new Commission can make the choices which this Commission, alas, was unable to make. I hope, too, that it will not make the mistake of thinking that, in view of the desperate nature of the current economic and political crisis, all genuine reforms must be postponed until the crisis is over.

If Europe could overcome these problems without the aid of more effective instruments than those currently available, these new instruments would never be needed. But our task today is to identify the policies to be pursued and the instruments to be adopted to achieve them. This is the only way to tackle a crisis of 'persisting uncertainty' — President Ortoli's own words — and which therefore requires a committed and long-term effort of political construction. This is the task which the new Commission must face, and I hope that it will tackle the task with greater determination than the outgoing Commission.

*(Applause)*

**President.** — I call Mr Pisoni.

**Mr Pisoni.** — *(I)* Mr President, ladies and gentlemen, it is not my wish to repeat again what has already been said about the meaning and implications of the events of the past four years and of the Commission's part in them. The present Commission found itself battling through four troubled years, four years marked by exceptional circumstances. In the brief time at my disposal, I should like to express my recognition of the manner in which President Ortoli and the whole Commission have attempted not just to tackle the difficult problems which have arisen, but to create a sense of enthusiasm for the task.

Their efforts were not crowned with success in all fields, nor did they always get as far as we should have wished. Much has remained on the drawing-board and the last four years have revealed many limitations. I do not wish to attribute any blame or bring up past failings, but I would just like to mention one of the basic objectives which the Commission had set itself, an objective which is a prerequisite for European Union but which has not got very far in the last four years, not only for external reasons but also, and especially, because there was a lack of any sustained effort or desire for more effective action. I am talking about social policy. We have always maintained that a union must be based on social equality or else it cannot exist. We realize that the last four years, more than any before them, have been marked by economic crisis, recession, inflation and unemployment which has broken all previous records. This has created tremendous social unease. But unfortunately, we are forced to admit that all the efforts of the Social Fund and the Regional Fund have failed to close the increasing gap between the rich and the poor regions, just as they have failed to eliminate the disparities between the 'haves' and those who are clearly the 'have-nots'.

We have not been able to give the necessary 'bite' to our social programme. We have shown that we can achieve results when it comes to other matters, even matters of some importance, but we have shied away from opportunities to tackle the problems which I mentioned just now, namely inflation, which hits everyone, steadily whittling down the purchasing power of money and letting the working classes and those on fixed incomes bear the brunt of the recession, and also unemployment, which has now reached proportions which none of us needs to be reminded of. Decisive action is required on these problems, and especially on the latter. More than 5 million unemployed in the Community are the proof that a great deal has still to be done.

It is also clear that in spite of our repeated appeals only the surface of the problem of migrant workers has been touched. We hoped that these years might have brought the migrant workers' statute, providing these European citizens with a citizenship which really meant something. But our hopes have failed to materialize. We cannot be happy when we look at the balance-sheet of our social policy, because too much has been left undone. But, and I say it again, I am not blaming anyone. The last few years have been the most difficult in this sector, but they should also have been the years in which we tried harder throughout the Community as a body, in each of the Community institutions. Parliament has perhaps tried harder than the other institutions, but neither the Commission nor the Council offered the encouragement which we might have expected.

I have stressed the vitally important issue of social policy in the simple hope that the new Commission will tackle this problem and attempt to achieve what has not been achieved so far. It is our deep-rooted conviction that the European Community can only be built if we succeed in establishing a minimum standard of living and lifting the poorer and less fortunate among us to a level comparable with the rest.

Our main task is to combat the dangers I mentioned earlier: inflation, unemployment and under-employment. All the citizens of Europe must be eligible for a citizenship which really means the free movement of workers, the right to vote where they work and the right to call themselves citizens of Europe, no matter in which Member State they may be working.

*(Applause)*

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, it is indeed a privilege for me to be able as President-in-Office of the Council to speak for a few minutes at the end of this debate on the occasion of this Commission's completion of its term of office. This is because there are personal reasons which connect me with the Ortoli Commission. It so happens that four years ago a government

**Brinkhorst**

was formed whose period of office has been virtually identical with that of the Ortoli Commission. That means then that throughout this period we have worked together as the essential pair in charge of decision-making in the Community — Council and Commission. Mr President, I should like once again to emphasize here that the role of the European Commission is absolutely essential in the process of integration in Europe, for without this Commission no real progress is possible in that process. The existence of a political body which unites all the Member States instead of just representing the individual Member States is an essential element in the achievement of the aim which binds us together here, i.e. European Union. If the European Commission did not exist, it would be necessary to invent it. There is in fact no alternative to this structure in the current situation, and I should like once again, at the end of the Ortoli Commission's term of office to stress this point particularly.

The Ortoli Commission has not had an easy time, as various speakers in this debate have pointed out. Unfortunately I have not been able to attend this debate myself since I was busy with the conciliation procedure on the budget, but I have read a report of what Mr Ortoli said and I can but agree with him with all my heart. The Commission has not had an easy time, and in many quarters the word 'crisis' has been used, meaning the current crisis in the process of integration. But perhaps for once I may give a somewhat less customary analysis of the word 'crisis'. For the most part the word is used to indicate something negative. I should like to remind Parliament that the word 'crisis' derives from the Greek word meaning divide, or distinguish, and from there the word has developed towards the idea of deciding, of being at a decisive crossroads. Now the idea of a 'decisive crossroads' suggests that there is a fundamental area of tension between what we have had and what we are aiming at. It does indeed sometimes happen that the Council, the Commission and all the institutions take a rather long time to choose the right way at the crossroads, i.e. the road to European Union. But the fact that there is an area of tension means that we are concerned with matters of fundamental importance and that we are not just dealing with peripheral questions. This is what the Commission has been engaged in doing for the past four years and — as I know — it has made every effort to succeed. In my view Mr Ortoli was quite right to point out that strengthening the internal cohesion of the Community is an absolute necessity and an absolute priority. For without cohesion we cannot present a front in foreign affairs; without cohesion there can be no unity of action with regard to third countries. Mr Ortoli here touched upon the central theme that has also been the hallmark of the Netherlands Presidency, which is also shortly coming to an end. I think, therefore, that I can give no better résumé or what Mr Ortoli said: internal development is essential. It so happens that

Mr Ortoli will also be in the new Commission, and therefore I should like to end by saying: 'The Commission is dead, long live the Commission.'

**President.** — I call Mr Ortoli.

**Mr Ortoli, President of the Commission.** — (F) Mr President, I will not make a second speech, but I wish to thank all those who have commended the Commission and its President for the work which it has accomplished and for its defence of the European interest.

This Commission will have been active until its last day — and this is in accordance with my own wishes. It will expire on 6 January but until 6 January it will have devoted itself unstintingly to its task.

I have a few comments but I will once again be brief. The Commission inevitably reflects our differences and our tensions. We sometimes find examples of this: in the previous Commission there were those who thought that we had a two-fold duty, on the one hand to give warnings and sound alarms and at the same time to devote our energies to the progress of Europe while preserving the responsibility of the Commission.

Others thought that another course could be followed and that, for example, we had a duty to sound the trumpet every morning. Such varying attitudes are liable to occur but the only thing they involve is a difference of opinion.

However, we have one thing in common and that is the responsibility and enthusiasm which we all feel for Europe; I must point out that one of the characteristic features of the Commission is that the Commissioners, when they are appointed, know that they are committing themselves to serve the common interest of Europe.

The second point I would like to make is that there is much talk of the Commission, of Parliament and of the Council. There is one thing we should not forget: the real problem is the strengthening of the overall institutional framework. I myself have no objection to a better dialogue between Council and Parliament, but I should like to see a dialogue between Parliament and the Commission, one which we feel and have shown to be of much greater importance. Each time we are able jointly to prove we are working in the same direction and that our cooperation provides results, we thereby improve the institutional framework.

In order to reassure you, I should also like to say that the European Council has done nothing to diminish either the standing or the influence of the Commission. If I may quote some examples, I would point out that, when the history of the renegotiation is written, the part played by the Commission will be shown to have been of critical importance up to and including the European Council in Dublin, at which the decisions were taken on the basis of Commission ideas

## Ortoli

and Commission texts. When mention is made of the major decisions taken by the Council — I am thinking of the Regional Fund — it should be remembered that it was thanks to persistent work before the final days of the Paris Summit that a conclusion was reached with which everyone was able to agree; it did not go as far as we would have liked, it is true, but the groundwork for the Summit had been done by us and the conclusion was based on proposals made by us.

When we think of economic and monetary problems, it is important to remember that the decisions of the last Council and the April Council were based on ideas put forward by the Commission, so much so that the text issued by the European Council held in The Hague was the document submitted by the Commission and not a new text drawn up by the Heads of State or Government. One must therefore be cautious in one's views of the proceedings of the Council in which I can assure you the Commission's role is quite fundamental.

One more point before I finish. I have said before and I repeat it now, we have a fundamental struggle on our hands to ensure growth and employment by reducing our divergencies and strengthening our solidarity. If there is one message I want to convey to you, one thing I want to repeat again and again, that is it. To those who speak of our failure in that area I would say that our failure was due partly to the crisis but also to the fact that it is in that field that the Community's resources and scope for action are most limited.

There is a very close link between the means of action at one's disposal and the successes one achieves. We have had no serious grounds for anxiety when we had the necessary means of action. There have, of course, been disputes, conflict and difficulties, but without the slightest doubt there has always been progress. However, when the first conflict is over resources, then, without the slightest doubt, our scope for action today is limited in a number of respects which are critical for us.

One last word: we have deeply appreciated the cooperation we have received from this Parliament. Listening to the speeches just now, I think I realized and felt — something we have felt even at times when Parliament and the Commission were apparently in conflict — that that cooperation was something you set great store by, but I think it is not enough to say, as handbooks studying the Community's institutional problems and elsewhere often do, that there is a natural alliance between Parliament and the Commission. A natural alliance is not enough; mutual trust and an openness to dialogue are also necessary. What we have done — at least I think we have and I thank you for it — is to add to the interests which are common to us and are those of Europe, a readiness to act together and to discuss as between friends the best means for ensuring the progress of Europe.

*(Applause)*

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

✓ 9. *Council statement on the meeting of the European Council (followed by debate)*

**President.** — The next item is a statement by the President of the Council on the meeting of the European Council on 29 and 30 November 1976 in The Hague, followed by a debate.

I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, I will be pleased to meet your request to make a brief statement on the proceedings of the European Council at its meeting at the end of November.

Firstly, Mr President, the Council began by discussing the economic situation in depth, thereby demonstrating once again that this is the main problem currently facing Europe. In its discussions, the Council was able to make use of a document produced by the European Commission — as Mr Ortoli has just reminded us — which has since been published. The discussion did not result in a written conclusion, except on one single point, but a number of conclusions can be drawn from it nevertheless.

Firstly, there was a somewhat sombre undertone running through the debate. Even in the countries of the Community the low level of investment and domestic consumption is holding back the growth of industrial production. The balance of payments situation deteriorated in some Member States this summer while the inflationary trend has increased in various countries.

Consequently we have hardly made any progress in our attempt to cut down unemployment. Mr President, if we are to improve the employment situation we must work to combat inflation and re-establish internal and external equilibrium. The Member States must take these aims into account when evolving their budgetary and monetary policies. The threat to the Community arising from these divergent trends can only be averted if the Member States work closely together, respecting the integrity of Community regulations.

Energy problems naturally occupied a central position in these discussions, particularly the need for energy saving. As regards external relations, one of the matters considered was our relations with Japan, on which a Community statement was drawn up. Japanese import and export practices are rapidly leading to a deterioration in certain branches of industry in the Community. Since the Japanese attitude is threatening to cause structural damage to industry within the Community, the Council considered these problems, stressing the importance it attached to good relations between the Community and Japan and expressing its wish that these relations should continue to develop to our mutual advantage. The Council, however, said that a rapid growth in imports to Japan from the Community was essential.

## Brinkhorst

Mr President, Parliament has just held a major debate on relations with Japan and I am therefore pleased to note that your resolution largely corresponds to what I have just said in connection with the European Council. Meanwhile the Council has found that the Japanese Government is prepared to cooperate actively with the European Community on the basis of mutual understanding. The Council has said that it expects considerable progress to have been made in this matter by its next meeting, and all I can add is that only yesterday the Council of the European Communities, in this case the Ministers of Foreign Affairs, once more noted that this matter will also be included on the agenda for the next Council meeting in January. We are, therefore, making progress: practical discussions are under way.

There is also the question of the existing funds for regional development, the European Social Fund and the European Agricultural Guidance and Guarantee Fund. It was stated quite explicitly that these funds should be used more for structural improvements, and the European Commission has agreed to submit specific proposals. One of the issues currently threatening the existing Community policy is the increasing amounts needed to compensate for fluctuations in exchange rates in intra-Community trade in agricultural products. The European Council has asked the Ministers of Agriculture and Finance to take decisions on this matter on the basis of the proposals from the Commission and in the light of what has been said on this matter by various Heads of Government.

Another important matter, i.e. the North-South dialogue was discussed on both days of the meeting. At Mr Genscher's request there was a discussion of the 'Gesamtkonzept', i.e. the overall concept governing relations between the developing countries and the developed countries and, particularly, the problems of the CIEC, the North-South dialogue. The forthcoming conference of the OPEC countries, which has just begun, and the effect that an increase in oil prices could have on economic development were also discussed.

The European Council concluded that its communiqué should indicate the considerable importance which it attached to the success of the North-South dialogue. The Community is, and I quote, 'prepared to make as positive a contribution as it can to the extent that developments in its own economy permit'. These last words are an oblique reference to the possible consequences of a major increase in oil prices on the development of the Community economy and hence on the possibilities of a substantial transfer of funds from the Community. The text of the communiqué also states that the European Council has requested the competent authorities of the Community to continue their work on this matter, the resolve to

make the dialogue succeed playing a central role. The European Council's discussions on this matter will serve as a starting point for the work in the Community Institutions, i.e. the European Commission and Council of Ministers, in the coming months.

A positive aspect of the discussions on the CIEC is, in my view, the fact that it has been decided at the highest level that the Community intends to make its contribution to the success of the conference. I also note — and — and naturally with some regret — that in view of the uncertainty of the present situation no one was prepared at this time to commit themselves in any way vis-à-vis other countries on material matters. In the meantime, as you know, it has been decided in a joint statement made by the Canadian and Venezuelan Co-Chairmen to postpone the conference. The Community will have to see to it that this postponement does not lead to the conference being totally abandoned and take active steps to ensure that the meeting between the two Co-Chairmen in January leads to a resumption of the preparation procedures.

Mr President, I should now like to mention another important item dealt with by the European Council, i.e. the Tindemans Report which was discussed at considerable length on the basis of a report produced by Mr Van der Stoep, President of the Council of Ministers, after the Ministers of Foreign Affairs had been instructed by the Heads of Government at their meeting of April this year to study this report. As you know, Mr Tindemans has been warmly commended in many quarters for his work and for the tenacity with which he has defended his conclusions in public. The President-in-Office of the Council has already associated himself wholeheartedly with this praise. The Council agreed in general with the observations made by the Ministers, and, on the basis of the Tindemans Report, laid down a number of principles in its conclusions which will serve as a basis for the further development of European Union. At the end of its conclusion the Council stressed that some progress must be made in this matter, and invited the Ministers, i.e. the Council of Ministers on the one hand and the Ministers of Foreign Affairs within the framework of political cooperation on the other, to join the Commission in producing a report for the European Council each year on the results of further activities, indicating the possibilities for progress towards European Union in the various fields. I will admit quite frankly here today that the present economic situation was not particularly favourable for the Tindemans Report, but I should nevertheless like to point out that this report has initiated a process which will make progress towards European Union possible.

Mr President, I do not wish to conclude these general introductory remarks on the meeting of the European Council in The Hague at the beginning of December

**Brinkhorst**

without a brief assessment of the functioning of the European Council and of the significance of the fact that the European Heads of Governments meet regularly. I believe that people, quite wrongly, often get the feeling that this is in itself not a good thing. I say 'wrongly', since, in my view, the fact that the leading statesmen, the leaders of our governments, meet to discuss European problems is *per se* something to be welcomed. This is sometimes forgotten in all the negative criticism which is levelled at these meetings. Naturally, after a period of only two years the role of the European Council is not yet fully clear — how could it be otherwise? No-one would claim that the European Council has settled into its final form — the Heads of Governments themselves are as aware of this as anyone else. Perhaps in the future more emphasis will be put on preparing the European Council in connection with items on the agenda which involve the competencies of the Communities. This would be completely in accordance with the characteristic procedures and decision-making machinery of our Community which call for full participation of the European Commission and the other institutions involved.

Nor should we, in my view, be blind to the fact that in recent years the European Council has indeed taken important decisions with a view to getting things moving in that very integration process which had failed to produce any results in the previous period. I should also like to remind you once more of the Regional Fund, the decision on the correction mechanisms for the renegotiations with the United Kingdom, the decision on the participation of the Community in the North-South dialogue and, last but not least, the decision on direct elections.

Mr President, that is not the whole story, of course, but it is more of the story than a purely negative criticism of the European Council. We cannot expect every meeting of the European Council to produce spectacular results any more than we can expect this of every meeting of the Council of Ministers of Foreign Affairs. We cannot always expect substantial decisions or qualitative leaps forward. Instead, we must recognize the positive value of the fact that the Heads of Governments can meet according to procedures which are gradually coming to lead a life of their own and are in accordance with the Treaties.

Mr President, with these introductory remarks I should like to conclude my statement on the recent meeting of the European Council.

*(Applause)*

**IN THE CHAIR : MR SPÉNALE**

*President*

**President.** — Mr President of the Council, I should like to thank you for your statement and make a

single observation, namely that even if not unanimously, our Parliament tends to favour the European Council, whose occasional meetings give a little more weight to decisions relating to Europe. This view will be reinforced if, when the European Parliament is elected by direct universal suffrage, greater efficiency is established at the level of the institutions, both executive and parliamentary, thereby leading to increased dynamism for Europe.

I call Mr Colombo.

**Mr Colombo, chairman of the Political Affairs Committee.** — *(I)* Mr President, ladies and gentlemen, I should like to thank the President of the Council for his statement. I must, however, perform a task entrusted to me by the members of the committee on behalf of which I am speaking, namely to express our regret at the fact that we were not able to discuss in committee the statement on the matters dealt with by the European Council.

Had we been able to do so, we could have discussed the matter in greater depth and there would have been more chance of a fruitful exchange of opinions. In view of the points raised earlier with respect to the continuous dialogue which should take place between the institutions, particularly the Commission, Council and Parliament — and in the conviction that it is through this dialogue that solutions will be found — I should like to invite the President of the Council, and the Commission, to come and discuss the matters mentioned by Mr Brinkhorst in the committee. The debate would then be more thorough going and consequently the conclusions reached based on more substantial evidence.

I should now like to make a few observations on the results of this European Council. I have heard the President of the Council's statement and greatly admired his ability to fill a vacuum (which is how we see the results of this meeting of the European Council), but I do not think we should conceal from ourselves or others our dissatisfaction with the final outcome of this meeting, any more than we should ignore the negative, and lasting psychological effect on public opinion, which is difficult to erase, particularly at difficult times such as the present. I should like to make a number of observations regarding three of the problems dealt with by the President of the Council. Firstly, the North-South dialogue. It is true that the Commission and Council have always shown considerable goodwill in matters affecting countries in the process of industrialization and statements to this effect were not lacking at the last Council meeting. We therefore welcome the Community's readiness to get something done on these matters. But I should like to add a few words of constructive criticism. While the Community has in fact shown this readiness and the area in which this readiness can be trans-

## Colombo

lated into action has been established, the European Council has remained extremely non-committal, and therefore these relations have no tangible basis of policy on which a debate could be centred. It is true that there are some factors making for uncertainty: I am referring, in particular, to the transfer of power in the United States and the problems of increasing energy prices, particularly of oil. But in this time of uncertainty, of crisis and difficulty a somewhat more convincing statement from the leaders of the European Economic Community would undoubtedly have helped to reassure, and reinvigorate relations with those parts of the world in which Europe should be making its political presence felt.

There is another matter on which I would like to make a few observations — the more general question of the economy. Of course it is not my task now to discuss economic questions. I will only speak of the repercussions which the absence of decisions and the uncertainties could have on political affairs. In our view, the coordination of economic and monetary policies has not been definite and decisive enough, given the difficulties facing the Community and the individual Member States. I feel that now, when all the Member States are in the grip of this crisis, is the time for the Community to show that it can find solutions and set in motion a process of joint decision-making to deal with these problems. Far be it from me to put the blame for the difficulties facing the individual countries on the Community. Each one should do what it has to do, but it is as a Community that we must solve these problems.

Finally, a few words on European Union and the Tindemans Report, which the President of the Council also mentioned. I must say that the situation cannot exactly be called reassuring: there are some positive aspects — I have no wish to dispute this — but there are also many reasons for annoyance and impatience. We certainly welcome the Tindemans Report, and congratulate the Netherlands presidency on the dedication with which it has carried out the associated work, e.g. the report by the ministers and the statement by the European Council. I should like to say that the latter is less non-committal than on previous occasions, in that it indicates what form this united Europe could take, particularly as regards common external policy and economic and monetary union, and is also more specific with respect to the Community institutions.

I might add that anyone who asks for more should bear in mind that in the years 1975 and 1976 all the effort went into transforming Parliament, i.e. reaching agreement on direct elections to the European Parliament. No one is better qualified than we are to recognize the importance of what has been achieved so far, and to express the hope that the deadlines agreed upon for the election of the European Parliament will be observed.

Having said this, I would not be being honest to myself, to Parliament or to the President of the Council if I said that what has been done about putting the Tindemans proposals into practice — and I include those endorsed recently by the European Council — was satisfactory.

We feel we must point out that only a small proportion of Mr Tindeman's proposals, which in themselves are very cautious, calling as they do for gradual change, has been approved in this statement by the European Council, and it has taken four years to progress from the original commitment to the idea of setting up a European Union to the recent general statements. This exasperating sluggishness is therefore out of keeping with the need for development which we all feel, particularly in this time of crisis.

I am therefore sure I am speaking for the Political Affairs Committee as a whole — indeed for all the political groups in this House — in saying that we must make greater efforts to ensure that the commitments which have been entered into, by which I mean the deadlines for next year, are maintained and if possible, translated into reality more swiftly.

This will be a particular challenge for the British President of the Commission and for the next Council presidency, which will also be British. I should like to give them both my best wishes in the hope that what they achieve will be, with all due respect to Mr Brinkhorst a little less disappointing than the conclusions reached by the European Council.

*(Applause)*

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

**Mr Radoux.** — *(F)* Mr President of the European Council, Mr President, ladies and gentlemen, we must be grateful for the statement given to us on the work of the Heads of State or Government at their recent meeting in the Hague. What this illustrious statement amounts to is that the European Council has just presented us with its most trivial offering since it came into existence, which is a pity in view of certain good initiatives which it took at previous meetings.

At a time when the economic situation is cause for greater concern than ever, all the European Council does, to judge by the communiqué which it had issued, is list the problems involved. I shall just quote three examples: on the Tindemans' Report, the Council states that it is asking the Foreign Ministers to draw up a report which it had requested them to make, on which it had promised to state its position before 31 December next and on which it now announces that no statement is to be made. Such antics may be all well and good for a kitten, but for politicians this is simply not on.

**Radoux**

Second example: economic affairs. The European Council states:

The achievement of Economic and Monetary Union is basic to the consolidation of Community solidarity. Priority importance must be given to combating inflation and unemployment and to drawing up common energy and research policies...

Nothing is decided, nothing is suggested, but — I remind you of what Mr Ortolí has just said — the matter is referred back to the Commission, which for its part has already made proposals, and the Commission is asked to continue its work.

My third and last remark on the communiqué concerns the North-South Conference. Here is what the Council states in its official communiqué:

At the end of its exchange of views on this question, the European Council confirmed the importance which it attaches to the success of the North-South Dialogue and requested the competent bodies of the Community to proceed in this light with their work on all of the matters under discussion.

It is clear that the author of this sentence is, from the diplomatic point of view, deserving of congratulation. In terms of pure politics, however, it would be hard to say less, and I shall say in a moment why the Council was doubtless forced to say nothing on this matter. Be that it may, this neutral position will certainly not please those who, in the south of our hemisphere, expect a great deal from our Community and do, on the other hand; receive satisfaction from other negotiations which we are conducting.

Finally, after the Hague Summit, we are told of plans for a new Rambouillet or, if you like, a new Puerto Rico. Although it is not a bad thing in the present economic situation for the industrialized countries to meet, it is a bad thing that once again the Member States of the Community taking part in these talks will attend separately, for the simple reason that the Heads of State themselves did not feel obliged or were unable to take certain measures indicating their desire for joint participation in this dialogue.

Finally, after this mediocre performance, the European Council excels itself. It actually indulges in self-congratulation in order to justify its own existence. It writes in its communiqué, with regard to the aims set by the report on European Union:

The Heads of Government... confirm the role of the European Council as a driving force.

On this point I feel that, considering the Community institutions as they are, Parliament will have to hold a debate on this description of itself by the European Council.

This having been said, great things might have been expected from the meetings of the Heads of State or Government — and I hasten to add, for fairness' sake,

that they have not all been like the one at the Hague. Many things were said when the European Council was set up. The conclusion was reached after reasonable reflection that this Council could be either a supreme appeal body to which the Council of Ministers could naturally turn when in real difficulty, or a source of inspiration — which it sometimes was, since it had the power to give itself room to manoeuvre over everyday realities. The facts have generally shown that so far it has not satisfactorily fulfilled either of these functions.

For Ministers in difficulty the European Council has become a body onto which they unload their own responsibilities without receiving the help which they expect from it. The result achieved is the opposite of that hoped for: the European Council, as emerges clearly from other paragraphs of the communiqué, refers back either to the Council of Ministers or the Commission the questions which it should have tackled itself or on which it should have made suggestions. The European Council is thus helping to debase the decision-making process instead of influencing it for the better, as was rightly expected of it when it was set up.

I should like to make one final point: practice has revealed the basic error made by the Heads of Government when they decided to meet on fixed dates. This weakened their position by depriving them of the flexibility which could make their action worthwhile. They omitted to act when they considered this expedient, in other words when they felt the circumstances warranted it. The statement on the North-South Dialogue is an illustration of this deadlock reached by the European Council because it had not met at the most appropriate moment.

Finally, Mr President, I should like to say that at a time when we so badly need a Community decision-making centre, the latest meeting of the Heads of State or Government serves only to highlight Europe's disarray. Perhaps the tenor of the Hague communiqué does not do justice to what the European Council managed to achieve on 29 and 30 November last. I hope so, for if the communiqué is taken at face value, one cannot help wondering how much the situation would have changed if there had been no meeting of the Heads of State or Government.

This question raises yet another: are the Heads of State or Government going to pull themselves together and make good their participation, alongside the Community institutions, in the construction of Europe? This is the question which they will have to answer in the months to come. They will have to provide fresh evidence, clear for all to see, of the real value of their contribution to Community affairs.

*(Applause)*

## IN THE CHAIR : MR BEHRENDT

*Vice-President*

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

**Mr Granelli.** — (1) Mr President, ladies and gentlemen, on behalf of the Christian-Democratic Group, I should first of all like to thank the President of the Council of Ministers for his detailed report on the European Council of 29/30 November in the Hague.

In view of my personal acquaintance with Mr Brinkhorst, and my esteem and friendship for him, may I be so free as to say that his imagination and his passionate support for the cause of Europe did not succeed in concealing the scantiness — unfortunately for us and for Europe — of the concrete results of this meeting. It is quite natural that we, in whose name Mr Bertrand has tabled a motion for a resolution on the subject, should draw attention to at least the major reasons for our dissatisfaction. In doing this, we are fulfilling one of the typical and inherent duties of this Parliament which, in times of difficulty, must act as a goad to stimulate the executive — i.e. the Council of Ministers and the Commission.

Above all, we are disappointed — as regards the institutional problems with which we are all familiar — with the references, from other quarters as well, to the Tindemans Report and its implementation. We believe that one of the structural obstacles behind the European crisis is the fragility of Europe's policy-making institutions and hence the need for an overhauling, a strengthening, an improvement not only of the relations between the Council of Ministers and the Commission and between these two bodies and Parliament, but also with regard to the institutional changes which the Tindemans Report describes at length.

In the previous debate, Mr Bersani said — and I agree with him — that the Tindemans Report is not a project to be implemented or not implemented unseen, but rather a set of proposals, indications, suggestions — some of them unacceptable, open to criticism, futuristic — a project which, essentially, does not exclude the possibility of a pragmatic and realistic approach. On some points, it reveals a resolve going beyond a mere declaration of intent — a resolve to achieve, within a specific period of time, some of the objectives involved in strengthening the institutions.

I must admit that the solemn undertaking to see that the Council of Ministers submits a general report each year on progress in implementing the Tindemans Report is very little indeed. It might be said that the mountain had laboured and brought forth a mouse, since what we are calling for is not general checks, but

specific checks on clearly-defined, precise objectives such as can even now be selected from among Mr Tindemans' proposals.

Our disappointment over the institutional question is thus constructive. We hope that when the Council of Ministers and the Commission come to consider the importance of these matters, they will manage to draw up a medium-term programme for progress in the institutional sphere.

At a more general level of the debate, I must say that one cannot but agree with what the President-in-Office said about the need to achieve economic and monetary union in Europe in order to tackle the economic crisis. Here again, however, all we have are declarations of intent which are repeated regularly in all the Community's official documents and which leave the European public cold, instead of enlisting its support for the aims and objectives of our Community work. To avoid a situation of total stagnation, may I take this opportunity — with reference to the motion for a resolution which has been tabled — of raising three points, at least, which I feel are of crucial importance to our deliberations.

The first point, which concerns the economic situation — albeit from a political viewpoint — is the reference made here by the chairman of the Political Affairs Committee, Mr Colombo, to the need to organize a general discussion in that committee with the representatives of the Council and the Commission. With a view to this — or rather in preparation for this Parliamentary supervision — I must say that we, like everyone else, are extremely concerned at the deterioration in the economic situation. Parliament must not simply regret the lack of steps — we must take positive steps to deal with the situation facing us.

A document on medium-term policy submitted to Parliament explains in great detail that the current economic situation is highly dramatic. Recently, the inflation rate — which was already too high, at 3 to 4 % — has trebled. The number of unemployed is extremely high, with more than 5 million people out of work — quite apart from the even more pressing problems of under-employment, under-utilization of production capacity, and of the return of emigrants — in other words, of workers who, having contributed to the economic growth of the Community, are now forced to return to their native countries. In addition to these factors, we can see that the instability of the exchange rates has caused — and is continuing to cause — a deterioration in the monetary situation, and hence in the inflationary tendencies. There is no doubt that the existence of two distinct monetary areas within the Community cannot be tolerated *ad infinitum*, and it is one of the reasons why we must try to find an alternative solution as soon as possible. The fact is that not only is it a monetary disparity —



**Graneli**

as we are all aware — but it is also increasing still further the discrepancy between the most highly developed and the less developed regions of the Community — which hardly reflects the original aim of the founding fathers of the Community to integrate and unite economies of varying stages of development.

Against this dramatic background, which there is no time to discuss further, we realize that the Community itself is trying to draw up certain medium-term objectives, such as that of achieving an average growth rate of 4 to 5 %, of achieving a situation of more or less full employment by 1980, and of improving and diversifying our exports. I ask myself, however — and this brings me to the end of my first point — whether, in the face of such a grave situation, and with such ambitious objectives, we can consider we have fulfilled our European duty by simply expressing hopes unaccompanied by practical measures to achieve monetary harmonization. Unless we implement a common anti-inflationary policy, unless we pool the reserves of the various central banks so as to protect our currencies against speculation, i.e. unless we have a common policy in the short term — in preparation for the longer term — it is clear that not only will we not be in control of the situation, but we will be making it difficult to regain control should the economic situation improve. I therefore call upon the Commission and the Council to draw up specific proposals on the harmonization of economic policy, monetary policy and measures to counter inflation, so as to boost employment and investment. This is called for specifically in the motion for a resolution to which I referred, and I shall not dwell upon it any further.

Mr President, ladies and gentlemen, the second point concerns the North-South Conference. Many speakers have referred to it — Mr Colombo and Mr Radoux among them — and I agree with what has been said. We are gravely concerned about the risk of stagnation or deterioration in the North-South dialogue which, at the latest session at the United Nations, saw the European Economic Community in a position of command and initiative. I might say that we are concerned at the stagnation — and, hence, the risk of crisis — in the current North-South Conference for two simple reasons. The first, of which everyone is aware, is the negative effect which a delay or an inconclusive outcome might have on the petroleum-producing countries with regard to decisions which are to be taken shortly. We all know that, according to some statistics, if the increase in the oil price — which has been postponed for a few days — should turn out to be even somewhere between the proposals which have been made — in other words, of the order of 20 % or so — there will be extremely serious consequences for the world economy. There are statistics which show that the balance of payments of the seven major industrial countries — the USA, Japan, West Germany,

France, Great Britain, Italy and Canada — will deteriorate by one thousand million dollars per year, with widespread inflationary consequences which cannot fail to affect the European Economic Community. There could thus be extremely negative consequences if this North-South dialogue were to fail, to be delayed or to end in an atmosphere of scepticism or inconclusion.

There is, however, a second reason. It is that, in this context, Europe is playing a trump card for its future. I am referring not only to the possible benefits to our continent in relation to the increase in the oil price. I would also point out that the European Economic Community has created an instrument of which it can be proud — the Lomé Convention, which provides for cooperation on a basis of equality — and not simply the point of view of trade — between the industrialized countries of Europe and the developing countries, not only those which produce oil, but also those which do not have these energy resources. A Community which has approved the Lomé Convention, and which wants to develop it with all its economic, political and planning implications, cannot but be at the forefront in promoting and developing a North-South dialogue which aims to achieve trilateral cooperation between the industrialized countries, the raw material producing countries and the poor countries which have neither industries nor raw materials.

While taking note of new international developments resulting from the entry into office of the new American government and from the contacts with Japan and other countries, we must not forget that Europe must be in no-one's wake on a subject such as this. Even summit meetings which might be useful from an international point of view must be accepted only if, at these meetings, the European Community speaks with a single voice, with agreed standpoints, with the ability to be a point of reference for all the developing countries. That is why, on this point too, we are asking not for words, but for initiatives, actions, signs of resolve, so that we do not miss this historic opportunity for a dialogue between North and South.

The last point, Mr President, ladies and gentlemen, concerns something of a more general nature. Quite apart from the European Council at the Hague, we should like to see, on future occasions, at future Parliamentary or political meetings, greater emphasis being placed on making definitive progress towards direct elections to the European Parliament.

We must make haste, there must be some approach to all the national parliaments to ensure that the convention is approved as soon as possible, in order to demonstrate that the 1978 elections are not the mere fulfilment of an obligation, but an integral part of the construction of Europe. In this context, we must do everything in our power, because we are well aware that the direct election of the European Parliament is

**Granelli**

not only an opportunity for all the citizens of our continent to widen the scope, the representation and the responsibility of this Parliament — which is an indispensable instrument in the construction of Europe — but it is also a political exercise. And the point of this political exercise is not to get the citizens to vote for a Europe which is moribund or lacking in vitality. We must ensure that, when the people of Europe go to the polls, they can see the European institutions positively committed to doing everything necessary — inside and outside the institutions — to promote the concept of Europe, otherwise we shall only have apathetic elections of little importance for our future. We therefore insist — and I am just finishing, Mr President — that the European elections should be approached not only with the approval of the conventions and the electoral laws required in the individual countries, but also with a series of concrete measures by the Community institutions to show that, despite the difficulties, there are great prospects with regard to the economic situation, external relations and the North-South dialogue.

This is the spirit in which we shall probably be preparing to vote on the motion for a resolution tabled by Mr Bertrand and others. This resolution is not only one of formal value, to be forwarded through the usual official channels (as so often happens), it has a moral value for us. In the previous debate, Mr Ortoli said something which was very important — that a united Europe was particularly necessary when the situation was serious and it appeared that it could not be overcome by political determination. We must go halfway towards meeting the people of Europe who are to elect the new Parliament. To achieve this, we must fulfil our duty as a democratic Parliament, we must prod the Council and the Commission into action. In thanking both of them for the information they have given us, we can already say that, if they continue along these lines, they can be assured not only of our criticism, but also of our support and our agreement, so that we can now start building a Europe which is more earnest, stronger and more democratic.

*(Applause)*

IN THE CHAIR : MR LÜCKER

*Vice-President*

**President.** — I call Mr Berkhouwer on behalf of the Liberal and Democratic Group.

**Mr Berkhouwer.** — *(NL)* Mr President, in the last days of this year, at the end of the first year of the last quarter of this century everything looks dismal. Reading a few headlines in the papers I see 'Submission — Europe subject to other powers in the world'. Or: 'Europe under a German-American hegemony'. Yes, Mr President, when we see that the International

Monetary Fund is going to help the United Kingdom and the Federal Chancellor says that his country is going to help the United Kingdom and Italy, we perhaps indeed have some reason to agree with this comment in 'Le Monde diplomatique', not to mention today's 'Figaro' which speaks of 'the nightmare of rising oil prices' threatening Europe.

In spite of all this, Mr President, I do not believe all these evil tidings and permit myself to see a little light in this darkness. I do not like the word 'crisis' nor do I agree with the President of the Council's etymology of this word — but I'll take that up with him in private. At any rate, I do not like to word 'crisis' particularly if you consider the word in the context of the Thirties, since, thank God, we in this part of the world are not living in that period. We are living in the time of the Council as a para-Treaty institution and I should like to point out to a number of new and old Members that this is no longer a case of 'il vertice' — 'il vertice non esiste più'. Now we have the European Council. European summits are a thing of the past...

**Mr Granelli.** — *(F)* What about Puerto Rico?

**Mr Berkhouwer.** — *(NL)* ...yes, but you have not been a Member of Parliament for very long. This Council, this European Council, is not a summit conference, it is an institution which was set up in 1974. I share Mr Radoux's views on the European Council. In the current situation we must prevent the Council of Ministers passing the ball to the European Council if it is unable to reach a decision, and the European Council passing it back to the Council of Ministers, since the President of the European Council is giving us the inevitable line about what a fine thing he finds the Council now, in contrast to what he has said in the past on European matters. That sort of thing is liable to happen. And when I read the account of what was achieved in the Hague Council it is full of references to the Council of Ministers, to what are called the 'competent authorities' of the Community. We read that the Council 'has requested the competent authorities of the Community'. We are, without a shadow of doubt, right in the middle of the process already described by Mr Radoux, i.e. that the European Council is turning into a body for passing the buck whereas it was intended to be a decision-making body. I could accept the European Council if it was there to make major decisions at particular moments, as was the case at the end of 1974 with the decisions on European Union and direct elections. I would, however, like to join Mr Radoux in saying emphatically, 'Let us not fall into the trap of allowing the European Council to become a perfunctory four-monthly meeting without knowing what it is supposed to be yielding'. We can agree with the European Council if it meets in the belief and

**Berkhouwer**

anticipation that it can actually achieve something. I am therefore in complete agreement with Mr Radoux.

I might mention in passing, Mr President, that while this Council was going on, the new Commission was also put together. It is, of course, a fair question whether the new Commission fulfils a criterion proposed by the President of the Council and included by Mr Tindemans in his report, i.e. whether the political break-down of the Commission in fact fully corresponds with that of the European Parliament as requested by Mr Tindemans in his report. I am not saying this as an attack on other political groups, I am saying this quite amicably, but what I mean is that since there are three major political groupings in Europe, i.e. Socialists, Christian-Democrats and Liberals, one may well ask — and I stress that I do so without malice or envy — whether or not one particular European political movement it is not rather over-represented in the Commission, disproportionately much more so than the other groups in our Parliament.

Mr President, I now come to the Hague Council. The statement we have just heard naturally contained more negatives than positives, but this is always the case. It does not, however, mention the fact that the Federal Chancellor said in a press interview, 'Before we can make any real progress everyone must quench the all-consuming fire of inflation in his own house'. My question to the President of the Council then is whether he agrees that this is the first thing which must be done in all the countries of the Community, and that this must be done not with mere words, but with deeds, since everyone preaches the gospel. I have never heard anyone speaking *in favour* of inflation. Are the nine of us now going to do this together? This would of course be extremely difficult. There are countries with 14 % inflation, there are countries with 8 and 9 % inflation and the Federal Republic with 4 % is the country with the lowest inflation. In addition, two of the nine countries have a balance of payments surplus while all the others have a deficit. This, in my view, is where we see what I might call a double short-circuit, and this is the nub of our difficulties of this time. We have always believed in the spill-over effect of economics on politics, but we now see that this kind of spill-over does not actually happen. But the opposite isn't happening either. Political power adequate to restore health to the nine economies does not as yet exist. Thus we are faced with a double short-circuit.

And then there is the North-South Dialogue between rich and poor and the energy crisis. Again I don't like the word 'crisis'. I would say that inflation, unemployment and energy are three enormous challenges to our modern western society, but this does not in itself mean that we are in a crisis, since fortunately in this western society of ours most — indeed practically all people have enough to satisfy their needs, which was

not the case in the Thirties. Thus it is a challenge and not a crisis.

Now a brief word on the high prices for energy and the postponement of the North-South dialogue. I do not think that this was all that unwise and I might refer to the leader in today's 'Figaro'. The higher costs of energy, the increase in the costs of crude oil, these problems affect not only us, our economies and the economy of the Community. Admittedly, this increase is indeed a very bad thing for our Community: in France alone, an increase of 1 cent in the price of crude oil means an increase of FF 5 000 million or the annual oil bill. However, it is also a problem for the poor countries themselves, for it is not in the interests of the poor countries to weaken our economies still further. The Council rightly stated that we need to develop common links. This is an idea with which I as a Liberal fully concur, i.e. that we should come to depend on each other more and more. For example who would ever have thought that Libya would acquire shares in Fiat, one of the biggest companies in Italy, or Iran in Krupp. Are not these further signs of our interdependence, which show that the ultimate outcome may be quite different from what we expect at the moment. As regards the postponement of the North-South dialogue in view of difficulties in the energy sector and the increase in the price of oil and the question of the Dialogue with the OPEC countries I should just like to ask whether or not in the poor countries of the world there are many who would suffer from an increase in oil prices. Should we not take this into account when considering our course of action? In light of the way the new energy problems are developing — I repeat, energy, inflation and unemployment form the three prongs of the new attack on our western society — and when we consider how we should continue towards the end of this final quarter of the second millennium of the Christian era, should we not work more and more together with those parts of the world which are still free, for example, the United States and Japan, and perhaps also a great country such as Iran, to meet the enormous challenges jointly? Not in a spirit of confrontation, but in a spirit of openness, generosity and preparedness for cooperation with the rest of the world, in the mutual interest of all the people living in the world today and, even more, in the interests of future generations.

*(Applause)*

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

**Mr Lenihan.** — Mr President, this is a very crucial debate and I feel that we are now at a crossroads in the Community, on the one hand in regard to the development of the Community's institutions and, on the other hand, the basic economic development that is required within our Community to sustain our citizens and in particular our young people in their future.

## Lenihan

I will deal with the institutional aspects first, because here is where we can do something positive, or should be able to do something positive as politicians, and indeed make some contribution towards our colleagues in various member governments and on the Council of Ministers and who participate in the European Council. And here we come to a very crucial matter. I personally, and I am speaking for my group as well, felt that the European Council as envisaged offered a way forward in creating a decision-making authority. I think many of us felt that this was a way to break the log-jam in regard to the lack of progress in making decisions. So the benediction was given by many of us to the establishment of the European Council. Now, the recent performance of that body has not given any great hope to people who had aspirations for its future. And let us be practical about this. If we have many more European Council meetings of the type which has taken place at the Hague, this whole new development, designed hopefully to get us out of the decision-making log-jam, is going to be a counter-productive development leading to further disillusionment within the Community.

I feel that this whole development has to be examined very carefully by us, by heads of state, by member countries and by the Community as a whole. The whole image and indeed the reality of the two-day conference at The Hague was one of a fumbling and bungling performance with very little evidence of preparation or preparedness on the parts of heads of state. Let us be frank about it. If we are going to resign ourselves to this sort of intermittent European government, acting in an *add hoc* manner, coming together without any proper preparation or build-up before making decisions, then one is straight away faced with a disillusioning process.

I might suggest here that there should be some back-up for the European Council. I am glad to see Sir Peter Kirk here, who has had many reports on this whole question and has contributed so much in the Political Committee.

Within the umbrella of COREPER, as it now exists, and the European Council there should be a back-up by some form of political secretariat, some manner of preparation before European Council meetings so that these meetings are not just fruitless exercises in showmanship but are real meetings designed to give implementation to positive decisions that emerge from the whole consultation procedure between the Commission, the European Parliament and the Council. Now this is what we are talking about. Whether this should take the form of a permanent body of European ministers from each Member State or whether it should take the form of a second chamber designed on the basis of executive authority analogous to the American Senate I don't know, but these are the various avenues that have been amply explored in numerous reports

and many man-hours have gone into the preparation of the data. The data are available to produce a solution if the political will is there on the part of national governments. Unless that particular institutional decision-making issue is solved, I can foresee growing disillusionment among our European peoples. We might get away with the first direct elections in regard to encouraging interests and developing momentum, but unless direct elections result in a meaningful Parliament and a meaningful executive that can take decisions, then direct elections will prove to be a very sour matter. People will become disenchanted very quickly and I say that very seriously. Knowing, as we all do, the way expectations can be raised in the political arena, it would be highly dangerous in my view — and I am totally in favour of direct elections — it would be highly dangerous to have direct elections proceed if we are going to have a meaningless Assembly and, even more important, a meaningless executive responsible for the governing of this Community to which we belong.

On the economic side, there is no question about it that all member countries and the Community as a whole have fallen short of the basic target of reasonably full employment. This should be the fundamental objective of both the individual countries and the Community as a whole. Indeed, there is no point to the whole economic and social area of our Community's activities unless there is a positive stimulus in this direction. This is also tied in with the whole question of structural and regional disparities within the Community as a whole. Here again, the Community cannot hope to have success unless prosperity is reasonably shared across the board in the Community as a whole.

This brings us to the whole question of the organization of the monetary system within the Community, which, at the present time, because of the lack of discipline on the part of some member countries, has caused very serious disharmonies within the currencies of the Community. I don't have to emphasize the fact that there are some member countries, particularly my own country and the United Kingdom, where, because of lack of government initiative in each case, the type of discipline and control that is necessary to bring inflation under control has not been exercised. It is only by bringing inflation under control that one can deal with unemployment. This message has to be driven home in a very positive way. As long as inflation continues to exist (particularly in Britain and Ireland), the troubles of Sterling will continue, and as long as those troubles continue, unemployment will continue and the basic social ills and disorder that result from the lack of control in regard to inflation will result in that type of situation becoming endemic, and possibly leading thereby to social disorder, which nobody in the Community wants.

**Lenihan**

The final point I would like to make in regard to this question of currency disorder — and it was referred to this morning — is of course the whole question of the monetary compensatory amounts, as related to the common agricultural policy, which is the only positive policy functioning within the Community since its formation. If we have a situation where — as stated by Mr Lardinois today — you have £1 000 million out of that fund being paid by the Community towards the subsidization of the British consumer, that is indiscipline of a very high order on the part of one Member country. And let's be frank about it and spell it out. If that represents — which it does — roughly two-fifths of the Community's agricultural expenditure and 24 % of the entire Community budget, well then that is crazy economics. It is bad economics and it is bad politics. It is bad for everybody concerned, both producer and consumer. It just does not make sense.

Lastly, one particular gentleman, who has been much maligned — Mr Tindemans, Prime Minister of Belgium — did raise all the issues in his report. Nothing has been done in regard to implementation of any of them. I come from a country that was critical of his two-speed recommendation. But I now feel that, in view of what is happening at the moment — and I am being frank here — unless certain countries within the Community face up to the basic social and economic problems of which I speak, then it may be necessary to adopt his recommendation in this respect. I say that with great sadness, but at least there was a realism in his report in this respect.

I am very sorry, Mr President, if I appear to have been in some respects pessimistic. I think fundamentally this great Community will go forward — there is no question about that — we have set up the structures, but we want to have a very serious look at ourselves in the very immediate period ahead.

*(Applause)*

**President.** — I call Sir Peter Kirk to speak on behalf of the European Conservative Group.

**Sir Peter Kirk.** — Mr President, I do not share my friend and colleague Mr Lenihan's disenchantment with the European Council, but only because I was never enchanted in the first place and therefore cannot be disenchanted. I always had grave doubts about this institution. It is a melancholy satisfaction to realize that those doubts have now been completely fulfilled. The idea of having a European Council, the idea of regular summit meetings of Heads of Government of the European Community was, as I understood it, intended to unblock procedures and to ensure decisions at the very highest level. The effect of the European Council has been precisely the reverse. Not only have no procedures been unblocked, but decisions that could have been taken have to be adjourned because these great and wise men are going to meet at regular intervals and solve all the problems. They meet and they never solve them, and

as a result the decisions which are urgent are simply not taken. I think — unless there is a remarkable change of heart among the Heads of our Governments in the nine countries — the sooner this experiment is scrapped the better. Indeed the European Council has succeeded, Mr President, in doing for me something that I would't have thought was possible ; it has evoked in me a great feeling of sympathy for the Council of Ministers. They are the ones who are unable to take decisions because they have to wait for their masters, and their masters don't take decisions, so they never get anywhere at all.

And may I say in passing — because I think that although it is a procedural point it is of some importance — that I have great sympathy today for Mr Brinkhorst. He has to come here to defend a conference in which he had no proper role to play. It is his Prime Minister who should be here to tell us why he and his fellow eight Prime Ministers or Presidents could not achieve agreement on these matters. I don't blame him. Indeed I realize that he has perhaps walked into a lion's den judging by the speeches that have been made — and I admire his courage. But if we are going to have an institutionalized European Council, then the responsible chairman of that Council should come here and be responsible to Parliament.

*(Cries of 'hear!, hear!')*

He should not send somebody else.

The major point I want to make tonight is this : look back over the history of the last four years. We have had a series of disastrous European Councils, with one or two European Councils that were less disastrous. We have had none that one could really claim was a success. It wasn't the European Council which finally agreed on direct elections ; it was the Council of Ministers which finally drew up the figures and put them forward. It *was* the European Council that agreed on the Regional Fund ; but they agreed to it in such a way as to totally distort Community procedures. It wasn't the European Council that agreed on the Lomé Convention ; it was the Council of Ministers that agreed on the Lomé Convention. So the message that I want to put across to Mr Brinkhorst tonight, with all respect to him personally — and I welcome his presence here, and I am glad that he has stayed until this late hour to hear this — is : for heaven's sake take this message back. We may have said harsh things about the Council of Ministers before, but we would much rather have them than a European Council which not only does nothing, but prevents anybody else from doing anything too. What he has told us this afternoon is a message of hopes and failures. We want some successes. We want some solid practical work. I believe this will come about far better from using the proper institutions of the Community than pandering to the desire of Heads of Government to figure for a

**Kirk**

short time on the world stage. Because this is what the European Council now is. And it would be very much better, therefore, if the Heads of States and Governments would let the Community get on with its business and get on with their own business of running their own countries — and they are not all successful at doing that either.

*(Applause)*

**President.** — I call Mr Deschamps to speak on behalf of the Committee on Development and Cooperation.

**Mr Deschamps.** — *(F)* Mr President, in her capacity as chairman of the Committee on Development and Cooperation, Miss Colette Flesch had put down the following question to the Commission: What is the Commission's opinion of the outcome of the first phase of the North-South dialogue, and what conclusions does it draw from it for its second phase?

The demands of the agenda have resulted in this oral question — which was originally down for Friday — being included, at the President's request and at my instigation, in today's debate before the Council, since it does after all concern one of the subjects discussed at The Hague. On a previous occasion when we asked this question we had highlighted two aspects of the North-South Conference which are of particular interest to the Committee on Development and Cooperation, namely the problem of the developing countries' debt burden and that of a common raw materials fund: indexing for developing countries as well as the maintenance of their purchasing power and of their export earnings. In his reply Mr Cheysson stressed that development problems were indeed all-embracing with regard to the terms and the countries which have to negotiate them, and that, although the idea of an automatic and general moratorium on the developing countries' debt burden seemed to him an inappropriate way of dealing with the problems of these countries, the Community was ready to examine what general guidelines should be given to the creditors so that, considering each case on its merits, priority could be given to the problems involving the debt burden of the most deprived countries. Lastly, with regard to indexing, Mr Cheysson stated that the Community was prepared to examine the principle, which it had, however, never accepted.

Today, as a result of this question being included in today's agenda both the Council and the Commission are present here, and I should therefore like to ask each of them some specific questions on the North-South dialogue and what was said about it in The Hague. Some speakers have already paved the way, for which I thank them. This applies particularly to Mr Radoux and Mr Granelli, but I think we must specify the problems on which we, as the Committee on Development and Cooperation, would like to have explicit replies. Thus the European Council discussed

the conference on international economic cooperation, but it does not seem to have tackled the core of this problem. Mr Brinkhorst, who is here on the Council bench and who showed at Lomé how very open he was personally to the problems of the developing countries — and I take this opportunity of thanking him again for this — will not take it amiss if I tell him that, on this point, the communiqué issued after the meeting at The Hague on 29 and 30 November is characterized — as is unfortunately too often the case — by platitudes. However, on the positive side, we note that the Council considers that further efforts must be made on both sides in order to reach mutually satisfactory conclusions.

Furthermore, the Community stated its readiness to make a positive contribution, of course within the limits of its resources and according to the development of its economy.

The two co-chairmen of the North-South dialogue announced officially that the conclusions which were to have been drawn at the ministerial meeting from 15 to 17 November could not be drawn and the matter would be postponed. This postponement naturally makes sense with regard, for example, to the United States of America, which would not like to commit the future President Carter's administration to implementing measures which it had not taken itself or with which it had not been directly associated.

Mr President of the Council, the resultant crisis in the North-South Conference could have been foreseen, and it seems that it is largely due, as is often the case in European politics, to a lack of political will, but also — particularly in the case of the North-South Conference — to a lack of political will on the part of the eight industrialized countries taking part in the dialogue.

The countries of the Group of Nineteen, on the other hand, considered that on the whole, the Eight had not yet displayed by their proposals the least political will to respond to their main concerns. In fact, — and this is important for Parliament, — the North-South Conference was the first occasion on which the results of the Nairobi UNCTAD IV could be verified. Parliament doubtless remembers voting unanimously for the resolutions contained in the report which I presented on this UNCTAD IV, in which we pointed out particularly that we would watch closely the progress of the programme laid down for implementing the resolutions adopted jointly in Nairobi. That is why we ask most emphatically: how far have we got, Mr President of the Council? Pursuing the dialogue between industrialized countries indefinitely. On the contrary, as an importer of raw materials the European Economic Community is the largest economic unit in the world. This being so, the Community carries special weight within the group of industrialized countries. On 16 September 1976, i.e. hardly two months ago, Mr Cheysson also said: 'It is clear to everyone that the United States does not want

**Deschamps**

to break off relations with the developing countries. They are not prepared to take the responsibility for this, which is equivalent to saying that whenever the Community has a position on a given subject that is similar to that of the developing countries, it will be the hand that throws the switch for general agreement'.

I should therefore like to ask the Commission and the Council three questions :

- 1) When do you think the ministerial conference could be held ?
- 2) When does the Council of Ministers of the European Communities propose to discuss the fundamental aspects of the political problems which have to be solved in this context ?
- 3) Is the Community prepared, if need be, to assume the role of the 'hand that throws the switch for general agreement' by taking concrete measures with regard to the main terms of the conference ?

Those are the specific points on which, Mr President of the Council, I would like you to reply in the light of the outcome of The Hague Summit and especially in view of the interest you have devoted to these problems, particularly in Lomé.

(Applause)

**President.** — I call Lord Ardwick.

**Lord Ardwick.** — Mr President, I find myself, — rather to my surprise, on this occasion, and I stress, *on this occasion* — rather less critical than most people are of the Council and its recent communiqué. I have asked myself why. I wonder whether it is a function of ageing — as my hair gets whiter I find it more and more difficult to believe that the establishment is always wholly wrong in everything it does. I am afraid, though, that I must admit that this summit meeting has been a disaster as far as the public image of this Community is concerned. Yesterday I read about a hundred columns in various European newspapers, full of scorn, full of derision and some of them, sharing our views I think, full of sorrow at the lack of results. It achieved really nothing that was really visible and President Brinkhorst was in an unhappy situation when he came here today. He was like a father who arrives home without any presents, and he throws a bit of tinsel over the bare Christmas tree in a vain effort to disguise the position. And as for the Tindemans report, if I may vary the metaphor, certainly at The Hague they laid a few flowers on it but whether those flowers were a little posy, a garland of congratulations, or whether they were a funerary wreath, I am not sure and a lot of people are not sure. Now, I am sorry that I cannot join in some of the protests that have been made and are being made here and in the newspapers, especially those in the splendid, noble European style of urging on all occasions that progress must be made towards European Union. Mr President, I share that view. We must recog-

nize of course that it is rhetoric, that it is propaganda but as a Parliament we have need for rhetoric, we have need for propaganda, but we have also need if we are going to win public esteem, of having reality in our minds as well as the rhetoric. And I think the questions which critics must ask is: what should the Council meeting a fortnight ago have done? What could they have done at that particular point in time? No, I thought it was generally recognized, though I think Mr Spinelli would disagree with this, that no progress — no real progress — can be made towards Economic and Monetary Union until the economies are converging again. And now they are diverging once more. We cannot even yet think about the most modest Duisenberg plan for monetary target zones, although a lot of thinking about it is going on behind the scenes, but we cannot think publicly about it as long as the economies are so divergent. And I think that we must take into account the prevailing uncertainties at the moment when the Council was meeting. Now one of them — it was perhaps not the largest nut it was quite an important one — was that my own country was at that moment in the climax of a fundamental reappraisal of its economic strategy conducted in the presence of the IMF. The second inhibition surely must have been — and it has been mentioned more than once in this debate — that no confident steps towards the reflation that we need can be taken until the lead is given by the largest of the industrial nations, until the new American President is in office and we have seen exactly what he is going to do. What he says he is going to do sounds very promising.

The third thing is that this meeting was taking place on the eve of the OPEC Conference which opened today and we are waiting of course in anxiety to see what the increases in the oil prices are going to be. Now, there was this hope that a constructive policy by the advanced industrial nations in the North-South Conference might create benevolence and goodwill among the oil producers and cause them to temper this kind of hot blast of price increases to the shorn industrial sheep. But the possibility of that solution, if ever it was a real one, was ended by Mr Kissinger's letter of 22 November to Mr van der Stoep. I suppose that is still a confidential diplomatic document and so no reference can be made to it by the President-in-Office, but it has been published in full, at least in the English newspapers. And rightly or wrongly, Mr Kissinger said :

'We are convinced that there is no negotiable CI-EC package which the industrialized countries could accept and which also represents sufficient inducement to OPEC to refrain from a substantial oil price increase over several years.'

So the Americans were not with us. And could we really have gone ahead with anything constructive, in the absence of American support at this moment ?

### Lord Ardwick

So, Mr President, there were sufficient reasons. I think, for an absence of concrete results. But I think it is wrong to suggest that it is useless for the heads of government to meet. Surely the whole object of changing the name from 'summit conferences' to 'European Council meetings' was to discourage the hope that every gathering would come up with a spectacular solution. I always thought that the European Council was there to maintain a dialogue at the highest level and to take strategic decisions; and if the decisions it takes are to be strategic, obviously they are not going to pour out of every meeting.

We don't expect them to come up with contrived political solutions in order to make a headline and to prove that they are effective. But at the same time, I think that the European Council has got now to spell out its role very clearly to the world. There are obviously great misconceptions about it, there are great disappointments in it and these misconceptions are not only among ordinary people who read newspapers; they are, if I am right, among us here in this Parliament. We don't want the Council to be the dumping ground for minor problems from the Council of Ministers. The aim should be — and I hope you will forgive the cliché — for the European Council not to be a dumping ground but to be a launching pad. But I must say that so far, well-disposed towards it though I am on this occasion, it has not proved a very effective launching pad, as Sir Peter Kirk was suggesting.

*(Applause)*

**President.** — I call Mr Guldberg to speak on behalf of the Liberal and Democratic Group.

**Mr Guldberg.** — *(F)* Mr President, I am authorized by the Liberal Group to express on its behalf views which run somewhat counter to those voiced by several previous speakers.

I was personally present when the decision was taken to set up the European Council. I was a party to that decision and I have no doubts as to the intentions behind it at the time. Now the European Council is being asked to do many things and criticized for doing things which it never had any intention of doing.

This debate is not primarily concerned with our disappointments and anxieties. I should also like, on behalf of my Group, to stress briefly the realism which must be displayed in any political decision-making process.

Our disappointment would have been even greater if there had been no provision for direct elections to the European Parliament in 1978. Without dissociating ourselves from the aims of the Tindemans Report on the majority decisions by the Council of Ministers and on strengthening the position of the Commission and Parliament, we feel that disagreements or vagueness on these questions must not prevent one or several

Member States from respecting the decisions taken on the organization of direct elections. It is not that we believe that the election of the Members of Parliament by universal suffrage is going to solve all the problems; but it is the first step. To retreat on this question would destroy the confidence and the will to construct Europe. The direct election of the Members of the European Parliament is the shortest way to achieve a consolidation of those forces which want to increase unity in Europe. And that is why it must be given priority.

We Liberals take a similar view of the way in which economic and monetary cooperation was dealt with at The Hague Conference. It is a pity that it was not possible to create a monetary union during that long period of economic progress in which there were fewer Member States and, consequently, fewer national problems.

Lack of realism does not provide a solution here either. Given the present world economic situation and the position of our countries in it, we only have one basis for solving our monetary problems from day to day. We must first of all realize that the major monetary problems, like that of the pound sterling as a reserve currency, cannot be solved unless there is freedom and free cooperation between the European States and the United States. This does not relieve the nine Member States or the European Community of the responsibility of devising an acceptable system themselves. This is the very condition on which we could achieve a balance with the United States.

At the The Hague Summit, realism in this field was reflected in the fact that the Heads of State or Government accepted that no progress could be made in this direction without each Member State setting its own house in order, an essential precondition for even thinking of uniting our economies. If, for political reasons, the Member States do not succeed in putting their economic situation to rights, which implies the transformation of outdated economic structures and labour market organizations, or if, as many Socialists wish, they decide to maintain the existing structures at all costs, there will be no means whatsoever, either at European or national level, of solving the problems facing us. Our economic disaster is leading to a struggle for power involving the very nature of western democracy.

In the energy field it is not realistic either to believe that European cooperation can make great progress without agreements being concluded with other countries. Research should be continued on alternative sources of energy, and the Liberal Group welcomes the plan to fix jointly, at some time in the future, a ceiling for expenditure on oil. This measure should of course be based on an agreement on supply and distribution. If possible, we shall avoid making the same mistake twice. I am absolutely certain that at the first



**Guldborg**

Energy Conference, held in Washington in February 1974, the United States and the Member States of the Community did not sufficiently understand each other's problems. What is more, that proved a considerable obstacle to a better agreement with the oil-producing countries. In my view, in 1973 and 1974 the United States overestimated Europe's strength and capabilities. The European Community cannot coordinate its policy with that of the Member States unless decisions can be taken and respected to a far greater extent than has hitherto been the case.

Finally, I would say that realism involves, on the one hand, recognizing these links and, on the other hand, realizing that mutual understanding and cooperation in these fields presuppose that the European Community is capable of carrying out coordinated action. Wanting one without the other means simply going back to the constant questioning of the last four years.

*(Applause)*

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

**Mr Spinelli.** — *(I)* Mr President, I should like first of all to give my full backing to Sir Peter Kirk's call for the European Council to be represented here in this House.

The Treaty of Rome states that each state shall send to the Council the Minister it wishes or, if need be, it may be represented — as is often the case — by its permanent representative. But this is impossible in the case of the European Council, which was set up as a gathering of Heads of State or Government. Consequently, my group seconds Sir Peter Kirk's request that the President of this House inform the President of the Council — with all due respect to Mr Brinkhorst, who bears no blame in this matter — of our wish that the European Council be represented here in Parliament, in future, by its own President.

In its document on Japan the European Council reaffirmed its role as a driving force. I should like to look a little more closely at just how it has performed in this role. After yesterday's debate we are all aware of the problems posed by Japan. The European Council should have made just one decision if it really wished to perform this role, namely to invite the Community institutions — the Council, Commission and Parliament — to send a delegation to Japan with the authority to speak for the Community, to negotiate with the Japanese on behalf of the Community, and to investigate and exploit any unexplored opportunities for exporting to that country. This was the only available option, the alternative being to succumb to the temptation of imposing protectionist measures against Japan, simply because it is more dynamic and go-ahead than we are.

We know — and anyone who has negotiated with the Japanese on behalf of Europe also knows — that the

major problem is that the Japanese never know who they are talking to, and as a result they never know if and why they should give specific assurances. If we look at the European Council document, can we find any evidence of an undertaking by the Heads of Government — and each one is the top representative of his country — to support this or that plan? There is none, just as we can find no other evidence of the guiding role which ought to be that of a European Council.

Take the North-South dialogue: the issues at stake have been clearly outlined by Mr Granelli, and I can only add our approval of what he said.

Another subject: the economic situation. This is the most urgent problem facing Europe but what does the European Council do in performing its guiding role? It does not produce any report of its own, however vague it might be, but merely rubber-stamps the Commission document without any indication of approval, disapproval or any possible amendments.

Nevertheless, it would have been worth while making at least some comment on the economic situation, and various speakers have stressed the importance of making a determined effort to revitalize our economies, but in such a way that they move closer together. Let us take a frank look at the situation: as things stand now, there can be no denying that the Council, Commission and Parliament can make all kinds of recommendations to the various Member States. But when it comes to curbing inflation and combating unemployment, the basic responsibility still lies with the national governments, and will continue to lie with them. What can the Community do? If all the European Council can do is pat us on the head and say 'Be good', it is not serving any use at all, since each of us on his own will be trying to be better than he can be.

If one or two countries are finding it difficult to keep up or put their house in order, it is not through any lack of ability or desire, but because they are faced with massive restructuring problems, which are partly the result of their past mistakes. These are the countries which need policies for redevelopment and reinvestment, for without these they cannot implement further policies to hold down inflation and restrict consumer spending. But they do not have the resources to do this.

This is a serious matter, and the present role of an institution like the Community should be one of encouragement. Instead of letting these countries wander about the world in search of aid, the Community — with the Council giving the lead — should be able to say: 'Since the Community has a fairly good reputation in the financial world (look at the terms at which the Community institutions manage to obtain loans), we ought to have some kind of policy for the

## Spinelli

world's financial markets — which are not restricted to Germany and the United States — so as to be able to find the means of helping those countries which need aid.' It would not matter if the loan conditions did depend on a policy alignment, since they would be conditions imposed within the family, not by some outsider but by others in the household. But is there any hint that such action may be forthcoming from the European Council, with its claim to be a driving force in the Community? Alas, not a sign.

Let us move on to the document on European union, which was supposed to be achieved even after we had more than ample proof of how difficult, indeed practically impossible, it would be to achieve economic and monetary union without the tools for the job. Furthermore, the report on economic and monetary union which the Werner Committee prepared for the Council had reached the conclusion that the first stage, consisting of the very simplest agreements, would have to be followed by the creation of some body empowered to take political decisions. The result of all this was that the Commission set up a working party under Mr Marjolin.

Let me pause for a moment on this name. Mr Marjolin was the Member of the Commission who believed that gradual economic union could be achieved by cooperation among interdependent governments. He worked steadfastly towards this goal in the years that he served on the Commission. He cannot therefore be labelled an advocate of federalism, but quite the opposite. He is an economist, an intelligent man, surrounded by top-rate political and economic experts. The document has been published and you only have to read there the names of our fellow citizens who were members of the working party. In short, Mr Marjolin, who evolved the theory of union as a result of simple cooperation, concluded that it was senseless to make any proposal for economic and monetary union without first setting up a political body for Europe.

We have the economic theory, we have the institutional theory, and we have even had the string of failures to promote economic union, but look what happens — the Heads of State or Government spend two days talking and then conclude that economic and monetary union is a basic prerequisite for political union. This is precisely the opposite of what logic, theory and experience tell us.

Is that what performing a guiding role means? No, ladies and gentlemen, this is something of which the European Council is totally incapable. This has been recognized on all sides, while Sir Peter Kirk — with the characteristic bluntness of British parliamentary parlance — has gone so far as to urge the European Council to leave us alone; he has told the Heads of Government to stay at home and get on with their own national affairs, and to keep out of European affairs, because these are beyond them.

I should, however, like to take a closer look at why this Council in particular, and its machinery in general, fail to function. Almost all the meetings of the European Council have been failures or near failures. But the fact is that we know who these men are, and we know that none of them is opposed to the concept of Europe. They are men who have had long experience, not only in the processes of parliamentary democracy but also in the processes of government itself, and they know what it is to develop political resolve and impetus in a political body, as in a state. The fact is that decisions are no longer taken by a head of government alone. This happened in the brief and exceptional period when countries were arising reborn from the ashes, when the machinery for moulding opinion was not yet in action, and when someone like Adenauer, Schuman or De Gasperi had a relatively large freedom of action. But things are different at a meeting of the Council of Ministers today. The ministers sit round a table, backed by a phalanx of junior ministers, under-secretaries and civil servants of one type or another, and these are the people who help in formulating any decision.

When decisions have to be taken which closely affect the lives of our citizens, in each Member State there is a highly complex interplay of political and administrative forces, a series of drafts, until a decision finally lands on a minister's desk. It is the minister who dots the 'i's' and decides on the final form, but the decision is never his alone.

If this is what happens at a national level, it is clear that even the most European-minded minister has his hands tied when one of his proposals comes before the European Council. The machinery, in this case, clearly does not work.

It is for this reason that our Group will abstain on the motion before the House. We do not wish to keep up the pretence of believing that this machinery can achieve what it patently cannot achieve. Indeed, with the approaching election of this Parliament by direct universal suffrage, it is time we realized that one of the major tasks of the elected House will be to assume responsibility for initiating discussion on the institutional and political reforms which are necessary in Europe. This is the only way out of the present deadlock, since otherwise neither the European Council nor any national assembly will be capable of finding the way out.

*(Applause)*

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams, *European Conservative Group.*** — Mr President, this is an embarrassing session for Professor Brinkhorst. He's had to give us a very disheartening and incomplete account of what was decided by the European Council. In speech after

speech the Members of the European Parliament, from Left and Right, have expressed their despondency and exasperation at the failure of the European Council to achieve any significant or worthwhile results.

I was particularly impressed by Mr Colombo's and Mr Granelli's speeches, which were all the more devastating for the very calm way in which they were delivered. But what we see is a policy vacuum, the weakness of the European institutions. There is indeed a fundamental constitutional flaw in the European Community if even the Heads of State and government are incapable of taking serious decisions about the pressing problems of today.

Perhaps the greatest and the most obvious continuing failure, verging on catastrophe at this time of economic difficulty, as economic confidence ebbs again as to the outlook for next year, is the lack of any agreement on the measures necessary to restart the Community's progress towards economic convergence. The Community economy, in ceasing to grow, begins to die.

Now, I know that economic and monetary union has come to be regarded as a write-off — a failed attempt, a misguided effort by the Community. But we have to ask ourselves — how do we aim to strengthen the Member States' economies? How are we going to raise the level of investment? How are we going to strengthen business confidence in each of the Member States? How are we going to provide more and better jobs? How are we going to promote our own national social programmes? How does each individual Member State respond to the challenges from abroad, such as the pressure from the OPEC countries or the demands of the Fourth World?

We can only answer these questions together as an economic Community and by exerting our united strength. The problems of economic and monetary union are soluble if the spirit is there. But how have the Ministers and Heads of State responded to this challenge? Member States are falling apart into the Snake and non-Snake Members of the Community. Professor Brinkhorst has to come to Parliament to report failure to agree common policies; there has not been even modest progress in the institutional field. I feel particularly sad — and he as a Dutchman must feel the same — that so little progress has been made with the Duisenberg Plan, one of the most promising attempts to bring about a new approach to economic and monetary union.

But I hope that those behind that attempt will persist with it because it is a most important aspect of our programme and must not be allowed to die.

I want to raise two particular points. First of all, what has become of the European Fund for Monetary

Co-operation? It was set up in 1973. The politicians were brought to this agreement. Yet it has been shunted into a siding. But we know what has happened. In fact the central bankers resented the existence of this nascent European Central Bank and they decided that no progress was to be made with it. And the ministers have acquiesced. But the bankers, in taking that wrong decision, didn't consider the whole picture, Central bankers tend to be preoccupied with exchange rates and the problems of the market from day to day. But if we are going to look at economic and monetary union in a realistic way, we must look at the whole picture. What about interest rates? How can we have a united Economic Community when interest rates in Frankfurt are only about a third of what they are in London? And then what about wage rates? We have got to tackle the problem of the completely different rates of wages paid by different Member States to men engaged on precisely the same sort of work. And what about tax rates? How much work is going on on harmonization of tax rates? How can we talk about Economic and Monetary Union when the national tax systems can have such a widely differing effect on individuals and companies? And then, perhaps most important of all, the activity rates behind the regional policies. We realize how different the level of activity is as we travel about the Community, but what plans have we got really to bring regional policy to life? The ministers and Heads of State have not seemingly given any serious thought to tackling these problems; but experience has proved that it is not practical simply to try to unite the currencies alone. The necessity to revalue the exchange rates within the Snake in recent weeks has proved that.

The task we face is to make sense of a multi-currency system, limiting movements by cooperation, working with determination for policy coordination, building central institutions to serve the common purpose, consciously striving for convergence. And yet when I asked the Prime Minister, Mr Callaghan, in the House of Commons on his return whether the European Fund of Monetary Cooperation had been discussed, he said that it had not even been mentioned at the conference.

My second point is this. We are approaching another free world economic summit. Whether it will be held in Japan or elsewhere, who knows. Will the Community be represented as such? We are still not confident that it will. How will we prepare our position as a Community? Who will be the spokesman? Will it be the Council or will it be the Commission? And most important of all at this world economic summit: what will the Community say? Because it is not sufficient simply to ensure that the European Community is represented — it must go with a message.

## Rhys Williams

The central problem of the world economy is the unsatisfied demand for the goods and services which the Western world can provide. But how are we responding to that? All Western nations, more or less, are following policies of restriction of output, limitation of investment and underemployment of resources. What sort of citizens of the world are we, the members of the European Economic Community? The Community is still too divided to enjoy the stability and wealth which are easily within our reach. The difficulties are entirely of our own making. None of the Member States is powerful enough to follow its own best interests and to defy the adverse forces of world recession, but unity could bring strength. In serving what they conceive to be their short-term national concerns and sticking to policies which time has proved wrong, the ministers of the national governments — meeting in secret — are betraying the long-term interest of democratic Europe and even endangering the very existence of the Community itself.

*(Applause)*

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, *President-in-Office of the Council.*** — *(NL)* Mr President, I should like to add a few observations to the many interesting and critical comments which have been made about the last European Council. One of the fundamental questions is 'What is the European Council supposed to be?' The answer to this question depends on the way one looks at the function of the European Council. However, Mr President, I have the impression that here and there, and I stress, here and there, as some speakers were less black and white in their assessments, there are clearly misunderstandings regarding the function and nature of the European Council. Some take a highly idealistic view and give the impression that with the establishment of the European Council, European problems should melt away like snow in the sun. This is of course, not the case. You as Parliament and I in my capacity as President-in-Office of the Council know very well that both you in your national Parliaments and we in the governments share the responsibility for European problems and that none of the heads of government can solve these problems single-handed in the present situation. This is the actual state of affairs, but does this mean that we should for this reason malign the European Council as the institution responsible for all the evil in the world? Mr President, this is the impression one sometimes gets, but I think it is too black and too negative a picture. A great deal of both bad and good can be said about the European heads of government but the fact that they meet regularly as the highest authorities in their individual countries to discuss European questions must in itself be regarded as something positive. Why should there be dramatic decisions every time? Do I detect here a

trace of the 'sense of drama' such as we see in the need to speak of a 'failure' whenever the heads of governments meet without making a substantial decision? Mr President, this is, in my view, not the way to regard the situation. How often do national governments meet without making decisions? Weeks and months go by before we in our national governments find solutions to vital problems such as workers' participation and capital growth sharing, to quote from my own country, or problems of devolution and centralization. Is it realistic to expect the structural problems in Europe to be suddenly brought up to a qualitatively new level by the European heads of government every three months? I repeat, this is a wrong interpretation. We should get the significance of European Councils which fail to produce spectacular results into the right perspective since the European structure is not yet operating as efficiently as it could. This was said by ex-Commissioner Spinelli, who is unfortunately not here at the moment. The nature and function of the European Council within the decision-making machinery of the Community have indeed not yet crystallized fully. I think there is an increasing realization that this is so. During the recent European Council there were pleas from various quarters for clearer and more efficient preparation of any decisions that were to be taken, but as I have just said, the significance of the European Council does not entirely lie in taking concrete decisions, but partly in the very fact that general debates are held, in the attempt to understand each other better and to assess accurately each other's responsibilities in an informal manner. The suggestion put forward by Mr Colombo, the chairman of your Political Affairs Committee, and a former Prime-Minister, who has had as much experience as anyone responsible at governmental level, that the new Presidents should join your Political Affairs Committee is discussing the function of the Council in greater depth, strikes me as an excellent one. Future reactions might then perhaps be less heated than they were, for example, to the recent European Council in The Hague.

Mr President, I would be the last person to say that this Council was a spectacular success, but I disagree fundamentally with Sir Peter Kirk on one point. He ridiculed the result by saying that no substantial decisions are in fact ever taken by the European Council. In my introductory remarks I pointed out that quite the reverse is true. Who after all, but the European Council could have managed to break the deadlock on direct elections. Who but the European Council could have taken a decision on the North-South dialogue and the common position adopted by the Community?

Mr President, according to Mr Berkhouwer I am not saying anything new, but it is perhaps a good idea to repeat old truths occasionally for the benefit of those who do not particularly want to listen to them.

**Brinkhorst**

Mr Radoux spoke about the Rambouillet III. On top of everything else, he said, a new Rambouillet-type Conference is planned. I genuinely wonder whether this is a useful way to approach the problems. The fact that heads of government are meeting at world level creates a certain tension, but the crux of the matter — and Sir Brandon Rhys Williams also made this point — is whether, and if so, in what way, the European Community will be represented. This is our responsibility. During Question Time this morning — Mr Berkhouwer was not present — I had an opportunity to make a number of observations on this matter, namely that the European Council had decided quite explicitly at its meeting of 12 and 13 July that while at any subsequent top-level conference à la Rambouillet these problems would definitely be considered at Community level, no decisions would be made at a meeting of this kind concerning sectors which fall within the competency of the Community. The way in which the Community was represented would therefore be reconsidered. Even though no date has yet been fixed for a new summit — no formal decision has been taken — it is clear that this matter will be seriously discussed within the context of the Community and within the competent institutions over the coming months. However, we are naturally faced with the dilemma that the Community is a halfway house, and we should never forget this. It is a halfway house in the sense that some matters come under national sovereignty and there are many groups here who would be reluctant to yield one more inch of national sovereignty — I feel this must be said — while there are other areas which come under the Community and in which the Member States are no longer competent. As long as we are in this intermediate phase, we cannot expect ideal Community structures and solutions to be found. These are the hard facts, which really must be faced up to here.

Mr President, I greatly appreciate the extremely restrained and responsible way in which ex-Prime Minister Colombo introduced the statement on the European Council, as he naturally put his finger on a few crucial matters, as I am doing — for example, the economic situation, the North-South dialogue and the Tindemans Report. I will try to make a few observations on each of these three matters.

Firstly, the economic situation. I have had an opportunity to speak on this matter on previous occasions in your Parliament. We are largely in agreement regarding the analysis, i.e. the economies of our Member States are diverging and thus require different solutions. I should like to draw Mr Berkhouwer's attention to this since he advocates relatively uniform measures and says 'the fight against inflation should be a priority issue in all the Member States'. I would say in reply 'the fight against inflation is indeed a priority, but each Member State needs a different 'policy mix' to deal with its problems in view of their

different situations. They must all, of course, have a common aim, however, namely to work as much as possible towards convergence and to avoid disturbing the existing common market as much as possible. In my view, this approach is essential.

Mr President, as regards the economic situation we in the Netherlands — and I am speaking now on behalf of the Dutch Presidency — would have liked to have seen the Duisenberg plan put into practice to a greater extent. But this should not be a cause of despair either. Any new idea, any attempt to take specific action always takes time, and I do not think therefore that we must say that everything is lost in our battle for increased cooperation in the economic and monetary sphere. I might almost say that in the last few years in particular, those who did not believe in the possibility of economic and monetary cooperation have had to admit they were wrong, since they have come to realize more and more that national measures alone cannot provide a solution. They are gradually beginning to see that it is only through joint action, through working towards common aims, that solutions can be found. This will take time, however, and we will see many more European Councils before an economic and monetary union worthy of the name is established.

Mr President, a word on the North-South dialogue. Mr Deschamps put a number of pertinent questions on this matter on which my ex-colleague Mr Granelli and Mr Colombo have spoken.

Here too, the problems are structural. We are attempting to ascertain how the industrialized countries in the Western world can join with the developing countries in an attempt to bring about a number of structural changes in the economic system.

The North-South dialogue is therefore only a development conference dealing with the requirements and demands of the developing countries. It is also a conference which aims at bringing about structural changes in world economic relations thereby creating new relations between the industrialized countries and the developing countries. Is it then surprising that even after a year of intensive meetings, no spectacular breakthroughs have yet been made? Naturally, I am not pleased that this should be so, having been present at three of four meetings of the committees in Paris, but I know one thing for certain, namely that we will have to make a serious effort to achieve progress in the near future. Adjournment should not mean abandonment, and I should therefore like to answer Mr Deschamps by saying that the European Community indeed has a particular responsibility to work jointly with the two co-chairmen in January in an attempt to make progress, so that a conference can be held in spring — the actual dates have not yet been fixed. As a result, this conference will perhaps be better prepared and subject to more pressure from the

**Brinkhorst**

national parliaments. For one thing has struck me — if I may add a brief parenthesis — and that is the fact that in recent months the North-South conference was, as it were, locked away in a ivory tower. To put it another way, people who went to the Avenue Kléber got the feeling that they were swimming around in a goldfish bowl and that what happened inside it had very little to do with the outside world. And it is only in the last few weeks that people have become politically aware of the crucial significance of this conference for economic relations. I hope therefore that both the national parliaments and the European Parliament will devote the necessary attention to the further preparation of this conference in the near future, since we will only achieve these structural changes by bringing continual pressure to bear.

Various speakers, including Mr Guldberg, who unfortunately is no longer here either, pointed out that Europe naturally cannot solve all these problems independently, single-handedly, and that we are therefore obliged to cooperate not only with industrialized countries, such as the United States and Japan but also — and I think this is the distinctive feature of the European Community — with the developing countries. Our economies and those of the developing countries are in many respects complementary. We have a very clear community of interests to establish with them and this is my answer to Mr Deschamps' third question.

Various bitter comments have been made on the subject of the Tindemans Report. Quite honestly, I think these comments were more bitter than those of Mr Tindemans himself following the discussion of his report in the European Council. After all, one thing has definitely been achieved compared with a few years ago when in an unguarded moment at the Paris summit in 1972 the heads of government used the term 'European Union'...

**Mr Berkhouwer.** — (NL) That was in 1974, the first European Council.

**Mr Brinkhorst.** — (NL)... Mr Berkhouwer, I am sorry to have to correct you, but the idea of 'European Union' dates from the 1972 summit, which spoke in favour of the establishment of European Union in 1980 without in any way specifying what this would imply, and I believe that the fact that the definition of the term 'European Union' proposed in the Tindemans Report has been accepted is a plus-point. We now have a clearer idea of what we are talking about when we discuss European Union, even if the actual realization of European Union with the specific instruments and everything else involved is perhaps taking longer than many had hoped and some had feared. At any rate, European Union and the discussion of the Tindemans Report comes up again each year on our

agenda, and with that I would like to conclude my brief remarks.

I see Mr Spinelly has returned to our midst. His constant reminders that the European Parliament has a rôle to play in determining the shape a European Union will take and in exercising the necessary criticism of the work of the executives remain a major source of inspiration for everyone who believes that, in spite of its ups and downs; the construction of Europe must continue to progress.

(Applause)

**President.** — (D) Mr President of the Council, may I draw your attention to a matter pointed out to me by a number of colleagues? in a certain connection you said that such conferences of heads of state and governments could be surrounded by a certain 'sensationalism'. I am sure this is not what you meant, at least not in connection with this Parliament. I think I can be sure of this and would like to say so on behalf of our colleagues here. The fact that a number of hounourable Members felt it was necessary to express their concern at the fact that so few decisions were taken at the conference at The Hague is, I am sure, due to the fact that they are extremely concerned at the dramatic situation in which the Community finds itself at the moment. You yourself said that you find this situation dramatic. There is no need to dramatize it, the current prospects are dramatic enough in themselves.

I should therefore be extremely grateful, Mr President, if you would officially inform the President of the Council, who indeed was also the President of the European Council, of the feelings of this House and what has been said here today.

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) Mr President, I should just like to make two brief remarks. I do not think I used the word 'sensationalism' in connection with this Parliament. Indeed, I would never use such a word. I did, however, use the word 'dramatic', which you repeated. Secondly, I have naturally taken note of all the words of wisdom and criticism regarding the European Council and will pass it all on to the persons responsible.

**President.** — This item is closed.

10. *Decision on the urgency of a motion for a resolution on the European Council*

**President.** — We must now vote on the adoption of procedure for the motion for a resolution tabled by Mr Alfred Bertrand on behalf of the Christian-Democratic Group, Mr Durieux on behalf of the Liberal and Democratic Group and Sir Peter Kirk on behalf of the European Conservative Group (Doc. 482/76/rev. II).

**President**

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

I propose that this motion for a resolution be placed as the final item on the agenda for tomorrow, Thursday.

Are there any objections?

That is agreed.

**11. Report received**

**President.** — I have received from Mr Shaw an interim report (Doc. 485/76) drawn up on behalf of the Committee on Budgets, on a financial regulation amending the financial regulation of 25 April 1973 applicable to the general budget of the European Communities, together with a request for debate by urgent procedure pursuant to Rule 14 of Rules of Procedure. A procedure without debate has been requested.

Parliament will decide on the adoption of urgent procedure tomorrow morning at the beginning of the sitting.

**12. Membership of committees**

**President.** — I have received from the Socialist Group the following requests for appointment:

Mr Ove Hansen to the Committee on Agriculture and the Committee on Social Affairs, Employment and Education; Mr Prescott to the Political Affairs Committee; Lord Murray of Gravesend to the Legal Affairs Committee and the Committee on Social Affairs, Employment and Education to replace Mr Prescott; Mr Tomney to the Legal Affairs Committee and the Committee on Economic and Monetary Affairs.

Are there any objections?

These appointments are ratified.

**13. Oral question with debate: Relations between the Community and COMECON member states**

**President.** — The next item is the oral question with debate (Doc. 452/76), put to the Council by Mr Fellermaier, Mr Schmidt, Lord Castle and Mr Radoux on behalf of the Socialist Group, on relations between the Community and the COMECON member states:

On 17 November the European Community's reply to COMECON proposals of 16 February 1976 was handed over to the current Chairman of the COMECON ministerial committee, having been approved by the Council of Ministers on 15 November.

The Council is accordingly asked:

1. What is the content of the Council's reply to the COMECON proposals?

2. What is the Council's view of the current state of trade between the Community and COMECON member states?

3. Is the Council of the opinion that the current state of indebtedness of COMECON member states towards their western trading partners represents a serious danger for future trade? If so, what proposals does it have on this matter?

4. What is the Council's view of the proposals for increasing cooperation between the Community and COMECON member states in matters other than trade relations?

I call Mr Radoux.

**Mr Radoux.** — (*F*) Mr President, the question tabled by the chairman and three members of the Socialist Group on relations between the Community and the member states of COMECON follows on the Community's reply to the offer made by this organization.

I should like to make two initial points. First of all there was the approach made in August 1973 by the Secretary-General of COMECON to the President-in-Office of the Council seeking to discover to what extent relations could be established between that organization and the European Community. Then, in August 1975, Italy signed the Final Act of Helsinki on behalf of the Community.

These two elements have led us to table this question, and I should like to add a comment in respect of the first. While it is true that a long time has passed since 1973 I feel that in an area as delicate as East-West relations, and particularly relations between COMECON and the European Community, it would perhaps not have been wise for any of us to rush into replying. In giving its answer to COMECON now the Community has at least shown it understands this.

Nonetheless, although this caution has probably made it possible to avoid certain pitfalls, at the outset our aim must be to achieve concrete results, which will only emerge after long negotiations, given the differences between the two organizations, which have already been noted in this Assembly.

My second point, Mr President, relates to our last question. While the first three questions we have tabled relate essentially to trade relations, the last one deals with other areas. Why do we ask it at all? The reason is that we believe that the Final Act of the Helsinki Conference should be looked at as a whole, and that it is inappropriate to separate the 'baskets' or to think that success in respect of one basket means that there has been a real success which will satisfy everybody. On the contrary, we are convinced that the situation must be looked at as a whole, and that there must be parallel progress in the three areas, namely cooperation in the security field, in the economic field and in what are known as human relations.

**Radoux**

I shall finish by pointing out, in connection with our second question, in which we ask the Council for its views on the current state of trade between the Community and COMECON member states, that we chose the wording 'COMECON member states' quite deliberately. In fact, we would like, among other things, the Council representative to confirm to us that the offer made in 1974 by the Community to each of the Member States in connection with the trade agreements, which having been previously bilateral, now come within the Community's competence, retains its validity, in parallel with or as a concomitant to the negotiations commenced between the Community and COMECON, which I trust will be resumed following the reply which the Community has now given to COMECON. We should like to hear that this offer is still valid, and applicable to areas other than trade. We should be pleased to hear the Council's confirmation of the rumour that one member state of COMECON is willing to recognize the Community. This brings me back to what I said earlier, namely, that we believe the relations between East and West in general, enhance simultaneously the three areas covered by the Helsinki Conference and that the trade and cooperation agreements are only one aspect of this.

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, *President-in-Office of the Council.*** — (NL) Mr President, may I immediately take up Mr Radoux's remarks about rumours that the COMECON countries are considering recognizing the Community. I am quite certain that the COMECON countries are beginning to adopt a less stuffy attitude to the Community. This is due not only to a recognition of the reality of the Community, but also to a realization that the COMECON countries have specific interests which could be jeopardized if they were to refuse to negotiate with the EEC. I am thinking here in particular of the recent developments in the fisheries sector, which admittedly was not raised in the honourable Members' question, but which is of course a political factor of importance in EEC-COMECON relations. At this very moment the Community is endeavouring to get talks going with third countries on the Community's fishing zones, and I have an idea that the more flexible attitude of one of the COMECON countries, reflected in a willingness to deal directly with the Community, has quite a lot to do with this general aspect of things.

At the same time I would point out that the Community itself attaches a great deal of importance to the normalization of relations with COMECON and the COMECON member states. For it is a thoroughly abnormal situation for a Community which has diplomatic relations with 106 countries around the world to

have on its very doorstep a number of countries which have hitherto refused to maintain direct contacts with it. This consideration underlay the Community's reply to the COMECON, drawn up by the President of the Council and handed over by the Netherlands Ambassador to Poland to Mr Olszewski, current Chairman of the executive committee of COMECON, and is at the basis of the Community's efforts to achieve better relations.

With regard to the request for information on the content of the agreement, I should like to refer to the reminder given on 8 April by my predecessor, Mr Gaston Thorn, that there exist special procedures for informing Parliament, designed to provide the necessary safeguards regarding the confidential nature of negotiations currently in progress. You will certainly understand, Mr President, that in this case too I must plead confidentiality, since clearly this is a central feature of all negotiations.

I should like, Mr President, to comment now on items 2 and 3 of the question, which, as Mr Radoux has pointed out, are clearly interrelated.

On the subject of trade relations with COMECON member countries, the European Parliament will be aware that the Community's trade balance over the years has generally been in surplus. From year to year, however, considerable changes have been recorded in the actual trade balance figures between the Community and COMECON. The surplus totalled 594 million u.a. in 1973, 1 744 million u.a. in 1974 and 3 092 million u.a. in 1975, in other words, a marked increase in the surpluses over a period of three years. Over the first six months of 1976 the surplus was approximately 660 million u.a. These fluctuations, Mr President, are due in large measure to the considerable changes in the situation of the Soviet Union in recent years. At the present time there appears to be some stagnation in exports from the Community, accompanied by increasing imports from certain COMECON countries. I find it difficult to make any general judgment on this, since so many factors are involved. I shall merely instance, from among the short-term economic factors, the poor harvests in the Soviet Union in 1974 and 1975 and the recession in the Western European countries, which most certainly held down the level of our imports in 1974 and 1975. Of the more structural factors I shall confine myself to mentioning the demand in the COMECON countries for capital goods needed to implement their long-term development plans.

Unquestionably, the COMECON countries' indebtedness in hard currency is considerable. According to certain information, the figure for the end of 1975 should be between 26 000 and 35 000 million dollars. It is quite clear, Mr President, that this situation would give rise to difficulties for the Community and for the



## Brinkhorst

individual Member States if it were to continue. However, recent signs give reason to believe that we are witnessing a change in the attitude of the COMECON countries in 1976, marked by a reduction in their recourse to foreign credits.

These were some of the points I wished to raise by way of introduction, Mr President, Perhaps I shall have an opportunity to return to some of them briefly during the debate.

**President.** — I call Mr van der Mei to speak on behalf of the Christian-Democratic-Group.

**Mr van der Mei.** — (NL) I should like to begin by thanking Mr Radoux for the opportunity his question gives us to debate this important problem, and by thanking Mr Brinkhorst for his reply. Two features currently demand particular attention in the relations between the European Community and COMECON, namely the huge deficits on the trade balance of the COMECON countries, and the considerable burden of indebtedness of these countries. Against this background the Community has invited the COMECON to negotiate a cooperation agreement, which, if I am informed correctly, will be restricted to particular areas. Trade relations, in particular, will be outside the terms of this agreement, and this seems to me to be wise. The entire question of economic relations between the Community and COMECON naturally displays typically economic features, but above all, and I believe this to be more important, in the context of the general development of East-West relations, political aspects relating to external policy which inevitably have a central role to play in these economic relations. The course taken by the policy of *détente* is naturally a major consideration in this respect. It is thus particularly these aspects of external policy which require attention in any examination of the problems currently facing us. And that means that efforts must be made in the West, primarily in the European Community, but also within the OECD, to achieve a united front *vis-à-vis* the COMECON countries. So far that unity has been strikingly less than adequate.

Two instances will suffice. The first is the different conditions on which several EEC States are granting credits to the COMECON countries, with each trying to underbid the other. There is thus no unity in the field of credit conditions, and this is a most undesirable situation which will in due course undoubtedly rebound on the Member States involved. A second example of lack of cohesion among the Western nations is to be found in the discussions within the OECD.

According to the reports at my disposal, the United States is trying to develop a unified approach in the West to trade with the countries of Eastern Europe,

but unfortunately the countries of the Community cannot agree on this among themselves. The question therefore arises as to what initiatives the Council plans to take in order to achieve a greater degree of unity both in the Community and in the West as a whole, and I am thinking here in particular of the OECD, with respect to the problems surrounding East-West trade. In my judgement, unity is a *sine qua non*.

Only one or two more comments and I shall have kept to my allotted five minutes.

The amount of the indebtedness and the way the trade is developing are worrying for various reasons. Confining myself to the problem of the debt, I have two remarks to make. Some people maintain that the burden of debt has now become so great that it can no longer be redeemed normally, if at all. The consequences for the lending countries in the West are extremely unpleasant. In addition, the enormous expansion of loans to Eastern bloc countries indirectly makes it easier for them to finance their spending on armaments, and that can hardly be to the West's advantage. If the Community plans to conclude with the COMECON the cooperation agreement to which I referred, even though its scope is relatively limited, it is absolutely vital that the efforts be directed to achieving a genuine balance between the obligations accepted by both parties to the agreement.

**President.** — I call Mr Cifarelli to speak on behalf of the Liberal and Democratic Group.

**Mr Cifarelli.** — (I) Mr President, the Group I represent would like to congratulate the Socialist Group on tabling this highly topical and important question.

Notwithstanding the obvious political and economic attraction of intensifying the links with our fellow-Europeans who live cut off from our western community, we must be realistic when considering what may be achieved in this sphere.

Let us look in particular at the fourth point in the Socialist Group's question. We have to ask ourselves what chances there are of increasing cooperation between the Community and COMECON member states in matters other than trade relations. The concept is very important, and we should be more than willing to back any moves to promote cooperation between the Community and the COMECON countries, whether this be in the cultural or any other field.

But let us pause for a moment before committing ourselves. We must not forget that the buyers in our economic and trade relations with Eastern Europe are the COMECON countries, not ourselves. This is shown by a comparison of the trade figures or balance of payments of the Community Member States and the COMECON countries. Economically speaking, Eastern Europe has very little to offer us, especially if any initial agreement between the Community and

**Cifarelli**

COMECON is to be restricted to trade agreements with no opportunity for industrial cooperation — and this seems likely in the light of the Council's approach so far.

Consequently, although we should be ready to consider the proposals from the COMECON countries, we ought to steer clear of any binding agreements until we know what they are willing to offer in return for the economic advantages which they expect from us. In talks between East and West military political and economic factors, and the problem of human rights are so interwoven that they constitute a single whole and we should be very wary of throwing away our trump cards. We should ask the countries of Eastern Europe to make concessions in other sectors where our bargaining power is weaker. Let me therefore suggest to the President of the Council that any trade or economic advantages granted to the COMECON countries be dependent on pledges to make concessions to the European world in the context of other agreements and other talks between East and West. I am referring in particular to a greater and more effective implementation of the provisions in the famous 'third basket' of the Helsinki Agreement.

We are far short of the desired benefits in the all-important sector of human rights, and a number of basic rights have still to be granted: reunification of families divided by the Barriers Between East and West, easing of restrictions on the emigration of Soviet Jews to Israel, an end to the persecution of dissident writers and journalists, easier movement from East to West for reasons of tourism and culture, and especially for reasons of simple human dignity. This is not a complete list, of course, and it is obvious that the matter must be gone into realistically; however, it is also obvious that these points have to be emphasized when discussing such an important issue.

In the reply that he has said he is going to give, Mr Brinkhorst could well argue that these are matters which are not strictly within the Community's competence. And strictly speaking, he may be right. But this should not stop the Community governments from pursuing a policy which brings together negotiations on various matters so that in exchange for the trade concessions we give to the COMECON countries we shall receive serious guarantees on human rights and greater freedom at next year's conference in Belgrade.

Before moving on the final point, regarding the form that negotiations might take, I should like to comment briefly on the third part of the Socialist Group's question. Attention is drawn here to the indebtedness of COMECON member states towards their western trading partners. The Commission reply to Mr Lagorce's written question (No 426) earlier this year highlighted the dramatic situation of the Community's trade balance with the major state-trading coun-

tries. The figures referred to 1974 and 1975. The question is, therefore, just how realistic it is for the Council to attempt to expand trade relations, in spite of the lack of any effective multilateral compensatory system, in view of the fact that any increase in trade will probably add to the COMECON countries' debts to the Member States of the Community. And do not forget that this is likely to happen at a time when our own currencies — with the exception of the Deutschmark — are generally weak and very vulnerable.

I should like finally to touch on a point which was not included in the question put by the Socialist Group. I am referring to the form that the negotiations will take, in the light of the letter which the Council sent to COMECON in November. It was apparently suggested in this letter that bilateral talks should be held between the Commission and each of the COMECON countries. We believe that this is acceptable, provided that it is based on some kind of general outline agreement which tackles the various fundamental problems which have to be solved before any talks can get under way between the Community and individual COMECON countries.

I hope that the Council will accept our interpretation of the problem and that it will then adopt a flexible approach in formulating proposals concerning the form of the negotiations, since these are undoubtedly of vital importance.

**President.** — I call Lord Bethell to speak on behalf of the European Conservative Group.

**Lord Bethell.** — Mr President, I am very glad that the previous speaker mentioned basket 3 of the Helsinki Agreement because during the October part-session I asked the President-in-Office, Mr Brinkhorst, certain specific questions about this matter, in particular whether the Council was monitoring this agreement. I received an answer which I thought was a little vague. I therefore asked the same question of Mr Max van der Stoel during the November part-session. I received an answer which seemed to me equally vague. I therefore wrote a letter, quite a long detailed letter, at the end of the November part-session, a copy of which I have in my hand, posing certain detailed questions about this matter of Council monitoring of the Helsinki Agreement. Now it may be that this letter has got lost in the post, Mr President, but I have received no acknowledgment of it and I would be very interested to know whether it has reached Mr Max van der Stoel. If it did not I would be very happy to provide a photocopy which perhaps Mr Brinkhorst could take away with him. In any case I would like to hope that this question can be answered and the questions that are put by Members of the European Parliament to the President-in-Office of the Council can be answered eventually and that letters that are addressed to him can be acknowledged and eventually answered in some detail.

### Lord Bethell

Having made that particular point, Mr President, I would like to welcome this initiative by the Council and to say how glad we in this group are that at last a dialogue has come into being between the EEC and COMECON. We have at last succeeded in exchanging letters — a great achievement — we have exchanged one letter between us. Would it have not been much better if we could have proceeded on a much more sensible and reasonable basis with the countries of Eastern Europe and with Cuba right from the beginning; if we had not had to labour under this extremely graceless treatment which COMECON has afforded the Community from the Community's inception and particularly since the Community's enlargement. If only we did not have to tolerate the boycotting of the Community by the Soviet Union, Poland, Rumania, Bulgaria for instance in the matter of fisheries. If only we did not have to tolerate the fact that we are not recognized by the COMECON countries because if we were recognized we would surely be able to negotiate and come to some sort of arrangement over such important matters as fishing with Rumania, Bulgaria, the Soviet Union — countries which send ships into our waters, into EEC waters with great regularity.

However, I welcome any progress. It seems that we are making some progress and we have exchanged one letter. It could be that the EEC will make an agreement with the member states of COMECON and with COMECON. In this group we are in favour of that; we are in favour of regularization and normalization.

However, I will pose one question and that is: What is COMECON? There is sometimes the feeling that COMECON is an organization rather like ourselves, rather like the European Community. But this is not the case at all. COMECON has no Commission, it has no civil service as we do, it has no Parliament — indeed, not one single member state of COMECON has a parliament as we know it. It is a non-parliamentary body without a single member state which has a parliament worthy of the name. It has no Court of Justice. What happens, I wonder if we make an agreement with COMECON and get involved in some dispute between members states of COMECON? Where is the Court of Justice to which we can appeal for sanctions in such disputes? We know that there are certain sanctions within COMECON; the first sanction of the Soviet army. But this is what I would call a unilateral sanction, a sanction which works in one way and cannot be imposed, for instance, on the Soviet Union, which is the most powerful member state of COMECON.

Therefore, Mr President, while welcoming this initiative and welcoming the exchange of letters between the two groups, I can only express the hope that we will conclude significant trading agreements in the EEC individually, bilaterally with the member states of

COMECON and that we will think very carefully before we treat seriously this strange, hardly significant, organization of COMECON. But of course we must make whatever arrangements we can with its member states.

**President.** — I call Mr Jahn.

**Mr Jahn.** — (D) Mr President, ladies and gentlemen, there is still a certain amount of uncertainty and indecision in the internal discussion in the Eastern bloc regarding the European Community. This is not surprising if we remember that it is not very long since the Soviet Union and its allies regarded the Community simply as the economic basis of NATO and dismissed it as contrary to international law — I stress, contrary to international law. The new, more flexible attitude of the Eastern bloc or of COMECON to the European Community is anything but straightforward both for us and for the Eastern bloc itself. The COMECON countries are as reluctant to accept, let alone promote, the process of political integration within the Community as they are desirous of taking advantage of increased economic cooperation with us. They would like an agreement which would promote economic cooperation but which would not imply political recognition of the Community countries. The countries of Eastern Europe are even suspicious of the greater and wider competencies which the Community institutions have in comparison with COMECON. These have frequently been mentioned. They are afraid that the European Community might want to weaken the common position adopted by COMECON *vis-à-vis* the Community by treating the individual COMECON Member States differently. And I should like to stress that in COMECON, and particularly in the GDR, one must bear in mind that the problem of intra-German trade which has been discussed here in various contexts will probably crop up again in the negotiations between the Community and COMECON.

The Council of Ministers has now agreed upon an answer which the President-in-Office has described to us. The Community has declared itself prepared to open negotiations with a view to concluding an agreement to establish working relations between both sides. The Community reminds COMECON that, as regards trade relations, the offer to conclude bilateral trade agreements which the Community made to all the individual Member States of COMECON in December 1974 still stands. The Community stresses in its answer that it attaches great importance not only to EC-COMECON relations but also to developing its relations with the individual Member States of COMECON. We in the Political Affairs Committee have discussed this question on many occasions and have come to the conclusion that, as with all other countries, we should negotiate both bilaterally and multilaterally, but with the emphasis on the bilateral.

**Jahn**

I should now like to touch on the question of financial credits, which has already been raised. The COMECON proposal suggests that both parties should grant credits on the best possible conditions. This request must strike the critical observer as downright provocative in view of the enormous mountain of debts which the Eastern bloc has accumulated *vis-à-vis* the Western industrial world as a whole. This point has also been raised by various speakers.

Mr President, ladies and gentlemen, the answer to the COMECON proposal shows that the aim of the agreement to be negotiated is the establishment of working relations for the exchange of information and contacts in various areas such as trade and economic statistics, economic forecasts, environmental protection, technical standards, etc. As regards the organization of trade, the Community's answer stresses explicitly that the Community aims to conclude trade agreements with all the individual COMECON Member States, and this is something we support.

The Eastern bloc countries have not as yet replied to the Community's offer. In spite of the political implications, therefore, a framework agreement of limited scope must be concluded between the Community and COMECON, and the Council is right in its conclusion — and this is the last point I wish to make — that the COMECON draft agreement of February of this year must be seen as an attempt on the part of the Soviet Union to gain control of the actions of the Eastern bloc countries in their relations with the Community, i.e. to use its dominant position to bind all the other COMECON member States to itself, thus making it impossible for these countries to take independent initiatives, and placing obstacles in the way of any attempt to establish direct bilateral trade relations with the European Community. The Community, however, cannot act in a way which might in the future limit the degree to which the Eastern European countries are independent of the Soviet Union. Working relations should only be established in areas in which both institutions have political competency. COMECON in particular, however, cannot enter into trade commitments, since these have hitherto only been concluded bilaterally, and the Community must see to it that equilibrium is maintained in mutual commitments. The European Community cannot make any concessions.

Finally the European Community is now about to open negotiations with COMECON on the basis of its own proposals — and this is something we welcome. However, the easiest way to establish economic relations based on a principle of reciprocity — and I should like to stress this — would be for the Eastern bloc countries to recognize the Community.

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

**Mr Sandri.** — (I) Mr President, we feel that our Socialist colleagues have chosen a very apt moment to table this question on a topic which is a key problem for the future of Europe. The moment is so apt, and the subject so topical, that the question merits a debate which time unfortunately prevents.

I feel that the dictates of good sense and simple courtesy must make me forgo even the five minutes which I am allowed. I shall therefore limit what I have to say to one simple question to the President of the Council.

During his visit to Rumania in January this year, Sir Christopher Soames, Vice-President of the Commission, stated that any agreement between the EEC and COMECON ought not to exclude or be incompatible with the development of bilateral relations between the Member States of the Community and COMECON countries, or between the Community and individual countries in Eastern Europe. We support this view, believing that no agreement should exclude the possibility of separate bilateral agreements, even though every effort should be made to develop and increase cooperation of every kind, with due attention being paid to the obstacles which arise and which have become apparent even during this debate.

Having said this, let me now ask the President of the Council — who I trust can offer me an answer — how the EEC intends to maintain, in the course of the difficult negotiations ahead, the policy outlined by Sir Christopher Soames during his Rumanian visit. In other words, how are we going to manage to work out a policy of cooperation between two vastly different Communities, and how are we going to safeguard the continuation of bilateral agreements, while at the same time maintaining — let me add this point — that one of the objectives of this policy must be to achieve real *détente* on both sides, a spirit of *détente* which surmounts ideologies and enables nations to work out their own destinies?

May I thank the President of the Council in anticipation for his reply?

**President.** — I call Mr Radoux.

**Mr Radoux.** — (F) I should like to thank Mr Brinkhorst for his answers to the questions put by the Socialist Group. I must confess, however, that I did not quite understand his reply to the fourth question and I should be grateful if he could repeat it and fill in the gap which is no doubt due to my momentary lack of attention.

I should also like to thank Mr Brinkhorst for explaining the special procedures by which Parliament can be informed of the content, or at least of the general outline, of a reply concerning trade negotiations. Our Group will strive within the Political Affairs Committee and the Committee on External

**Radoux**

Economic Relations to obtain the answers which, if I understand the President of the Council correctly, he cannot give us in public.

**President.** — I call Mr Brinkhorst

**Mr Brinkhorst, President-in-Office of the Council.** — (NL) Mr President, I shall be very brief in view of the late hour and the increasing emptiness of this chamber. I should like to answer Mr Radoux's final point at the same time as Mr Sandri's interesting question. There are, in my view, three types of relations. The relations between Comecon and the European Community involve, to a certain extent, a sort of EEC-Comecon framework agreement. What we want is a kind of political umbrella under which the relations could develop further. A political umbrella of this kind would, as it were, set the seal on a fairly lengthy historical process in which détente undoubtedly has a role to play. Secondly, there are bilateral relations between the European Community as such and the individual Comecon countries. The second type of relation takes account of the differences in the structure and competencies of the two organizations and of the fact that the European Community now has exclusive responsibility for concluding trade agreements which in the past were concluded by the individual Member States. I would remind you in this connection — as Mr Radoux has already done — of the 'schéma d'accord' which the Council sent to various Comecon Member States in October 1974, albeit with varying degrees of success. These first two categories of relations are in fact inseparable, since the second type of relations — i.e. those between the Community and the individual Comecon countries — also reflects a certain recognition of the fact that trade relations are returning to normal.

Finally, there is the third type of relations, which Mr Sandri mentioned and Mr Radoux hinted van at. These are bilateral relations between individual EEC Member States and individual Comecon countries. In the field of economic cooperation, for example, there are extensive agreements between individual EEC countries and Comecon countries. It is indeed our aim to gradually develop these relations to Community level, but there are bilateral relations in the cultural and other fields too, and these relations are to be further developed under the Final Act of Helsinki. Of course, the extent to which this third category can develop further naturally depends a great deal on the form the first and second categories take.

One more remark to Lord Bethell. I was, of course, unaware of any letters from Lord Bethell. I assume these letters have been dealt with by the responsible department of the community and I am fully prepared to act as messenger and remind Mr van der Stoel once more of Lord Bethell's recent letter. You do not even need to give me a copy.

I think that what I have just said also implicitly answers a number of other points which have been made here today.

Mr van der Mei stressed what I said regarding the problem of credits and trade deficits. He asked in particular what was being done by the Community. I think I can say that these problems are being discussed more and more at Community level and that we are hoping to adopt positions — perhaps not as a Community, but at any rate in close consultation — on, for example, debts in which third countries are also involved. I am thinking here of monetary institutions.

I think this answers the questions put in so far as they were relevant to today's debate.

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

14. *Oral question with debate:*  
*Implementation of the Communities'*  
*Environment Programme*

**President.** — The next item is the oral question with debate (Doc. 383/76/rev.), put to the Council by Lord Bethell, Mr Spicer, Mr Herbert, Mr Martens, Mr Jahn, Mr Noè and Mr Premoli, on Council implementation of the European Communities' November 1973 Environment Programme :

There is now a considerable back-log of directives awaiting decisions from the Council of Environment Ministers. This back-log includes two important directives — on lead in petrol and on the reduction of water pollution caused by wood pulp mills — which were referred to the Council before 30 June 1975, and nine directives and four items for decision sent to the Council between 30 June 1975 and 1 July 1976.

In the European Parliament on 8 April 1976, the deputy President-in-Office of the Council stated that the Council had 'set itself the target' for the first half of 1976, of adopting or examining seven proposals for directives.

In fact, the Council of Environment Ministers did not meet at all in the first half of 1976, and has only met for one day in December. This has meant Ministers have had to discuss and if possible approve the second environmental action programme and a number of important and controversial directives on one day. In view of this, can the Council explain :

1. Why there was no meeting of the Council of Environment Ministers in the first half of 1976 after M. Berchem's undertaking that the Council had 'set itself the target' of adopting certain proposals during this period ?
2. Why is only one meeting of the Ministers this winter, whereas last year there were two ?
3. What proposals the Council of Environment Ministers adopted at its meeting this December, and what progress it made in reducing the long list of proposals which have been before the Council for many months ?

**President**

4. Whether it considers that the Commission's environmental programmes are too ambitious given the inability of the Council to deal expeditiously with directives arising from them?
5. In what ways it considers that the Council could speed up its procedures for approving environmental legislation?

I call Lord Bethell.

**Lord Bethell.** — Mr President, this oral question, you will recall, was held over from the November part-session because the President-in-Office, Mr Max van der Stoep had to leave the Chamber at about 7 o'clock in order to get back to The Hague. We are very glad that Mr Brinkhorst has been able to stay here so late in the evening and I am sure I speak for all Members in expressing the hope that this will set a precedent and that Presidents-in-Office in future will feel it their job to stay for the whole of Wednesday, even if it does get a little bit late and that even if they cannot catch a plane at about 7 o'clock, they will nevertheless stay during the evening in order to deal with the business on the order paper.

*(Applause)*

On 8 April 1976, the President-in-Office's predecessor, Mr Berchem said in relation to the programme for the environment:

'The Council has set itself the target for the first half of 1976 of adopting or examining the following proposals'

and Mr Berchem then read out a list of some five or six proposals on the environment. However, in spite of this promise there was no environmental Council meeting during the first half of 1976 during the Luxembourg Presidency.

This has had extremely bad effects and has meant that a back-log of environmental proposals has built up; proposals have in some cases been before the Council for more than a year, sometimes as much as two years and the meeting which took place a few days ago did not, I believe, do more than scratch the surface of the problem. It was able to dispose of some two or three of the large number of proposals. Mr Brinkhorst will, I know, give us details very shortly. But a large back-log remains and the situation is becoming serious and, I suggest, something that needs the close attention of the Parliament before it is rectified.

Mr Brinkhorst will be speaking to us soon. I hope he will be able to tell us whether the promise that was made by Mr Brunner in that debate on April 8 has been fulfilled, whether the Council working parties are now working more frequently, discussing these proposals and preparing them and trying to get them into a state where they can be agreed upon when the Council does meet. It would seem that they were not able to get very many of the proposals into a fit state for agreement last week, but it would be good to think that the working parties were meeting more

frequently and were trying to get proposals into a proper state so that, when the Council does meet, agreement can be achieved.

We are of course delighted to welcome Mr Brinkhorst here and I suspect it is for the last time and I would like to congratulate him on his performances here and to say how much we have enjoyed his speeches. He has always been extremely well-briefed, very often speaking on subjects which are not his speciality and the environment is one such subject. Mr Brinkhorst has, I am sure, digested his brief on the environment but I wonder whether, on future occasions, it would not be better for the appropriate minister to appear. It would be very nice, for instance, if Mrs Irene Vorrink, the Netherlands Minister of the Environment could come here, because I know that other Members, in particular Mr Spicer, will have points to raise as a result of what Mr Brinkhorst says and Mr Brinkhorst may not have the answer off the cuff whereas Mrs Vorrink would probably have the answer in her head. It would be of great value to the Parliament if we could have the appropriate minister giving an answer to the question. So I will leave the matter there, Mr President. I would be very interested to hear what Mr Brinkhorst says and I will leave this question with the hope that the back-log can be cleared and I can assure you that I will leave no stone unturned in putting pressure on Mr Brinkhorst's successor, who will take office on 1 January, in an effort to get more environmental proposals passed by the Council of Ministers.

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst.** — *(NL)* Mr President, as President of the Council I am naturally very flattered at Lord Bethell's kind words regarding my presence at this late hour. I would be even more pleased if more Members of Parliament were also here to take advantage of the fact the President of the Council is present!

*(Applause)*

As my second introductory remark, I should like to say that I entirely agree with Lord Bethell that environmental questions are not my speciality. Indeed I am here only partly in my capacity as President of the Council of Environment Ministers which met recently. I shall gladly, however, pass on the message to other ministers working in this field.

Mr President, Lord Bethell was right in saying that only one meeting of the Council of Environment Ministers has been held this year. That is indeed so. However, I do not think he is right in implying that the Council of Environment Ministers is the only Council which deals with environmental problems. Other Councils made up of various ministers also deal with environmental questions in considerable depth. One essential feature of the environment programme

**Brinkhorst**

is that it is intended to affect all aspects of Community policy. The environment programme should not only operate at the technical level for which the Environment Ministers are responsible, but should also affect all sectors of economic life, for example in agriculture, in the measures taken by the Ministers of Social Affairs, and not least in the measures taken by the Ministers of Energy and Research. The fact that only meeting of the Council of Environment Ministers has been held does not mean that environmental questions have not been considered in connection with others matters, at meetings of ministers of other departments. In addition, I hope you will understand that we are often breaking new ground in environmental matters and have to deal with extremely complex technical questions, different methods of measurement and different traditions in environmental policy. This means that taking concrete decisions is more difficult in this field than in others where there is more past experience or tradition to go on.

I should like to illustrate this point with a brief example, which I am sure Lord Bethell will understand, coming as he does from the United Kingdom, namely the differences in the angle from which certain Member States on the Continent and the less continentally orientated Member States view environmental questions. I am referring to the problems of emission as opposed to quality standards. In the continental countries of the European Community it is customary to consider emission standards, i.e. standards specifying the maximum quantities of harmful substances such as lead, mercury, etc. which may be emitted. In other countries of the Community it is customary to take a broader view and consider quality objectives. The viewpoints from which measures are assessed are, therefore, rather different. As President of the Council of Environment Ministers, I have noticed this not only this year but also in previous years, for example, during the discussion of the directive on surface waters. This is an important directive as it concerns the purity of water used both for drinking and for other purposes.

I should like to give a few more illustrations of the type of problem with which we are faced so as to demonstrate that we simply cannot expect spectacular results overnight. Another matter which should be borne in mind is intra-Community competition, which is always an important consideration in these problems. I might mention the directive on reducing pollution caused by dangerous substances in water, a directive which is also clearly connected with the problems of the chemical pollution of the Rhine. It finally took no less than two sessions to finish work on this directive. My second example is the draft directive on the lead content in petrol, a project of particular importance to the entire motor industry in the Community. Thirdly, there is the draft directive on waste from paper pulp factories, which we again discussed in great detail a few days ago in the Council of Environment Ministers. There is also the directive

on drinking water which deals with all aspects of the purity and consumption of foodstuffs, and the draft directive on the use of fuel oil with a view to reducing sulphur emission. Finally, there is the directive on titanium dioxide which has important industrial, economic and ecological implications for the entire titanium dioxide industry. I hope honourable Members will understand that it took some time to get these directives into their final form. This does not however mean that nothing is being done regarding the environment in the Community, as I should like to stress that the Action Programme we drew up in November 1973 has indeed been put into practice to considerable extent. Of course, certain measures have not always been carried out as Lord Bethell would have liked. The fact that we recognize the quality of the environment as a major priority was also reaffirmed by the decisions of the Council of Environment Ministers of 9 December, in which a second environmental action programme was drawn up containing not only measures directly relating to the disturbance of competition, but also measures connected with the overall environmental policy, e.g. involving matters such as conservation.

Finally, I should like to summarize what the Council approved at its meeting on 9 December in real terms. Firstly, a directive on combatting the dangers of lead. Secondly, a decision on the conclusion of the agreement on the chemical pollution of the Rhine on 3 December, and thirdly the decision that the European Community as such would henceforth be a member of the Berne Convention under which the International Rhine Commission was set up, which is of vital importance for the Community as a whole. As I said, Mr President, the Netherlands Presidency regards the adoption of the Second Action Programme on the Environment as a real achievement. By virtue of this — and this is my final point — something is now going to be done at Community level about, for example, radioactive waste resulting from measures in the field of nuclear power stations.

Mr President, I can sum up by saying that there is certainly a great deal of work still to be done on the European environment policy, but I feel that the harsh verdict I inferred from Lord Bethell's observations, namely that nothing is in fact happening, is by no means justified.

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

**Mr Ajello.** — (I) Mr President, ladies and gentlemen, on behalf of the Socialist Group I should like to express my support for the question which has been tabled. We feel that it has come at a well-chosen moment. I listened carefully to the speech by the President of the Council, and I like to second the other speakers who have thanked him for remaining here at such a late hour to enable us to finish the agenda. I must say, however, that I felt his words offered little hope for the future.

## Ajello

Parliament has often considered the problem of the Council's tardiness in looking at proposals for directives. We have asked for explanations and we have called on the Council to act more quickly, but we have not as yet had any noticeable results. On the contrary, in our opinion things have got worse and nothing has been done to streamline procedures or step up the Council's workrate. The upshot of all this — and it is no secret to anyone — is that an average of roughly four years is now needed between the submission and the adoption of a directive, and another two or three years ago by between the time a directive reaches a Member State and the time it finally comes into force. This official information which can be found in Paragraph 90 of the Ninth General Report on the activities of the European Communities.

Now, it seems quite clear to me that the Council's dawdling is becoming an irreparable handicap with very serious consequences owing to the rapid rate of technological advance, especially in the realm of environmental protection and public health. Let me explain what I mean: the rate of environmental decay has increased alarmingly, not least because of new forms of pollution which are the offshoot of technological progress, but Community legislation is lagging behind and will continue to do so unless the present rate of legislative work is improved. In our view, quicker legislation is needed to curb new sources of pollution and to reduce the level of contamination which exists today.

It is cause for concern that on 1 May 1976 no less than 26 proposals for directives relating to the 1973 programme were still awaiting adoption by the Council. For the most part they were proposals in highly topical and sensitive fields, closely linked to the quality of life and health protection. It was not unreasonable to expect the Council to be such more expeditious in dealing with these proposals.

And so I want to take the opportunity which this oral question provides of expressing our regret for the past and our concern for the future, concern which — let me say again — has not been dispelled by Mr Brinkhorst's reply.

The 1973 programme has still to be completed, and at the same time we have to carry out the programme scheduled for 1977-81. We have already heard that this was approved by the Council a few days ago. If the Council continues to work at the same speed — Mr Brinkhorst told us that only three resolutions were adopted at the last meeting — the completion of these programmes will be seriously jeopardized.

My final comment — and I shall finish here in order to comply with the President's suggestion that it is not necessary to use all the time at our disposal — is that we ought to see how we can streamline procedure, in order to increase the Council's output and to

provide for longer meetings at which more proposals at which more proposals for directives can be adopted. I am thinking in particular of those directives which because of their controversial nature cannot be postponed indefinitely, but which really ought to be dealt with as quickly as possible.

We believe that the present situation must be changed before Community legislation can be drawn up in this highly sensitive sector. We need legislation which is adapted to the aims in mind and which can effectively contain, and not merely catalogue despondently, the ecological disasters which confront us every day.

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

**Mr Noè.** — (I) Mr President, Mr Brinkhorst, ladies and gentlemen, the three Christian-Democratic members of the Committee on the Environment signed this oral question on behalf of our Group, thus expressing our total support. We fully agree with the question since we are very concerned about this problem.

The emphasis here must be on the need for speedy decisions. Only yesterday afternoon I was in a chamber of the French Senate in Paris where President Poher had invited the Club of Rome for an exchange of views. During the discussion one of the members of the Club of Rome said: 'I have what I might call a trio of guiding principles, the most important of which is to reach decisions quickly.' In this very House, when we discussed Mr Springorum's motion for a resolution on energy and research in the last part-session, roughly three weeks ago, we too stressed the need for speedy decisions. The need is obvious, since in a rapidly changing world any delay in taking a decision makes it ineffective or at least robs it of much of its effect. We must not forget that the world is suffering while we are working towards a decision, but unfortunately this process has become a great deal more complicated than it was before. Furthermore, the solutions we have to find are complex because the problems themselves are complex and need to be analysed with time-consuming care; anything else smacks of amateurism. On the other hand, decisions cannot be taken with the proper calm for fear of excessive delays. As a result, it is quite clear that someone has to sound the alarm signal. Nevertheless, I paid careful attention to what the President of the Council had to say to us, and I must join in the thanks which are due to him for his assiduous attention to what we do here. But it was his very answer which provides further proof that it is time to sound the alarm bells.

In the past year the Council of Ministers has only once tackled the problem of the environment in any real sense. I admit, the Council has perhaps touched on the problem at other times; obviously, if energy or industry is discussed, some mention must be made of



Noë

the environment. But there has been only one meeting to deal specifically with this subject, and that was after Mr Jahn's plea in March for greater importance to be given to it.

But what was decided at this meeting? I learned a short while ago that the Council decided to accept a Commission proposal on the hazards of lead. I know the subject well as I was the rapporteur in this House, and accepting the proposal is indeed a step in the right direction. But we cannot say that the document is final and complete because it does no more than request further study in order to learn more about the subject. We all know what a tremendous problem is posed by pollution in the Rhine, but we cannot even say that this proposal has any real relevance to this particular problem; it still needs to be revised in several places.

If we turn to the processing of nuclear waste, the situation in Europe can be considered satisfactory in comparison with other parts of the world. However, it is my opinion — and I am sure the President of the Council will agree — that this is not very much to show for a year's work. Our question to the Council refers to two directives awaiting decisions: on lead in petrol and on the reduction of water pollution caused by wood pulp mills. And the President of the Council has told us that there is still not even a decision on titanium dioxide waste. As far as this latter point is concerned, and in view of the fact that the President quite rightly pointed out the considerable economic aspects of the problem, let me just say that no sea deserves more attention while others get less. Every sea which breaks upon the shores of highly industrialized nations must be protected from pollution. I do not believe that the level of pollution in a sea has to be measured with exact precision; on the whole, the pollution level of seas around industrialized nations is fairly high. There is another problem, too; the industries within the Community must compete on an equal basis, without excessive burdens or restrictions. We ought rather to help them with appropriate measures.

I therefore suggest, Mr President, that environmental problems be dealt with in future along with the industrial problems which are their cause. This is no easy task, but it has to be done if we are to avoid more serious complications.

**President.** — I call Mrs Kruchow to speak on behalf of the Liberal and Democratic Group.

**Mrs Kruchow.** — (DK) Mr President, the Liberal Group and I myself share the concern regarding the implementation of the environment programme, particularly as regards accelerating the adoption procedure for legislation on environmental matters.

We must of course be grateful for the decisions taken on 9 December which the Council's representative,

Mr Brinkhorst, has just mentioned. But this is not enough to make up for the years of extremely slow progress. The fact is that there can be no doubt that the people of Europe are becoming increasingly aware of how serious the pollution problems are in our industrial society and we have now reached the stage where action is not only expected, but demanded throughout our Community.

When we discussed and welcomed the development and implementation of an environment policy and action programme earlier this year, we became aware that this programme had quietly been extended for year because of delays for which the Council was chiefly responsible. I also think — this should be mentioned here today — the Committee on the Environment did not on that occasion simply make a request to the Council in its report, but also expressed certain misgivings at the fact that, in contrast to the first programme, the Commission had set no deadlines for the implementation of the second programme for 1977/81 — indeed, on that occasion the Committee on the Environment went so far as to demand unconditionally that the Commission propose precise dates for the second programme, and also urged the Council to fulfil its obligation to take decisions on the Commission's proposals within nine months of receiving them.

If one studies the working document from the Commission of 22 September this year, which describes the progress of the environmental action programme up to 15 September, it can be seen from the list of draft directives submitted to the Council by the Commission, that the Commission itself hopes that decisions will be made in these fields. Thus in section C, which dealt with specific action in certain sectors of industry, it was pointed out that the Council had as yet not adopted any of the draft directives submitted by the Commission on these matters which included, in particular, the reduction of water pollution resulting from paper pulp factories and waste from the titanium dioxide industry. It was stressed that the Commission set great store by these two draft directives on branches of industry which greatly affect the quality of water by the discharge of products and the resulting pollution.

The progress report also refers extremely briefly to the Council's own resolution of 3 March 1975 on energy and the environment. I should like to stress this by quoting paragraph 8 of the resolution:

The Council of the European Communities undertakes to examine these proposals in sufficient time to enable those adopted to enter into force at intervals from 1 January 1976 up to 31 December 1980.

The Council itself, therefore, has undertaken to fix dates. It is therefore more than natural that Parliament should demand more action from the Council.

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

**Mr Spicer.** — Mr President, may I commence by thanking the President-in-Office for what I thought was a masterly exposition of his grasp of the problems of the environment. I am sure we were all delighted by it. Thank you very much indeed.

In the course of this remarks he did lay some stress on the fact that the blame could not all be laid at the door of the environment ministers for they were doing their best, but of course these things could get stuck somewhere else — bogged down is the expression that I would rather use — bogged down in some other discussion by the energy or by the economic ministers and that is where the trouble could stem from. But, Sir, could I just read you the list of the items and the directives that are so bogged down? Waste from paper and pulp industry, waste from titanium dioxide, quality of drinking water, health protection standards, sulphur dioxide, sulphur content of fuel oils, quality requirements for waters favourable to shell fish growth — why on earth we have to bother about that and cannot leave it to somebody else to sort out I do not know — quality requirements for waters capable of supporting freshwater fish, limitation of aircraft noise, toxic and dangerous waste, lead content of petrol, dumping of wastes at sea, exchange of water information. All I can say is that if all these directives are bogged down elsewhere, it is high time that the ministers responsible on the environmental side got together and said look, for God's sake, get moving on this, let us have these proposals and let us deal with them now.' That is all that I would say to the Council.

Could I now turn my attention to the Commission and lay some large part of the blame for the problem that we face with the Commission. Because I have always felt that one of the problems we face within this Community is that the Commission very often starts off without taking full account of what will happen when things finish up with the Council of Ministers.

Could I make just one quick point? Why do we have to set our quality standards so very high? In our own parliament in the United Kingdom the other night we were discussing the quality of water. The United Nations' directive on this, or the standard that they set, lays down a hundred milligrammes of lead per litre of water. But we in our wisdom, the Commission, have laid down fifty milligrammes, which then makes it impossible for the people to agree with this because there are problems, for example in Bradford with old pipes. And therefore we all bear a part of the blame: we are insisting on standards that cannot be accepted at the Council level. So if I may put that point not only to you, Sir, but also to my colleagues in Parliament here. What the hell is the point in passing

things over to the Council when we know that it is impossible for them to reach the standards that we are demanding? Would it not be better to accept that politics is the art of the possible and to try to raise the standard to the highest possible level but not to go for impossible standards which we know will result in this back-log here?

Turning to my second point, which again is directed to the Commission and not to the Council, let us take this battle between emission standards and quality which quite rightly, Sir, you did raise, and there is a battle between the two. But it was accepted in 1975 that we could be flexible on this. But the two directives that were in the pipeline at that point — one was on waste from paper pulp and the other one, a much more serious one, was on titanium dioxide. Why at that stage again did the Commission not withdraw those documents and say 'Look, we know quite well that if we leave them in the form they were in before 1975 they will go to the Council, they will get bogged down there and then we will be in trouble'? So, all I am asking is, are we working as a team or are we working as three individual units each trying to apply more and more pressure and to achieve an impossible standard in public health and the environment? I am an environmentalist, I believe very strongly in it. Mr Evans over there and I will disagree on what is the right lead content of petrol, others of us will have different views. But, I repeat, politics is the art of the possible, and above all what I believe is impossible and brings us into disrepute amongst the people of our Community is if we embark on a second environmental programme when we have left this damn great list of things already undone from our first environmental programme.

So, Commissioner, this is almost positively your last appearance here. I know that we can leave this safely in your hands and that you will pass those few words of caution back to whoever will succeed you. May I thank you very much for being here tonight.

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

**Mr Veronesi.** — (I) Mr President, Mr President of the Council, we too feel that this question has come at an extremely opportune moment, and we share the concern of those who tabled it. Environmental conservation has become one of the Community's major rallying cries and we are surprised, therefore, that there should be so much uncertainty at this time regarding the implementation of a policy which we had expected to proceed smoothly.

It goes without saying that no progress is conceivable if the environment is being ruined. We must therefore strike a balance between higher production and productivity, and more sophisticated consumer goods and the protection of the environment, as otherwise we will become the prisoners of an infernal machine

## Veronesi

which offers us a number of advantages only at the cost of others.

This question highlights a number of difficulties and uncertainties. I am using moderate language in contrast to others who have spoken in somewhat more dramatic and forceful terms. We must, in my view, acknowledge the work of the Commission, at least in this field, since I feel they have taken laudable initiatives with a view to promoting action: they have worked out which problems should be given priority, had them studied by highly qualified groups of technical and scientific experts and specialists, they have commissioned studies, assessments and reports of great scientific value and proposed practical measures based on an objective assessment of the problems.

I do not feel, however, that the same can be said of the Council. On the one hand, it has worked extremely slowly, it has not shown sufficient commitment in considering the proposed directives, and on the other, it has taken hasty decisions reflecting limited awareness of the various questions. One is tempted to say that the Council has shown that it is not interested in the problem of the environment, or at least has underestimated it.

I fully realize of course, Mr President of the Council, that it is much easier to make proposals than to take decisions. We are aware of this. A hasty decision can create problems greater than those it was intended to solve. We therefore understand the great responsibility the Council has to bear. But can we make this excuse in the present case? We think not, since the uncertainty and slowness of the Council have not been accompanied by an attempt to examine the problems in greater depth and has been due to insufficient familiarity with the problems. If this is not so, why has it taken so long to adopt a number of measures and guidelines which should have been adopted immediately?

Mr President, I think we should realize that pollution and damage to the environment are currently increasing exponentially and no physical, biological or social system can resist an exponentially increasing stress unless it has a built-in correction mechanism to re-establish equilibrium. If not, it explodes, i.e. there is a catastrophe. I think we need to act swiftly. This is why we urge the Council of Ministers to devote more attention to these problems. We do not have much time to sit and ponder. The ancient Romans used to say that while things were being discussed in Rome, Saguntum was taken by the Carthaginians. This is why we think the urgent entreaty to the Council to act quickly contained in this question is of vital importance.

**President.** — I call Mr Jahn to speak on behalf of the Committee on the Environment, Public Health and Consumer Protection.

**Mr Jahn.** — (D) Mr President, ladies and gentlemen. As acting chairman of the Committee on the Environ-

ment, Public Health and Consumer Protection and co-signatory of this question I should like briefly to explain my views on the matter.

Parliament had adopted a position on this problem as early as 8 April of this year. This was on the occasion when we discussed the oral question tabled by my group and myself on the delay in implementing the European Communities Action Programme on the Environment of 22 November 1973. Mr Früh spoke on this question on my behalf and made an urgent appeal to the Council to finally get round to adopting the proposals which had already been approved by Parliament.

It is clear from a list sent to us by the committee responsible that approximately 20 or more proposals are still with the Council waiting for a decision. These include fundamental and important proposals, such as the reduction of water pollution by the cellulose factories in the Member States, the lead content in fuel, the quality of water for human consumption, the classification, packing and labelling of pesticides, the use of fuel oils for the reduction of sulphur emission and the reduction of noise emission from subsonic aircraft.

Mr President, we have no wish to deny that the Council has done a great deal of work over the years. Having been involved in this matter in the Committee right from the outset, I recognize this fact and would like to say that, in all fairness, we must admit that 50 decisions and directives relating to various aspects of environmental protection have been passed. Examples include marine pollution, the quality of water resources, air pollution, noise nuisance and conservation of the natural environment and wildlife to name but a few.

I realize, since I deal with these problems in my national parliament too, that it is easy to get a law passed in a national parliament when all the experts and specialists in a country have got together. It is much more difficult, however, to bring about the harmonization we need in nine countries in which the standards and norms are, of course, so different. One must admit in all fairness that it is by no means an easy matter. But, ladies and gentlemen, we who work in this field should recognize that 50 directives and regulations are in themselves an achievement. Indeed, many honourable Members have said that people have worked with a great sense of responsibility in this field, and we must do the same.

We are extremely pleased that the Ministers of the Environment at their meeting of 9 December, which, as had already been mentioned, was the first and last this year, passed the directive on the biological monitoring of lead pollution, approved the decision on the conclusion of the agreement on the protection of the Rhine against chemical pollution which was signed on 3 December 1976 in Bonn, and approved the second environmental action programme. This recent development is undoubtedly a great step forward and we expect a great deal to come of it.

**Jahn**

It is, however, all the more regrettable that the directives submitted to the Council as long ago as 1974 or 1975 have not yet been studied — indeed some of them have hardly been discussed, so that one cannot help wondering what is going to happen to the many other directives in the future. We must therefore urge the Council of Ministers of the Environment to meet more often. The committees and working parties should also meet more often than in the past. We regret that the promise made to this House on 8 April of this year by Under-Secretary of State Mr Berchem, on behalf of the President-in-Office of the Council, Mr Thorn, has not been kept.

Mr President, ladies and gentlemen, I should like to say how much I admire the representative of the President of the Council for his obvious knowledge of the subject. We have indeed made progress during the Netherlands presidency, and that is no doubt due to the fact that the person responsible, who is here today to explain matters to us and to answer our questions, has an extremely deep and wide knowledge of these problems. As we all know, environmental policy is one of the most difficult problems facing modern society. We must take it seriously, we cannot just stand here blithely making idealistic demands which will turn out to be difficult for the individual Member States to fulfil.

Mr President, the standards advocated by both the Commission and Parliament are, if I may say so, very much in line with each other. The Council should have more confidence in our work, in the Commission and in Parliament, in its Committee and in the members of this Committee who are critical, work extremely meticulously and consider the standards in great detail before approving them. I would therefore ask the Council to have more confidence and do something about the decisions on the 20 proposals still before it.

Finally, Mr President, I hope that the Council will soon remember that it had undertaken to make a decision on the Commission proposals within nine months if possible, so that we in Parliament do not have to remind them again of their obligations in the field of environmental and health protection.

**President.** — I call Mr Evans.

**Mr Evans.** — The first point I would like to make is to congratulate the authors of this motion for a resolution on its timely nature.

My second point would be to endorse the sentiments of the President-in-Office at the lack of attendance here tonight. But could I assure him that, if the audience is small, at least its quality is high, because you have here tonight the active members of the parliamentary committee which deals with these matters?

*(Cries of 'Hear! hear!')*

My third and most important point, Mr President, I would raise with you, in your capacity as Vice-President. I would ask you, as I did at the last part-session at this same time of night, almost quarter to eleven, to raise with the enlarged Bureau the ridiculous way that we order our business. There are those of us who are prepared to come to this Parliament and attempt to do some work on important issues such as environment or transport and are prepared to sit here late at night, whereas some of our colleagues who, it would appear, want to play the world statesman's role — provided it's before 8 o'clock in the evening — disappear and leave it to those of us who are prepared to stop behind. Mr President, it really is essential that the enlarged Bureau limit the time of debates in this Chamber. Because — and these are the exact words I used at the last part-session — if your particular interest is in the last half of the agenda, then you have no chance of getting away from this parliament before 10.30 in the evening. I submit that it is time the enlarged Bureau limited the time that is given to debates which take place earlier in the day.

However, moving on to the question of the environment: Mr Spicer did comment that he and I would disagree on a number of political issues. But I would like to say that, as far as the speech that he has made tonight is concerned, I endorse the sentiments that he expressed; it is really time that we took a much more realistic stance on some of the proposals that emanate from the Commission and go before the Council of Ministers. And would I point out, Mr President, that we cannot in fact operate in isolation. We cannot have a beautifully clean Europe of the Nine if the rest of the world is not prepared to come along with us. The rest of the world can pollute our atmosphere, it can pollute our environment. It is essential that we recognize at all times that it is international control of the widest possible scope that is required in the field of environmental pollution. Certainly we all accept that there are many lethal substances which can be released to the atmosphere, to the seas, thousands of miles from Europe, and which can, at the end of the day, after a passage of time pollute our waters and our atmosphere.

And we know now that that doesn't apply only to the more emotive subjects, such as nuclear pollution, it applies to such substances as sulphur or lead or mercury, which devastated part of the seas in Japan. We also recognize and understand, Mr President, that man now has the ability to destroy himself and his atmosphere completely; he can do that locally, he can do it regionally, he can do it nationally and, unfortunately, he can do it internationally. Just one or two examples: in Flixborough, in England, a chemical plant destroyed a village; in Seveso in Italy a chemical incident destroyed a region. The action taken by the United States in Vietnam destroyed a region by defoli-

**Evans**

ation, and we know now and recognize that fish many years afterwards and many hundreds of miles away from the shores of Vietnam are polluted. We must recognize that man can destroy himself; we have not got much time.

I accept that the Council of Ministers may have been lethargic as far as the environment is concerned, but I think we have to recognize that they are dealing in the world of practical politics, and in this context I would put forward the suggestion to the Commission and to the Council that one of the things that we need as a matter of the utmost importance is common statistics. Quite frankly we often do not know what we are talking about as far as the individual issues in different member countries are concerned. We need to know what the standards are in each of the member countries; we can then recognize whether or not we are talking about the same issues. I would submit that it would be far better to identify those areas which are the most dangerous to man, and those countries of the EEC which have done best in that field and then seek to persuade the other member countries in the short-term to come up to their level. If we can then get uniformity throughout the Community on present projects, it would be much easier to go forward hand-in-hand to higher levels. But at present we have so many different levels in so many different areas that of course, as Mr Spicer said, it is almost impossible to bring all those standards together and then proceed from there.

The other thing I would caution Parliament against, Mr President, the feeling, the suggestion, that if we pass a resolution, that has solved the problem. Passing the resolution only draws attention to the problem. We must proceed from there to solve the problem, because protection of man and his environment is something that is of fundamental importance to us. This planet has only been given to us for a short period of time. It is incumbent upon all of us to protect this planet and pass it on to our children and to our children's children; in that respect, I think our committee at least tries its best.

**President.** — I call Mr Molloy.

**Mr Molloy.** — May I begin by saying how much I agree with Mr Evans when he said that perhaps some of our colleagues think that the limelight of world affairs or of human affairs dims around 8 o'clock and is obliterated by ten to eleven. This, of course, is not the truth. The very fact of the matter is this: the subject matter we have been discussing for the past few hours, Mr President, is of vital interest and is known to be of vital interest to millions of ordinary people in this Community. And of course it is a great paradox. I don't suppose that anyone would argue, with the possible exception of one eminent American economist, that the standards of life of ordinary people in the past 25 years have risen remarkably. And I think that every soul in Europe, and possibly in the United States, would agree with that, with the

exception of Mr Milton Friedman. But I don't want to discuss his incredible assertions tonight. What I want to bring into relationship, Mr President, is this. That having done that, having achieved remarkable high standards, certainly on this continent, having increased the quality of life for ordinary people on the one hand, we have at the same time introduced new fears and new frustrations. May I give a little example of what I am talking about. I was born and bred in the valleys of South Wales and from the cottage where I was born one could look a mile or two to the north and see coalfields, glance a mile or two to the south and see steel plants and look down to Swansea and see the flags of almost every ship that traversed the seven seas. And when things were quiet and peaceful ordinary people were worried and anxious because with the peace and lack of noise came the bitterness of unemployment and the lack of work.

And when the pits were grinding away and the air was full of dust and the noise of hooting ships and the crashing of the great steelworks — when all this was going on they didn't complain because the alternative was so terrible. Well, now we have moved on from that. We have moved on now to a situation where people are demanding that in this scientific and technological age coal can be extracted, ships can be unloaded and offloaded and steelworks can operate with a minimum amount of noise and frustration. And to a great extent what is remarkable is that this has been achieved except in one field and this is the gravamen of my submission to this Parliament tonight. There is now a new menace, the menace of aircraft noise. I represent the constituency in the British Parliament of Ealing North and we are in the flight path of all aircraft leaving and arriving at Heathrow Airport. This is a new menace. We suffer for example the appalling paradox of having to wait for buses in this part of London and people spend about as much time waiting for the bus as it takes wealthy businessmen to fly in Concorde from London to New York. And all that ordinary folk in my constituency get from that remarkable scientific contribution is the terrible noise of aircraft. Now, this is an increasing menace. Whilst I appreciate that the safety of people in aircraft is fundamental — and I would be an idiot if I did not acknowledge that, because the only way in which we on our island can come to these conferences is either by boat or aircraft, unless you are an exceptionally strong swimmer, and I have to acknowledge that air travel is vitally important — but the noise of aircraft is now a menace. And I would say, in conclusion, that I hope that the Commission will take note of the reports by the Committee on the Environment on the question of aircraft noise and that there will be an international attempt to see whether it can be reduced, in this scientific and technological age, to an absolute minimum and therefore not impinge on and destroy the quality of life of people that happen to live along the flight lanes in our great cities.

**President.** — I call Mr Thomson.

**Mr Thomson, member of the Commission.** — I will not delay the House long at this stage but, since the Commission was mentioned, I thought I ought to say one or two words on the points that were raised.

First of all one or two factual points. To Mr Spicer who claimed that the Commission was setting impossibly high standards in the matter of water pollution, I would simply say that what influenced the Commission was that the latest World Health Organization recommendation for lead in water resulting from the Helsinki Conference of 1972 is 50 and not 100 milligrammes per litre and it is on that we based ourselves.

Mr Evans mentioned the appalling tragedy at Seveso and I simply wanted to tell him that the Commission in fact approved today a proposal to financially support studies and research regarding the health and decontamination procedures with respect to dioxin. We have taken some action, however modest, to help deal with that.

I think there are two general comments I might make, Mr President, and one is that these are major problems facing society today and I do not think any of us, whether from member governments or the Commission or the Parliament itself can totally absolve ourselves from fulfilling our responsibilities. I am told, for example, that the Commission's proposals for directives on standards of health protection against sulphur dioxide and sulphur content in fuel oils have in fact been before this Parliament for a year now without an opinion having emerged from the various committees. So before any of us get too self-righteous, we had better all, I think, accept our share or responsibilities.

The only final thing I would like to say is really to echo the words of Mr Evans that if there is a problem that is distinctively a Community problem, in which the Community can do something, it is of course the problem of pollution. Pollution knows no frontiers, even the frontiers of the European Community, but within the European Community we can perhaps do more than we can within Member States. I think it is a sign that Parliament and this Community does not always get its priorities right in that we discuss a matter like this at this time of night with this degree of attendance by Members to discuss it.

All I would say to Mr Spicer in regard to the Commission's responsibilities is that I think we are all conscious that we do not fulfil our responsibilities as adequately as we would like, but one of the limitations is that of manpower on our own staffs and here I turn to the President of the Council. I think one of the big challenges for the Community during the period of the new Commission is to ensure that, in those areas where the European Commission has special responsibilities for and on behalf of the Community, the member governments forming the Council do give us

the manpower to fulfil them and that we get the backing of the Parliament to have that adequate manpower.

*(Applause)*

**President.** — I call Lord Bethell.

**Lord Bethell.** — Mr Brinkhorst in his interesting speech left one question of mine unanswered and that was the question of Council working parties. Could he please let us know how often working parties of the Council on the Environment meet and whether these meetings are now taking place more frequently than they did a year ago in view of the back-log of proposals. It is of course only by the hard work of these working parties that proposals can be brought to the Council in a fit state to be passed.

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, may I answer that question very briefly?

As regards Lord Bethell's first question I should like to say that the number of working days for Council working parties on the environment has been increased to two per week under the Netherlands Presidency. Whether this will continue naturally depends upon the next Presidency. I should like to thank all the honourable Members who spoke in positive terms about the work the Netherlands Presidency has done. My second remark is addressed to Mr Spicer who must have misunderstood me if he thought that I really meant that councils other than the Council of Ministers for the Environment were responsible for the backlog. That is not the case: all the matters he mentioned are indeed the responsibility of this Council. What I wanted to say, however, is that there are other councils which also deal with environmental questions. Therefore, even if the Council of Ministers of the Environment does very little, this does not mean that nothing is being done in this field. What are the reasons for the slow progress; and particularly for the backlog? Firstly, there is the fact that everyone involved underestimated the problems. All I can do is repeat what Mr Thomson said: we underestimated the nature and complexity of environmental problems, and the economic situation in our Member States was undoubtedly a major factor. Interest in environmental problems appears to me to be decreasing practically every day. Thirdly, and closely connected with this, there is a strong increase in competition between the Member States, when it comes to financing projects for combatting pollution, and I feel that all this is sufficient reason for genuine concern. This concern has also been expressed by the members of the Council, but I should nevertheless like to return to the question of the differences in approach. You as active members of the Committee on the Environ-

**Brinkhorst**

ment, Public Health and Consumer Protection would, in my view, do well to make it clear to your national governments that they must all make compromises if results are to be achieved. I am strongly opposed to perfectionism: 'le mieux est l'ennemi du bien'. This applies in this field too, but it is, of course true that we frequently work with fairly firmly fixed prejudices and it is, in my view, extremely important that attempts should be made by Parliament, among others, to overcome them.

Mr President, I will keep my promise and leave it at that. It has been a great pleasure to me to be your guest in Parliament until such a late hour. We are now moving into the 13th hour of debate today.

*(Applause)*

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

*15. Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Thursday, 16 December 1976, with the following agenda:

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

- Joint debate on the oral questions to the Council and the Commission on steel
- Oral question with debate to the Commission on the seizure of undertakings in Ghana
- Oral question with debate to the Commission on the craft trades industry
- Delmotte report on the European Regional Development Fund
- Motion for a resolution on the meeting of the European Council

*5.00 p. m.*

- Vote on the draft general budget of the Communities for 1977 and on the motion for a resolution contained in the Bruce supplementary report
- Vote on the motions for resolutions contained in the Berkhouwer report, the third Hamilton report, and the Memmel report on the amendment of Parliament's Rules of Procedure.

The sitting is closed.

*(The sitting was closed at 11.05 p.m.)*

## ANNEX

*Question to the Council by Mr Dalyell*

Subject : Closure of frontiers by Transkei

What aid has been asked for by Lesotho, following the closure of frontiers by Transkei, and what answer has been given by the Council ?

*Answer*

To date the Council has received no request for aid in connection with Lesotho.

However, a request has been submitted to the Commission where it is being examined within the framework of the Lomé Convention.

According to my information, the Commission has already submitted a proposal to the Committee of the European Development Fund for emergency aid to Lesotho of around one million u.a. The main purpose of this aid would be to make an 80-kilometre track, hitherto impracticable in the rainy season, permanently usable.

At the same time, I have been informed that the Commission is considering asking the Council to grant emergency food aid to Lesotho.



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IN THE CHAIR: MR MARTENS

*Vice-President*

*(The sitting was opened at 10.00 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. Decision of urgency

**President.** — I shall consult Parliament on the adoption of urgent procedure for the interim report, drawn up by Mr Shaw on behalf of the Committee on Budgets, on a financial regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities (Doc. 475/76).

Are there any objections?

That is agreed.

I propose that this interim report be placed as the last item on today's agenda.

Are there any objections?

That is agreed.

### 3. Oral question with debate on the iron and steel industry

**President.** — The next item is the joint debate on the following oral questions with debate:

— Question by Mr Santer, Mr Jahn, Mrs Walz, Mr Früh, Mr van der Gun and Mr Vandewiele to the Council and Commission of the European Communities on the reintroduction of short-time working in the iron and steel industries (Doc. 431/76):

1. Does the Council/Commission believe that the reintroduction of short-time working in the iron and steel industries of some Member States is a sign that the economic recovery of the European Community is already at an end?
2. What economic and social measures does the Council/Commission intend to take to relieve the difficulties experienced by this sector?

— Question by Mr Cousté, on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities on the crisis in the Community iron and steel industry (Doc. 416/76):

1975 saw a crisis in the Community iron and steel industry unparalleled since the war, and this year (1976) orders received by French undertakings and the majority of those received in the ECSC have dropped to the lowest level recorded in 1974

1. Since the Commission is aware of these circumstances, and their effects on employment and the financial situation of undertakings, does it intend to take any action?
2. Can it state whether it has discovered major distortions of competition between the main steel-producing industrialized countries?
3. Does it feel that in the present circumstances the mechanisms introduced after the war and based on the Treaty of Paris and GATT, are still appropriate?
4. The Commission is planning to introduce a series of internal Community measures. Does it intend to supplement its programme by measures to protect the countries on the periphery of the Community market?

5. Does the Commission agree that none of the measures now being devised will be fully effective unless they are coordinated with world-wide action by the governments of the steel-producing countries?

— Question on behalf of the Committee on Economic and Monetary Affairs to the Commission of the European Communities on the crisis and pre-crisis policy in the steel sector (Doc. 415/76):

Is it true that the Commission intends, in the event of a crisis, or the threat of a crisis, to depart from the procedure laid down by the ECSC Treaty, and to propose the introduction of quotas and, possibly, reference prices in the steel industry, and that it is prepared to ensure compliance with such prices?

Does the Commission feel that such action is compatible with the ECSC Treaty?

If such measures are indeed contemplated, has the Commission discussed them with the steel industry and the appropriate trade unions?

Does the Commission not feel that, in view of the current trend as regards competition in the steel sector, appropriate Community intervention is urgently required?

Does the Commission not consider it essential for its views on the policy to be pursued before and during a crisis in the steel industry to be explained to the European Parliament's Committee on Economic and Monetary Affairs, before it adopts a final position and before the Council takes any decisions?

I call Mr Santer.

**Mr Santer.** — (*F*) Mr President, since 26 October, when I and some colleagues from my Group put down this oral question, the purpose of the question has changed. My intention then was to oblige the Commission to take energetic action to cope with the parlous situation in which the European iron and steel industry has found itself for almost eighteen months now; however, since the adoption of the Commission's anti-crisis plan on 24 November last, our aim is that that plan should be implemented in its entirety so that everything possible may be done to reduce the economic and especially the social repercussions of the crisis in the iron and steel sector. Indeed, if that crisis persists, its effects will be felt in other sectors because, whether we like it or not, the iron and steel industry is still today the backbone of Europe and if the backbone is affected, the entire organism suffers, and and painfully.

We are all aware of the situation in the Community iron and steel industry. We had an opportunity to debate it yesterday when we were discussing the ESCS levy rate. In the first quarter of 1976 the improvement which had become apparent in October 1975 was indeed maintained. New orders for ordinary steel received by the industry in the first quarter were 31 %

## Santer

higher than at the height of the crisis, that is to say in the third quarter of 1975, but in spite of this considerable increase in new orders received in the first quarter of 1976, they are still much lower than the levels reached at the end of 1973 and the beginning of 1974.

The principal feature of the upturn in orders in the winter and spring of 1975—1976 is that it was limited to the Community market alone, with export orders still sluggish at the low level they reached in the summer of 1975.

Compared to 1973—1974, export orders had fallen by more than 40 %. While the monthly Community production of crude steel exceeded 11 million tonnes in March 1976, after falling to 10 million tonnes in the crisis period of 1975, production is still clearly below the record levels set in 1974.

It should also be noted that, even with a production level of 20 million tonnes, the percentage of Community production capacity in use would hardly exceed 70 %. The cutback in production is especially noticeable in the Belgium-Luxembourg Economic Union and in the Federal Republic of Germany, that is in the countries which were most seriously hit by the fall in exports.

In the second half of 1976, the increase in steel production was not maintained. Orders received by the Community steel industry show some stagnation since April. The basic price for deliveries made up to the end of the second quarter of 1976 is still well below the high levels reached in 1974. There is no significant increase in the price of exports to third countries.

On the other hand, there has been a noticeable increase in imports in recent months whereas, because of the continuing weakness of the world market, exports remain about 40 % below the peak reached in 1974.

In these circumstances, Mr President, the anti-crisis plan adopted by the Commission on 24 November last meets with our entire approval. The overall design and philosophy of this plan with its four sections — the permanent measures, the specific mechanism to be applied to in critical situations, the section dealing with relations between the Community and third countries, and social and regional aspects — provides an answer to the problems which face us at present; we must do everything possible to restore order to the iron and steel market while at the same time avoiding any protectionist over-reaction which might lead to retaliatory measures from other producers and other countries. The guiding principle of Community policy must be respect for the market mechanism.

The Commission and the iron and steel industries, using the forecasts of demand drawn up by the European Community, must try to match supply to that demand. Furthermore, any market disturbances caused

by third countries — which we discussed yesterday when we were talking about Japan — must be examined and here again, and especially in this field, the principle of respect for the market mechanism must be observed.

We should make allowance for the fact that the Community, in marketing its products, does not resort to dumping. While we are satisfied with the anti-crisis plan as such, we insist that it be put into operation without delay, for the key indicators used by the Commission itself for the implementation of this Programme — statistics of orders, projections of production and employment, stock trends, the abnormal and persistent recession in the industry — have already been flashing their warning signals for some time.

We know that the Commission wishes to apply to the iron and steel sector from 1 January 1977 those provisions of the anti-crisis plan relating to the limitation of production and supplies. This of course applies both the observance by the undertakings of the quotas allotted to them and also the breakdown of production targets by undertaking. However, this is not merely an economic problem, it is primarily a social problem and, to a very large extent, a regional development problem. I should like to insist particularly on these two points.

There are of course certain measures of social policy which the Commission can apply in accordance with the terms of the ECSC Treaty. I am thinking in particular of Article 56, which should be implemented. That however is not enough. The areas hardest hit by the crisis in the iron and steel industry are border zones. I am thinking especially of the large region embracing Luxembourg, the Belgian province of Luxembourg, Lorraine and the Saar, where tens of thousands of jobs are vanishing, where regional development programmes must be implemented in order to ensure that those regions with structural weaknesses can be redeveloped in the best possible conditions.

We regret that, until now, the Community institutions — and here I am thinking of the Council as well as the Commission — have not been able to adopt a common attitude to the social problems arising from the economic crisis, in spite of the substantial and worrying increase in unemployment in recent months.

Mr President, how do you expect us to interest public opinion in direct elections to the European Parliament if, at Community level, we cannot join forces to reduce the level of unemployment and gradually to restore full employment, aims which are moreover in accordance with the very solemn declaration of the Tripartite Conference held in June?

In these circumstances, I should like to ask both the Commission and the Council what specific and effective action, outside the purely legal framework of the ECSC Treaty, they intend to take to deal with the

structural employment problems affecting the iron and steel industry in those areas which are hardest hit. To what extent, for example, will the resources of the Social Fund and the Regional Fund be drawn on? Will ECSC measures be coordinated with other political, social and economic measures? At present we desperately need, and yesterday in this Parliament we called for, a common attitude to the social problems resulting from the general economic crisis; will we finally achieve it?

Mr President, I referred just now to the flashing of warning signals. I hope we shall succeed in extinguishing them before the engine catches fire.

*(Applause)*

**President.** — I call Mr Liogier, who is deputizing for Mr Cousté.

**Mr Liogier.** — *(F)* As the President has just stated, I am taking the place of Mr Cousté, who was to put this oral question on the iron and steel industry on behalf of our Group but who is unable to be here.

The iron and steel industry is at present in a crisis situation; everywhere unemployment and short-time working are reported. The Group of European Progressive Democrats has persistently sounded the alarm by putting down written and oral questions which have been debated in this House, concerning the various difficulties experienced by all the Member States of our Community.

While we much regret its delay in taking action, we are pleased that the Commission has finally realized the need to take anti-crisis measures, and also to defend the Common Market, particularly against the excessive level of some imports from third countries.

The iron and steel industry is highly dependent on the general level of economic activity which affects the steel-processing industries themselves, in particular those which depend on investments. Successive anti-inflation plans and the uncertainty about short-term economic prospects which, unfortunately, is prevalent in many countries have had an effect on the operations of these industries. The difficulties arising from the short-term economic situation in Europe would not have such serious consequences, especially with regard to employment, if external markets had remained unaffected. Unfortunately, that is not the case at present, because of the unfavourable world economic situation and of the ruthless aggressiveness in major export markets of some producers — in particular the Japanese — who with the full support of their governments have too often shown a complete disregard for the rules of competition when they were intent on seizing a market at whatever cost.

Faced with this difficult situation, we asked, as indeed we had been doing that the articles of the Treaty providing for anti-crisis measures should be implemented. However, the Commission, in view of the

complicated procedures involved and also because of opposition from certain quarters, was reluctant to implement them. It finally abandoned the idea when the situation seemed for a while to be righting itself. We disapproved of this attitude, which was too passive for our liking. Using this failure to act as justification, some iron and steel companies, most of them effective in Germany or dealing mainly with Germany, announced at the beginning of the year that they had decided to set up an international economic group. Such an association, which could have resulted in the cartelization of 40 % of the ECSC's steel production, could quite simply have destroyed the Common Market. We are glad to say that the Commission, encouraged for one thing by our firmness, seems to have appreciated the reality of this threat in time.

However, we must now move on and reach a joint understanding on a European iron and steel policy. The project which the Commission has prepared, insofar as its aim is to define a real European policy for iron and steel, should be an adequate basis for effective action. We therefore support the efforts of the Commission to ensure the implementation of measures which, while they depend on voluntary action, do at the same time provide for minimum prices and any import restrictions which may be necessary.

We also call on the industries of the Nine to take joint action to ensure the implementation of necessary anti-crisis measures, particularly those relating to the adjustment of production, with a view to achieving greater rationalization and productivity. The establishment of Eurofer should make it possible, at least we hope it will, to plan future re-organization projects which would take account both of the interests of the European iron and steel industry as a whole and of the need for the progressive retraining of staff, for which we ask that a substantial European Redevelopment Fund be established.

Finally, we think that, to ensure that all these measures are fully effective, they should be incorporated in a world-wide operation by the Nine to alleviate the effect of any dislocation in trade in steel.

*(Applause)*

**President.** — I call Mr van der Hek to speak on behalf of the Committee on Economic and Monetary Affairs.

**Mr van der Hek.** — *(NL)* Mr President, I should like to explain briefly why the Committee on Economic and Monetary Affairs considered it necessary to table these questions.

First of all, we want the European Commission to give us a clear picture of its policy proposals for the iron and steel industry, and the European Commission is in the process of formulating a policy to deal with them, this is the time and place for that policy to be made known.

Secondly, there is the problem as such. Previous speakers have pointed out that the situation in the iron and steel industry has become serious, and I shall not go over the facts again. What is new is the way in which the European Commission intends to tackle the problem. If we forget the Council of Europe, the ECSC Treaty was the first form of European cooperation. This was an extremely important event, not only from the viewpoint of European cooperation, but also for other reasons. When you think about it, it is remarkable that the first thing we did in Europe was to bring a major industrial and raw materials processing industry under a single European regulation.

Alongside the political considerations there were very important economic motives at work. Efforts were made to use a modern approach, viz. by arranging matters so that the coal and steel industry — today we are dealing only with the steel industry — was made subject to a set of rules and procedures designed to satisfy the requirements of orderly marketing. In other words, competition was to be maintained as far as possible, and Community solutions were to be found to economic and social problems in this sector. The interests of the employees were thus expressly catered for.

The objective was clear: to ensure that no concentration of economic power could take place free of public control in the iron and steel industry. Given the nature of this industry this was no imaginary threat, for it comprises very large concerns which require enormous investment and very large capacities if they are to produce efficiently. In this sector in particular, the need to regulate the market, to have cross-frontier control, was vital, and the problems involved had long been recognized. The ECSC was the political solution adopted.

But what is happening now? As was foreseen at the time of signing the Treaty, we now have a crisis with regard to price fixing and sales. Very specific provisions of the Treaty should now come into force, and certain procedures should now be applied which require the Commission to hear the companies concerned and then to announce measures relating to prices and sales turnover. And what do we find the European Commission doing? It does not state that it will apply the ECSC Treaty — that's obviously asking too much. Instead it invites the companies concerned to cooperate by accepting certain self-imposed restrictions with respect to sales and production levels with a view to re-establishing equivalence of supply and demand. In other words, measures designed to cope with a crisis situation are taken on the basis of voluntary cooperation by the companies. In addition, the companies concerned have got together to form a new association named 'Eurofer', obviously to enable them to organize themselves better and to present a united front *vis-à-vis* the European Commission. As the Commission documents recognize, there is a danger here that this type of cooperation may lead to the formation of cartels, or at any rate to restraint on competition. It is a fair question whether the imple-

mentation of these measures based on voluntary cooperation will not lead, within the framework of Eurofer, to cooperative groupings among steel companies, or to a single large grouping with all the consequences of cartel formation and restriction of competition. In our view the sixty-four dollar question is whether the European Commission will be able to retain control of the situation. I want once again to put this question specifically to the Commissioner — it is not the first time the Committee on Economic and Monetary Affairs has done so — and to urge him to make very sure that this matter remains under the Commission's control.

We must make certain that when the crisis comes to an end — and we hope that that will be soon — we do not find that a further concentration has taken place in the iron and steel sector, with a reduction in public control and more powerful steel concerns. This seems to me a major point, and I should like to hear the Commission's views on it.

A second point concerns external relations. I hope Mr Simonet will tell us again how the Commission approaches this aspect. The problem has been stated: Japan. And there is also the problem of the United States. First we have Japan marketing its products at prices with which the European steel industry apparently cannot compete, and then there are American measures restricting the export opportunities of European industries. Another problem worthy of serious attention is Spain, which is becoming an increasingly aggressive exporter of steel products to the European market. What is the European Commission going to do about all this? Is it conducting diplomatic consultations with these countries in an attempt to persuade them to be less aggressive and more accommodating, or is it considering a more formal approach, for instance in the context of GATT? Japan, as regards dumping, the United States perhaps as regards protectionism, and Spain also perhaps as regards dumping, must after all be encouraged to behave in a more orderly fashion. In the case of Spain there is the specific problem that we have a trade agreement with that country. Can we use that as a lever in this context?

Finally a word on the social aspects. The Committee on Economic and Monetary Affairs has observed that the European Commission makes no real mention of the possibilities offered by the ECSC Treaty to help workers affected by production cuts or reductions in staff, and to make Community funds available for this purpose. My question to Mr Simonet is this; why is the Commission *not* making use of the relevant Article, does it intend to do so, and what does it plan to do in this area? And a final question: when will the measures voluntarily accepted by the companies come into force and what supplementary guarantees will the Commission require from these companies to permit it to remain fully informed of what is going on in this sector, so that it can act to ensure that these measures do not lead to power concentrations not subject to Community control?

(Applause)

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, *President-in-Office of the Council.***  
— (NL) Mr President, as the questions just asked show, only the first question put by Mr Santer and his colleagues is addressed to the Council, so that my contribution to this debate will perforce be very brief. In yesterday's debate on the communiqué from the European Council which met at the beginning of December, I pointed out that the macro-economic situation in the Member States is giving rise to widespread concern, and that the economic outlook is much gloomier than it appeared to be some time ago. I referred then to the analysis produced by the Commission in the form of a working paper for the European Council; this document has now been published and for the sake of brevity I would again draw your attention to it.

We must, of course, take this general background into account when considering the specific situations in the Member States. Mr Santer now asks the Council in particular what measures, not covered by the Treaties, are being considered by the Council or by the Member States jointly. Well firstly, of course, there is the regular consultation and coordination which takes place in the framework of the Economic and Financial Council and the efforts to achieve maximum harmonization of policy in order to avoid measures being taken, even in a period of economic recession, which could irreparably distort the development within the common market.

In addition, however, we have the results of the tripartite conference, i.e. joint meetings of the nine governments, employers and employees, the follow-up to which is already being planned.

It is measures of this kind which fit into the overall macro-economic picture. Mr Santer also referred to special funds, such as the Regional Fund and the Social Fund. He will be aware that these funds are subject to special conditions and special criteria, and I would point out in this regard that the coal industry and the iron and steel industry are naturally rather special cases since they are subject to a separate arrangement laid down in a separate Treaty. In my judgment, Mr van der Hek explained very clearly that this indeed involved a transfer of sovereignty and competencies to the High Authority, and subsequently to the Commission of the European Communities. It is not because I have any desire to pass the buck, but simply because of the legal character of this transfer, that I await with interest the reactions of the Commission, since the Commission has full powers to take the measures it deems necessary. I know that there are a number of provisions in the ECSC Treaty which require the assent, the *'avis conforme'* of the Council, but even in these specific areas the Commission retains primary responsibility.

In reply to another question from Mr Santer, I can assure him that the Council is aware that staff are being dismissed in certain iron and steel undertakings, and that other companies in this sector have announced short-time working. Again, however, the allocation of specific responsibilities in this area is such that it is the Commission rather than the Council which must act, and as President of the Council I shall be most interested to hear what Mr Simonet has to give us in the way of greater detail.

**President.** — I call Mr Simonet.

**Mr Simonet, *Vice President of the Commission.***  
(F) Mr President, ladies and gentlemen, since Mr Brinkhorst has done me the honour of associating himself with the Members who have put a number of questions to the Commission, I will now begin to answer them by referring very briefly to what has been done since June.

In June I had in fact to assume provisionally the responsibility for industrial affairs which had been relinquished by Mr Spinelli, who was then my colleague and who is still my friend. After noting that the iron and steel industry, after a brief improvement, was again showing signs of stagnation, we concluded that it was necessary to intervene in an attempt to halt this tendency which might rapidly plunge the iron and steel industry into another crisis without its having been able to regather strength.

The reason we decided to apply the system which the Commission approved in principle for the first time on 21 July was because we had reason to believe that the Council — which, if perchance we have to proclaim a state of emergency, is in a better position than the Commission to find a solution to the problem — would not give the assent which the Commission required in order to exercise its responsibilities. I do not know if Mr Brinkhorst — who, at the time, was not yet President — is aware of this fact, but there is no doubt that it would have been easier for us to invoke the Articles of the Treaty, if it had been politically possible for us to do so, rather than devise a system which is undoubtedly complicated, but which allows the Commission to exercise its full responsibility.

We have thus reached a point at which we shall be able to send to the groups of undertakings a recommendation to reduce production, which we expect to restore a satisfactory balance between steel supply and demand within the Community in the months to come.

We did this, I repeat, because for some months now we have felt certain — and this feeling has been confirmed by the trend shown by the short-term indicators which we developed — that the iron and steel industry has not managed to extricate itself from the

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crisis for long enough to enable it to build up its financial reserves and restore the stability of the sector.

This conviction has been supported by events which have occurred since, we observed for the first time at the end of the first quarter of 1976 the extremely disturbing fact that the iron and steel industry had lost its fat, that it was unable to put it on again and that any further deterioration in the situation might therefore damage its muscles or even its bones, that is to say it might have fundamental and may be irreversible effects on its structure and its ability to resist foreign competition, not only in the markets of third countries but even inside the Community.

It was for that reason that this plan, which I shall describe to you in detail in a few moments, was prepared in collaboration with the concerns, governments, professional organizations and trade unions. We have made good use of the months which have passed since July 1976, i.e. from the first decision on principle adopted by the Commission to organize wide-ranging consultations. After a first round of such consultations we then prepared a draft of a definitive text which was itself the subject of a further round of consultations with the same parties.

This crisis is marked, apart from its purely short-term economic features, by under-employment, dismissals, short-time working and two structural features which are of major importance and extremely worrying. The first of these is internal and the second is external. The first feature is internal in the sense that it has been impossible not to notice a difference between the evolution of the iron and steel industry in the south and in the north of the Community. The entire Community iron and steel industry is going through a crisis, but the iron and steel industry of Germany, the Netherlands, Luxembourg and part of Belgium can be said to be coping better with this crisis, with more encouraging prospects of survival and even of growth, than the iron and steel industries in France, the United Kingdom, part of Belgium and in Italy. Evidence of these varying trends, to which reference has been made, was seen in the fact that the strongest and most resilient wanted to prepare themselves for the new crisis which they felt was developing by drafting joint inter-concern agreements, and there was reason to fear that this might be the harbinger of a regional cartel inside the Community and thus mark the end of the European Coal and Steel Community.

This was an initial reaction which I felt I should remind you of and which was undoubtedly a consideration with some governments when they referred the problem to the Commission. Of course, the Commission was also aware of this possibility from the beginning.

There is also a second structural feature which is of importance, but which is more external, since it also involves the products of third countries. We observed,

when there were slight signs of recovery and especially when the recovery levelled out, that — as some speakers mentioned — there was no significant recovery in exports to third countries; on the contrary, there was a reduction in exports combined by a marked increase in imports to Community countries. The question which we have to ask ourselves in future months is this: are we dealing with a phenomenon which will disappear when the recovery is achieved and the market balance has been restored, or are we witnessing the first stage of a reshaping of world iron and steel activity, distinguished by marked growth and strong competition on the part of iron and steel industries of third countries and by a stabilization of the iron and steel industries in the Community, which in some cases and in some regions would actually be a decline.

Obviously, I cannot speak for the Commission which will be taking up office on 6 January next year. However, at a meeting of the ECSC Consultative Committee a few weeks ago, speaking in my personal capacity and stimulated by my experience of the consultations organized between the governments, the professional organizations and the trade unions, I mentioned the possibility of organizing a conference at which the professional organizations and the trade unions, the Community authorities and the Member States would try to identify the lines along which the iron and steel industries of the Community would develop in the long term. Although it cannot be said with certainty that we are witnessing the beginning of a fundamental reshaping of the industry, I am in fact convinced that a number of indications show that these changes in the Community's external trade — the stabilization of exports and the increase in imports, cannot be considered as a purely short-term economic phenomenon — but that they conceal something much deeper about which we should be concerned right now. The steps which we propose to take to counter the crisis should also allow for a medium of balance to be restored, so that the fundamental problems of reshaping the industry can be tackled.

Since I am discussing external policy, I will now deal with the questions asked by Mr van der Hek and by other Members.

There is undoubtedly a general deterioration in the competitiveness of Community economies *vis-à-vis* the two major industrial producers, the United States and Japan. I remind you of that fact in order to show that, from the industrial point of view, although the Treaty of Paris obliges the Commission and the Council to pay particular attention to the problems of the iron and steel industry, this industry is none the less only one part — albeit a large one — of the economy of the Community and is therefore not immune to its misfortunes and to the structural and



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short-term economic problems affecting the Community economy as a whole.

If the steel processing sector was healthier, it could obviously buy more Community steel; if the iron and steel industries in the Community were more competitive than their rivals in other countries, they could sell more. It is therefore impossible, whatever the legal prescriptions of the Treaty of Paris may be, to isolate the iron and steel industry from other sectors of the Community's economic life.

We must realize therefore that it is equally impossible to dissociate the external policy to be applied to iron and steel from the general external trade policy of the Community. Any move we might make to impose protectionist restrictions on the iron and steel industries of third countries, including those which threaten us most directly, could lead to a trade war at a time when general negotiations are about to begin, particularly with Japan, on the problem of Japanese industry's excessive competitiveness *vis-à-vis* Community industry — a subject on which our information is not yet complete.

At no time was it our intention, nor is it our intention now, to adopt a protectionist policy by applying unilateral restrictions to imports from third countries. We have preferred to negotiate, and this course has been quite successful in our dealings with Japan on the question of steel, since the Japanese authorities have agreed to recommend their undertakings to limit their production — and that includes small and medium-sized undertakings which, until then, had not been affected by the self-limitation policy.

You will probably say, and this is an objection which has been put forward by certain users, that the amount of Japanese steel imported into the Community is very limited. The figure for imports given in the self-limitation undertaking is approximately 1% of the Community's total steel consumption. However, this amount, even if it is very small, has a disastrous effect on the level of prices and, consequently, on the profitability of the undertakings and their chances of growth and survival. It was for that reason that we had to negotiate this agreement with the Japanese authorities but, I repeat, it is not a dictate, it is not a unilateral measure introduced by the Community, it is the result of negotiation.

We have initiated similar negotiations with Spain because we noted that there, too, there was a marked and rapidly increasing gap between steel exports to Spain and imports of Spanish steel into the Community. For the time being, and without prejudice to general economic developments, we are trusting that bilateral negotiations with our chief competitors will enable us to reach joint agreement with them on figures which will provide evidence of their willingness not to subject the Community industry to unbridled competition.

This brings me to the contents of the plan on which I shall presently be consulting the ECSC Consultative Committee. Contrary to what Mr van der Hek may think, and contrary also to the opinion expressed in the wording of a resolution from the Socialist Group which I have before me and to which I shall reply in a moment, the Commission has not failed to apply the terms of the Treaty. It is possible that if, in the months ahead, we were convinced both that the situation is not improving and also that the Council might give its assent in accordance with the terms of the Treaty, it is quite possible that next year, or later, the Commission — which will then have to assume the responsibilities conferred on it by the Treaty of Paris — may have to invoke the provisions of that Treaty concerning the proclamation of a state of manifest crisis.

We are therefore not substituting for the provisions of the Treaty a new formula intended to be applied in future. We are certainly not violating the Treaty. It would be inconceivable for the Community authority responsible for enforcing the Treaty deliberately to infringe its provisions. Our attitude is that the Commission, since it does not ask for any powers of compulsion, is free to implement a system which depends on the cooperation of the undertakings and which it hopes will provide a solution to the problem which we face.

What is this problem? using a certain number of general indicators, and also some indicators which refer specifically to the iron and steel industry, we have, in collaboration with the undertakings and the professional organizations, calculated a certain number of percentage reductions to be applied to the thirty or so groups which comprise the entire iron and steel industry.

A few explanations should be given. If the system is to be effective, the cutbacks in production must be applied in the undertakings, each of them must be given a proposed figure for its reduced production and undertake to abide by that figure. If the system is to operate, it must be possible to obtain data on each enterprise and to see to it that it applies the recommendation relating to it. There are more than 400 iron and steel undertakings in the Community, and it is not possible to deal with each one individually. On the other hand, if we merely fixed reduced quotas for each country and left it to the country to spread the reduction over its own undertakings, as several professional organizations suggested that we should, we should then be in a situation in which we ourselves would be conniving at a violation of the Treaty.

We have therefore divided the iron and steel industry into approximately 30 groups which we consider by virtue of their economic and financial affinities to be sufficiently uniform, and which also have enough authority over each of the undertakings in their group

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for us to feel sure that the recommendation which we make to each of those groups will in turn be applied to each of the undertakings comprising it.

In other words, if the outcome of our meeting with the ECSC Consultative Committee is positive, we will write on Monday to the thirty groups which I have just referred to and will notify them of the reduced production figures which we wish them to observe in the next four months. The information I have just given you covers the two other questions which have been tabled, particularly the one from Mr van der Hek. The procedure would take effect from 1 January 1977, and would be applied for an experimental period of four months. Why four months? For two reasons. The first is that the present Commission will cease to exist on 5 January and we did not want to tie the hands of the incoming Commission for too long a period. We therefore wish to give it time to reconsider the situation and to confirm or withdraw the recommendation as it prefers. We also wish to leave it the option of improving the system of analysis, of perfecting the statistical equipment which we have at our disposal at present, in order to have an even clearer view of the situation.

Of course, everything depends on the cooperative spirit of the undertakings. We hope to be able to count on the collaboration of all the governments, since I think that we have taken careful note of their opinions, and we would also hope to have the collaboration of the professional organizations.

This brings me to another question. Both the Socialist Group and Mr van der Hek have been concerned that this situation may see the re-emergence, perhaps in a different form from that of the conventional cartels, of agreements which would be a variance with the provisions of the Treaty.

I can assure Mr van der Hek and his group that this is a danger of which the Members of the Commission have been constantly aware, particularly those among them who have responsibility for competitive policy. We are very well aware that we must take care, as we did when defining the groups, that the implementation of the procedure does not provide an opportunity for the development of cartels.

And if we have until now been favourably predisposed to the establishment of Eurofer, it is because we do not think, in view of the information at our disposal, that it is a cartel but, on the contrary, that it can serve as a positive link between the industry and public authorities, in particular the Commission. However, I can give Mr van der Hek of the Socialist Group the most solemn assurance that, throughout the implementation of this procedure in the experimental period which I have just referred to, we shall take the utmost care to ensure that the procedure does not any time result in cartels.

I would also say in answer to the Socialist Group, that there should be no misunderstanding. It is not a matter of the Commission simply rubber-stamping the figures submitted to us by business circles. It is true that we have talked and negotiated with the groups and professional associations, but the sole responsibility both for fixing the reduced quotas and for the implementation of the procedure lies with the Commission, and I would repeat once again that while the system was being prepared and, I think I can safely say, for as long as it is implemented, we shall scrupulously avoid any infringement of the rules of competition, with this proviso — for which formal provision is made in the Treaty — that there should be restricted competition at certain times, in particular in the presence of a crisis which we have to combat. However, such a proviso is in the true spirit of the Treaty, which rests on two central principles, the first being the will to establish and maintain the freest possible conditions of competition in normal circumstances, the other being the need at certain times to adjust competition when the deterioration of the iron and steel industry requires it.

That, Mr President, completes the remarks which I wanted to make at this stage of the debate. Of course, no procedure is perfect but, in view of the restraints which the Commission has to observe, and the fact that we did not wish to stand idly by and watch the rapid deterioration of the situation in the iron and steel industry, and in view also of the wide measure of approval which greeted the Commission's preparatory work on this procedure, I hope that it will be effective and that, if we succeed in redressing the balance between supply and demand, circumstances will then allow us to tackle the basic problems to which I have referred. These are the problems of a traditional industry, some of whose national components are now rather old, and which in years to come will be increasingly subjected to the competition of new producers or of old producers, like the Japanese, who have invested and rationalized to such good effect that they are now in a position to threaten us in our traditional markets, to place ever greater restrictions on us in the Community market and even seriously to disturb that market.

Serious consideration must therefore be given to the problem and I hope that this will be done in future months so that the Community can be given the iron and steel policy which it needs, both from a short-term economic and from a structural point of view.

*(Applause)*

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

**Mr Artzinger.** — (D) Mr President, ladies and gentlemen, the Christian-Democratic Group in this House welcomes this debate. I think it was right for the initiative for holding it to be taken by various sides — and I should like in particular to thank my colleague Mr Santer — for this House can hardly remain silent when an industry is in a difficult situation, and there is no denying that there is a crisis in steel production. However, let me add straight away that it is wrong to extrapolate a momentary situation indefinitely into the future. There are also voices to be heard saying that the economic situation in the steel industry could change relatively quickly, and that, Mr President, ladies and gentlemen, is precisely why we welcome the fact that the cumbersome machinery of the ECSC Treaty has not been brought into action, but that the Commission is attempting to handle the matter with a somewhat lighter touch.

We have the greatest sympathy for the reservations with regard to structural policy that have also been mentioned in this discussion, by Mr van der Hek for example. I agree it is not just a matter of economic and social policy; there is also the question of whether the means chosen fits in with our conception of the market economy. I have never taken the view that the market economy had to be a dogma — one must adapt to the specific situation. I believe, therefore, that it is going a little too far when, for example, in Parliament's Economic Affairs Committee the opinion is expressed that developments should be allowed to follow their own course. That would mean that the concerns with the most muscle and with the strongest resources would succeed, while a lot of marginal concerns would have to drop out. That is the liberal concept, but I do not think this can be done in a sector in which the State has a large involvement. It is unthinkable that the State would allow a concern in which it has an interest to go bankrupt. For them the tax-payer pays for the losses. It is equally unthinkable that the public would put up with marginal firms dismissing their workers while other firms in the same sector in the European Community were able to grow and prosper. In short, that is no solution.

Then there is the solution offered by the ECSC Treaty, but that, Mr van der Hek, is in fact the pure cartel solution. The Treaty does indeed provide for this cartel solution, with production quotas, minimum prices, etc. In my view, then, everything that can be done to avoid this purely cartel-based solution is to be welcomed.

We therefore wish the Commission well. We hope that the solution which the Commission has gone to so much trouble to work out will prove successful, and we hope it will be so successful that the agreement can be suspended before the four months are up. Perhaps the economic situation will help. We hope so.

(Applause)

**President.** — I call Mr van der Hek to speak on behalf of the Socialist Group.

**Mr van der Hek.** — (NL) Mr President, I should like to address my first remark to the European Commission. I am grateful to Mr Simonet for his detailed reply. It was a detailed, and for me also an illuminating reply. But we as the Socialist Group would still like to ask a number of questions and make a number of comments. Indeed, I feel that Mr Artzinger's remarks are a strong provocation to do so. He gives the European Commission a pat on the back because it does not want to implement the Treaty to the full but is looking for a more flexible solution which it can try out. He thinks that's marvellous and says that the ECSC Treaty is precisely what we want to avoid, i.e. the typical cartel solution. I take it, therefore, that Mr Artzinger believes the Federal Republic of Germany and his party should never have signed the ECSC Treaty, since that is now apparently the wrong solution.

But, Mr Artzinger, this solution does not involve a cartel. A public authority, the European Commission, imposes obligations on concerns and supervises the situation. Is that a cartel in the strict sense of the word? No, that is the organization of the market under public control, which is something quite different. It is normal for a market organization to become necessary in a particular sector where there is a concentration of power in the economic sense, and where the Community is clearly involved in all sorts of ways, including financially; in such a case it is desirable, from the democratic point of view and also in the public interest, for the public authority — in the case of the coal and steel sector the European Commission — to undertake this organization of the market. I take this view as a Socialist, but I would have thought that any democrat and anyone who attaches great importance to the distribution and control of power in society would agree with me. I thus do not want simply to give the European Commission a pat on the back, but rather to show understanding of what it wants, since the European Commission has said that when the four months are up the new Commission — depending on developments — will perhaps decide to implement the ECSC Treaty nonetheless. I take note of this and I shall not forget it. I hope that I shall still be here at the end of these four months.

Then we can talk this over again. Much will depend on precisely what the European Community is going to do in the meantime, and I should very much like some clarification on this point. We now have 'Eurofer', the steel industry organization, and we have the European Commission. Did the European Commission have the opportunity before Eurofer was set up of learning what form the organization was to

**Van der Hek**

take? Was it also able to exert any influence on this, and has it subsequently come to any particular agreement with Eurofer as to how relations between the two are to be developed? What arrangements have been made for the relationship between Eurofer on the one hand and the European Commission on the other, and what means does the European Commission have of influencing Eurofer? Then there are the groups which will ultimately implement the Commission's decisions on a voluntary basis. There seems to be something odd about this. The European Commission lays down for each group what the restriction entails, and the groups themselves must pass this on to the companies — but they do this on a voluntary basis; the question is what means the European Commission has to impose what it regards as desirable on these thirty groups, and what forms of inspection it can use to ensure within each group that what is regarded as desirable is actually carried out.

Finally, Mr President, one further question to the Council. At a given moment the European Commission, in the person of Mr Simonet, put the ball in the Council's court. He said that he hoped that if the Commission decided it was necessary to invoke the full provisions of the ECSC Treaty the Council would not hesitate to give the green light. I should like to ask the Council whether there have already been discussions on the desirability of invoking the Treaty to the full right now, and what was the Council's decision on this? What is the Council's intention in this respect? If it turns out during these four months that more drastic measures are necessary, can the Council then take the decision that the European Commission needs within as short a time as possible? Four months is a very short time. In a sector such as this, if you want to cut back production capacity — or rather not actual capacity but the utilization of capacity — within four months, preparation of a different sort is required. Honestly, I don't know whether four months is sufficient. What is important is that the Council should now be preparing itself for the decisions to be taken in the future, that it should make a thorough study of the subject and be in a position to take the necessary decisions immediately. That was what I wanted to ask about.

**President.** — I call Mr Meintz to speak on behalf of the Liberal and Democratic Group.

**Mr Meintz.** — (*F*) Mr President, ladies and gentlemen, the Liberal and Democratic Group is very pleased that these three questions have provided us with an opportunity to debate the crisis in the steel industry. In fact, if we compare the current year with 1974 — which was a particularly good year for Community steel production — we find that the steelworks are now running at 65 % capacity (a drop of 20 %), orders have fallen by 23,1 %, and total output

has slumped from 27 to 21.3 million tonnes. There has been a startling fall in prices in the Community, reaching 35 % and even 50 % on the international market.

The steel industry in the Community felt the 1975 crisis far more than other steel industries elsewhere in the world. Mr Simonet said just now that its effects varied from country to country within the Community. I fear he has placed Luxembourg among those countries which weathered the crisis best, but in fact Luxembourg was among those most affected. The prospects for the coming months are not particularly rosy, what with national plans to curb inflation and the economic uncertainty prevalent in some countries. As far as the Liberal and Democratic Group is concerned, we disagree with what was said just now and fully back the anti-crisis measures outlined by Mr Simonet.

The merit of these measures is that they seek to find solutions for the most pressing problems which beset steel companies in the Community today, and they thus bypass any need to resort to the ponderous and time-consuming provisions of the Treaty itself. These measures should be both practical and flexible so that they can be speedily implemented.

It is our view that in the present situation there is a greater need for a plan to beat the crisis than for the creation of an international organization of steel-producing countries. The proposed measures are certainly insufficient and there is no doubt that they could be stiffened. Take, for example, the production quotas. The programmes relate solely to the ECSC internal market, whereas export programmes will continue to be fixed by each Member State. And as for establishing minimum reference prices, the difficulties here, to say nothing of the faults in the system, are clear for everyone to see. There is obviously a risk that that the minimum prices will become maximum prices. Imports and sales from stocks have been left out of the picture, and there is also a risk of possible complaints over dumping. The implementation of a policy of minimum prices must not be jeopardized by lower offers from third countries, which our own steel companies would then have to follow.

Pursuing this idea further, I should like to know how the Commission could prevent such a downward alignment of prices, since the system is in no way binding.

In a number of countries cutbacks in production have led to short-time working and redundancy. Although the recent crisis has hit steel workers throughout the Community, one or two areas with structural weaknesses have suffered more. Let me just remind you of what has been achieved by implementing the provisions of Article 56 of the ECSC Treaty on vocational retraining and industrial resettlement. In fact, as a result of these provisions and other related agreements drawn up with the Member States, the Community had made available by the end of 1975 credits

**Meintz**

totalling 24.2 million u.a. for 93 000 workers in the steel industry.

At the same time, these measures for the vocational retraining of redundant workers must be backed — and the need is even greater now than it was hitherto — by further measures to encourage industrial redevelopment and stimulate the growth of new jobs.

The Liberal and Democratic Group welcomes the creation of Eurofer, with its role as partner in talks with the Commission on the application of the measures to combat the crisis. We are convinced that this is not an attempt to set up a cartel — as has been feared in some quarters — but that the new organization can be a valuable aid in the harmonious development of the steel industry in Europe. This does not exclude action at a world level by the major steel-producing countries. Action of this sort, in fact, would help prevent damaging competition leading to the introduction of unilateral and often exaggerated measures. We welcome the negotiations with Japan aimed at setting effective limits to that country's exports to Europe, and it only remains for us to negotiate a similar agreement with Spain. We must not be ready to accept vague assurances, which are then quickly belied by the facts. The way out of the crisis is not to raise Malthusian protectionist barriers but rather to encourage international cooperation and agreement.

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

**Mr Osborn.** — Mr President, I welcome the opportunity of contributing to this debate in this Parliament and speaking for the Conservative Group, but I should make it clear I am a director of a private sector engineering and steel company, but it does no harm for a person who got his degree in metallurgy 33 years ago and has lived with the steel industry in Britain, and in Sheffield particularly — the Special Steels Division of the British Steel Corporation is in my constituency — to perhaps speak from the experience of one region at this time of crisis and difficulty in Europe. I should mention that in Sheffield the private sector has gone through drastic rationalization, sometimes with immense anguish, but out of this is coming a powerful group which will be a source of strength for Britain and the Community.

In a debate of this type each one of us should speak from the experience of our own countries in this field. My impression in Britain is that the order books are better than they were last year. Certainly the British Steel Corporation's figures of 487 000 tonnes announced on 10 December showed the highest production for 20 months, and were 6% up on October and 22% up on last year. There have been recent examples of record outputs in individual plants. But when steel was nationalized, the target was that we should have an output in Britain of 35 million

tonnes. In 1974 it was 22 million, in 1975 20 million. Perhaps the present healthier situation is due to the economic and currency inequilibrium resulting from the fall in the pound Sterling. Therefore, any firm measures and quotas imposed on Britain at a time when that country must have a powerful steel output in order to regain economic balance within the Community would be unfortunate. In looking at the situation and entering the ring the Commission has a very delicate role to play.

Mr Simonet in his speech outlined the external problems. What we have got to look at in Europe is the growth in world capacity, the growth in European capacity, the over-capacity now. Can we expect the conditions that have been cyclical for many years to continue? There are other factors: the availability of iron-ore away from Europe; the fact that much of the iron-ore resources are outside this Community; the cost of energy.

But we have also got to look at the productivity of our plants. Some 2 1/2 years ago I was at the Nippon Steel Plant, outside Tokyo, where productivity was 1 800 tonnes per man per year. The average in Britain is 100 tonnes per man per year, and perhaps the best plants in the Community produce between 350 and 450 tonnes per man per year. So investment, productivity and the right employment of our resources are still vital. Various companies have looked at the possibility of setting up steel plants in Australia, where there is abundant iron-ore. We have got to look at our situation realistically, bearing in mind that the iron-ore and the energy are coming from outside. The last overseas steel plant I looked at was in Venezuela on the Orinoco, and they had the resources from their oil to invest in their own steel industry. But in Britain we have had Sir Monty Finniston from the British Steel Corporation outlining the difficulties that faced his industry. We have old plants and they must, somehow or other, be shut down. I welcome the existence of the steel club and the statement by Mr Simonet; for what is vital is that we should have balanced coordination in the industry, and an acceptance of that coordination is welcome at the present time.

*(Applause)*

**President.** — I call Mr Suck.

**Mr Suck.** — *(D)* Mr President, ladies and gentlemen, I should just like to draw Mr Simonet's attention to the motion for a resolution which has been drawn up in my name and not in that of the Socialist Group. Its purpose is to ensure that we in the Committee on Economic and Monetary Affairs are kept constantly informed about the situation on the steel market in general and also on the question of whether we can perhaps exert a certain influence on the measures which have now been taken by the Commission. I am uncommonly relieved that you have replied in posi-

**Suck**

tive terms to precisely those central points that we drew attention to in paragraphs 2 and 3. Nonetheless, I think that the committee has every right to continue to be involved in supervising these measures.

I cannot go along with Mr Artzinger's view that the ECSC Treaty provides for a pure cartel system, and that this would be equivalent to private cartels. In my view this is not true. We were in fact concerned that after the expiry of the Commission's measures, which we thoroughly welcome as such, certain competitive opportunities could as a result of Eurofer no longer be exploited because there might be private cartel measures or the formation of a private cartel.

There is, however, one other thing which worries us all, besides the difficult economic situation in the market at present, and that is the question of the structural measures which are to be carried out. For if it is true, as we were told in the Committee on Economic and Monetary Affairs, that the utilization of capacity in the Community currently averages approximately 66 % and that the work force ought to be reduced by up to 3 000, we would naturally be interested to hear for once here in public whether this problem has also been raised in the Consultative Committee and whether it has been approved by the members of that Committee. This motion for a resolution then, ladies and gentlemen, is intended — as I said at the beginning — to ensure that we are kept informed and are thus able if necessary to intervene in our capacity as a specialist committee.

*(Applause)*

**President.** — I call Mr Burgbacher.

**Mr Burgbacher.** — *(D)* Mr President, ladies and gentlemen, since I am among those who have been Members of this Parliament since it was set up, I still remember very well another debate on the possibility of declaring a manifest crisis for coal. This House spent several days discussing the coal shortage that had arisen at that time and decided not to declare a state of crisis. Fifteen months later this same House had to discuss the same problem in reverse, i.e. how to deal with the coal surplus — and this only fifteen months later! The outcome of that discussion was the famous policy of a 'slimming cure' for coal, a policy which allowed the oil crisis to have its full effect on the Community, in other words contributed to the present crisis. I do not see that as a piece of wise foresight but merely as shortsightedness.

Today the same goes for the danger of declaring a manifest crisis for steel. But, ladies and gentlemen, the most important thing is: what do we then do if the need arises for the declaration of a manifest crisis for

textiles or for some other industry? For we can only declare a manifest crisis for ECSC undertakings, i.e. we are now clearly establishing a policy of differential treatment for crisis in major industries. That alone would be a sufficient reason for me to reject this idea. I should, however, like with respect to ask Mr Simonet, who has gone into this question very thoroughly, to look up in the archives what went on in that extensive debate on the manifest crisis for coal and what the consequences were. I have heard all your remarks once before — ten or twelve years ago, or even before that. Forgive me for saying so, but in doing this the Commission is taking over entrepreneurial responsibility for the steel industry. Are you prepared for this? If I may say so, my confidence in the Commission's entrepreneurial ability to manage the steel industry is extremely limited — or, to be quite frank, I have no confidence in it at all.

Mr van der Hek, with whom I do not agree on everything, — in particular, of course, when he is speaking as a Socialist — is quite right about the danger of cartels.

Mr van der Hek, if a public authority — in this case the Commission — and industry enter into matrimony, then this is an act of procreation and one never knows exactly what will come of it. Mr Simonet envisaged a period of only four months. Either these four months are not long enough for this method to be effective in overcoming the crisis, or the crisis is not nearly as serious as it would have to be to justify the method. Above all, however, the consequences of an act of procreation do not become apparent in four months. Mr Simonet avoided taking nine months; he himself obviously has insufficient faith in his own system, as the steel crisis cannot possibly be properly solved in four months. That is quite out of the question.

I should like to associate myself with what Mr Artzinger said on behalf of our group, I do not think that declaring a manifest crisis for steel is the right way. Above all, however, responsibility for economic processes is thereby transferred to the Commission; this is only possible, however, in sectors covered by the ECSC Treaty, i.e. the transfer of responsibility cannot be made a general instrument of policy for combating crises. That is a major mistake, in that we have still not combined the three Treaties into a single Treaty for the European Community, probably because we are afraid that the few concessions on the transfer of sovereign rights which the ECSC Treaty has actually brought about could get lost in the process of merging the Treaties. From the European point of view that is not a particularly optimistic explanation, but I think it is not far from the truth.

**Burgbacher**

To sum up then : the experience gained from the coal crisis and its aftermath does not justify declaring a manifest crisis for the steel industry. We wish to emphasize — and here I support Mr Suck — that these developments must be thoroughly discussed in the Committee on Economic and Monetary Affairs. You cannot possibly expect this debate to give the green light for declaring a manifest crisis. The subject is much too important, much too fundamental and much too dangerous for that.

*(Applause)*

**President.** — I call Mr Normanton.

**Mr Normanton.** — Mr President, I believe that the House should offer every congratulations to Mr Simonet on having achieved three things. Firstly, on having grasped this industrial political nettle; secondly, for presenting the problem and the seriousness and critical aspect of this problem so succinctly; and thirdly, for striving so manfully to submit a short-term solution, I repeat, a short-term solution at best, despite being constrained by the Treaties and the weakness and indeed the absence of adequate agencies to effectively deal with the situation. I said short-term, Mr President, because I do not think that the Community as such has even begun to understand the nature of the restructuring of world trade and world industrial production. In terms of British political philosophy — if I may draw upon my own domestic British experience — we are tending to think of and use the term 'the mixed economy'. I personally prefer to use the term 'the mixed-up economy' because that is precisely what it is. It is mixed-up thinking. It is mixed-up planning and it is mixed-up action. You have both State or nationalized industry on the one hand and you have what is termed the private sector on the other. And both are operating on entirely different industrial and commercial criteria. We try to pretend that we have a market in their products. We do not have a market — certainly not in the German or the continental sense of that word. We have two totally different systems and ways of viewing their problems. The position is no different, I believe, in the world economy from in the British and the European economy, and whether we talk of steel or of any other industry is almost irrelevant. The Japanese steel industry follows quite different principles of marketing, manufacturing, distributing and financing of its products. The Iron Curtain steel industries operate on entirely different philosophical and commercial bases from those on which the steel industry of the European Community operates. The commercial and industrial policies of the Iron Curtain countries are but the extension of their political policies. We are debating steel today and putting forward short-term views and short-term measures. But we are blinding ourselves if we fail to recognize, to study the situation and draw up clear and understandable plans

to deal with all major sectors of Community industry. The key to achieving this and the key to finding solutions which will be acceptable to all living in the Community is political will and here I might stress not for the first, and certainly not for the last time, the conspicuous lamentable lack of political will in the Community. We cannot deal with steel with our existing instruments and Treaties. We cannot deal with steel or any other major industrial sector with our present industrial, commercial thinking. And until we grasp this, there is not the slightest possibility of doing more than blundering from one industrial, from one economic crisis to another. That is the lesson which I personally draw from what Mr Simonet has said to us this morning. And he said it not for the first time and his message has come over to me loud and clear.

*(Applause)*

**President.** — I call Mr Simonet.

**Mr Simonet, Vice-President of the Commission.** — *(F)* Mr President, I should like to express my thanks to the various Members who have spoken appreciatively of the Commission's efforts. I shall deal with some of the more difficult questions they have asked, or at least with those which apparently caused the greatest concern.

Eurofer has now been set up as a legitimate body within the terms of Article 48 of the ECSC Treaty. We were kept informed of the negotiations which led to its creation — and let me say that this new body offers no serious threat to the Common Market, since it embraces the whole of the Community. This was not the case with the recent Benelux project, which involved steel concerns in only one specific area of the Community.

We intend to collaborate regularly with Eurofer in a spirit of mutual trust, but naturally — as I pointed out a short while ago — we shall be ever on the alert to prevent it from turning into a cartel.

Speaking of cartels, I should like to answer the queries of Mr van der Hek and Mr Artzinger. The difference between a cartel and the organization which the Treaty provides for is as follows: a cartel is a purely private organization which, by cutting production or maintaining prices, is intended to serve only the interests of the sector which has set up the cartel. The crisis measures — both those laid down in the Treaty and those proposed by the Commission — will not lead to the creation of a cartel, even though one or two cartel-type measures, such as production cuts, will be adopted.

The vital point here, I feel, is that a decision has now been made. To be sure, it was taken in view of the present state of the steel industry, but the present state of the Community's economy in general was also

**Simonet**

taken into account. The Commission is making every effort, both when a state of manifest crisis is declared and when the proposed plan is implemented, to see that a fair balance is maintained between the interests of the steel industry and those of the Community's economy in general.

In reply to Mr Meintz, I can tell him that Eurofer will indeed have talks with the Commission. The new organization is of some interest, since it will enable the steel companies and associations of the EEC to get together at Community level and produce a sort of distilled version of what the steel industry thinks. But it will never be our intention to accord Eurofer a privileged role, nor to relinquish to them any of our responsibility in this field.

We do have some powers — those already provided by the Treaty and, in particular, by its financial provisions. But it is true, Mr van der Hek, that the procedure we have in mind, and which is currently under discussion, depends on the cooperation of the steel companies and cannot lead to any compulsory measures. Any other procedure would take us onto the sticky ground of having to amend the Treaty. However, we do have some indirect powers, which encourage us to believe that the companies will abide by the recommendations we make to them. In any case — and this is one of the positive features of Eurofer — we anticipate that the feeling of solidarity among the companies in the EEC — a feeling which this new organization embodies — will be reflected by each company and by each association of companies in their respect for the recommendations we make.

The Commission has already made use of Article 56, and believe me when I say that we shall continue to make the maximum use of it. Our budgetary resources unfortunately limit our scope, but we believe — and here I am coming to the problem of redevelopment and restructuring — that in the coming years one of the major tasks facing the Community, and especially the Commission, will be to formulate a structural policy for the steel industry. The effect that this will have on the workers will have to be studied, as well as the need to redirect part of the labour force to other employment. I fully understand the desire of the members of the Committee on Economic and Monetary Affairs to be kept informed of the Commission's thinking once it has been sufficiently developed. It is only right for Parliament to know the ins and outs of this problem which is a vital issue for one of the major sectors in the economy of the Community.

I can understand the scepticism which was expressed by Mr Burgbacher. It would be impossible, I feel, to give here any absolutely formal undertaking that the system is going to work. What I do hope is that the flexibility of the system on the one hand, and the enlightened self-interest of the steel companies on the other, will induce the latter to cooperate with the

Commission in an attempt to restore the balance between supply and demand — although even if a new balance is found, this does not mean that we have solved the structural problems in the steel industry. It is no more than an indispensable first step in the search for a solution. Indeed, I do not think that this is really the right moment to set about sectoral restructuring, at a time when the industry is going through a serious economic crisis. I believe that a long-term programme of restructuring can be carried out with less pain and hardship, especially for the workers, if the starting position is more stable and if there is a better balance between supply and demand than there is at present.

Four months is not a long time. Of course, it can be too long or too short. The present Commission is reaching the end of its term of office, and it knows that decisions concerning this restructuring of the steel industry must be taken, but that these decisions will have to be implemented by the next Commission. Even if we allow for the fact that procedures need to be improved, we still have enough time to see that the system is introduced without too much inconvenience and that we have some control of its application and use. One of the decisions taken by the Commission is to improve its statistics so that the implementation of the plan can be monitored better. I also feel that this period will provide us with a better picture of what is happening both in the steel industry and in the economy generally.

I cannot make any commitments on behalf of my successor, but I hope that the coming months will see Parliament taking a fresh look at the steel industry in the Community.

*(Applause)*

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, as I explained in my introduction, the main point at issue here is the responsibility of the Commission. I could thus give Mr van der Hek a formal answer and say that no request has yet been made for an '*avis conforme*'. I do not, however, want to take shelter behind this rather formal reply. With inimitable subtlety, Mr Simonet has pointed out one small detail, but I can reassure him that this detail has not escaped the attention of the President-in-Office of the Council. At the moment it is not likely that the Council would give the necessary '*avis conforme*' if the Commission requested it. We are clearly in an interim phase, as is also apparent from the fact that the Commission is attempting to get this problem under control by different means. In a later phase it will always be possible to put this problem to the Council again.

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



#### 4. *Change in agenda*

**President.** — Mr Delmotte has been called home urgently because of a death in his family. I propose that his report should be considered immediately. Mr Kofoed, the rapporteur for the item which should now follow, and Mr Cousté agree to this. I therefore request Parliament to approve the immediate consideration of Mr Delmotte's report.

Are there any objections?

That is agreed.

#### 5. *First report on the European Regional Development Fund*

**President.** — The next item is the report, drawn up by Mr Delmotte on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the First Annual Report (1975) of the Commission of the European Communities on the European Regional Development Fund (Doc. 440/76).

I call Mr Delmotte.

**Mr Delmotte.** — (*F*) Mr President, I am particularly grateful to you for the consideration you have shown in enabling me to honour family commitments in rather difficult circumstances. I shall attempt to comply with your wish and keep my speech short. I shall merely outline the limits and the significance of this debate.

I was asked to prepare a report on the activities of the European Regional Development Fund in 1975. My report is no more than an attempt to reach one or two general conclusions on what the Fund achieved in this period. A review of the Regional Fund regulation is scheduled for 1977, and later I shall also have to prepare a report on that.

The debates which are going to be held, based on the six short months during which the Fund was operative in the latter half of 1975, will be very useful to me in drawing up my report. It is for this reason that I attach particular importance to today's debate.

If I may speak on Parliament's behalf, I should like to express my gratitude, and that of our committee and of everyone in this House, to Mr Thomson for the effort and the efficiency he has shown in setting up the Regional Fund. I am sure he will not object if I also extend my appreciation to the members of his *cabinet* and the Directorate-General for Regional Policy.

You will no doubt recall, Mr President, that the Regional Fund was born in difficult circumstances; the birth pangs have lasted two years. The Commission was able to break the deadlock by submitting proposals which the Council could accept but which were unfortunately not quite what Parliament had hoped for. After the Council had adopted the regula-

tion the Commission quickly set up the machinery for the Regional Fund. This European Regional Development Fund — not to be confused with the European Development Fund which is designed to help the associated countries — should, I feel, go down in the history of the European Community as the Thomson Fund — the precedents exist. Indeed, the Commissioner has not been content merely to assist in the birth of the Fund. He has made it a point of honour to prepare proposals for its review, and he will of course pass these on to his successor.

I am going to be very brief, Mr President, because I want to give honourable Members and the representatives of the Commission a chance to speak. In any case, my report was approved unanimously by the committee and I do not feel that I need go into detail about the motion for a resolution which is before the House. I have, I think explained it clearly enough in the explanatory note.

Nevertheless, there are two points which I should like to mention, since I feel that they are especially important for the future of the regional policy which is still to be formulated. I am speaking of the role of local and regional authorities and publicity for projects supported by the Fund.

The aim of the Community is not a European super-State but a coherent whole of varied but interdependent parts in which the regions have a fundamental role to play. In constructing the European Community, we have to take into account local and regional circumstances and also rely on the active help of local and regional communities which have a decisive role in forming public opinion.

The Community's regional policy must allow these principles to be put into practice. It is our view that policies *for* the regions must be worked out *with* the regions. Our democratic tradition demands that the regions have a say in formulating and implementing the decisions which directly affect them; this is the role of those who have been elected to represent them at every level. Particular attention will have to be given to this vital aspect of the matter when the regulation comes up for review. This Community policy, which is at present limited to aid from the Regional Fund, must be made known to those who benefit from it. We are dealing with public money and no barriers of secrecy should prevent the publication of the minimum amount of statistical information we have asked for in the report. If the firms which get Community aid feel that they cannot divulge the total sum invested, the amount of national aid and the amount of aid from the Regional Fund, they ought, in my opinion, to do without financial aid from the Community.

The European Parliament has a duty to check how Community money is used. We cannot accept the publication of project lists without having any statis-

## Delmotte

tical data on them. The only available data provide overall figures, and the members of the Committee on Regional Policy, Regional Planning and Transport do not feel that these allow any proper economic analysis to be made. The budgetary and supervisory powers of Parliament are growing in this field, and we really ought to push for more information on Regional Fund projects. It must be remembered that the European Regional Development Fund has at its disposal 500 million u.a. and that in both 1976 and 1977 can offer Community aid representing 15 % of the total regional aid offered by the Member States. As the Community has to concentrate its resources, the impact in some regions will be greater than this percentage figure implies, and I am sure that you will agree with me that it will then be far from insignificant.

I should like to conclude, Mr President, by showing that this information that we are insisting on and this participation by the regions that we are calling for are essential in view of the prospect of direct elections to the European Parliament. The publicity is important to show the public that the European Community has become a reality, that it is intervening to help the regions and thus the inhabitants of these regions, whose living conditions we wish to improve. The people must be made conscious of this in order to arouse their interest in direct elections. It is equally essential that — as we have pointed out — the elected representatives at local and regional level should be consulted with regard to the formulation and implementation of the economic and social development programmes which concern them.

With the prospect of direct elections, which will turn a bureaucratic Europe into a democratic Europe, the European Parliament must be particularly concerned to develop its contacts with local authorities, since their cooperation will be indispensable if the 1978 elections are to succeed. These local authorities alone will in fact be in a position to capture and direct the attention of their electorate by means of continuous and favourable publicity on the necessity and purpose of these elections. The European Parliament, whose Members already represent the people in the various Member States, must show that it is thus defending the interests of these people before the Council and the Commission.

Mr President, ladies and gentlemen, despite the modest nature of the funds available to the Commission, which in the course of time have been subjected to the ravages of inflation — to the extent that some 750 million u.a. would be needed to achieve the objectives intended for the initial allocation of 500 million u.a. — despite the imperfections of the system set up by the Council, which still in part avoids the granting of concentrated aid and allows it to be rather scattered around, despite the addition of the current problems of the European economy — the old problem of decaying and inadequate structures and the more

recent problem of an unfavourable economic climate — the document submitted to us by the Commission constitutes, in my view and in that of the Committee on Regional Policy, a positive summary of the Commission's activity. In record time, the Commission has made the necessary selection among the projects submitted and put into effect operations designed to give the Member State's regional policies an important supplementary dimension. This is a new system, and thus, like any new system, it is going through a running-in period. Certain imperfections may be revealed and there are so many lessons to be learnt. There have been lessons for Mr Thomson, who has made a point of noting them in order to make useful and highly practical preparations for his successor's work.

Parliament is grateful to him for this concern, which does him credit.

*(Applause)*

**President.** — I call Mr Yeats.

**Mr Yeats, draftsman of the opinion of the Committee on Budgets.** — I would like to start by congratulating Mr Delmotte yet again for the manner in which he has produced this wide-ranging report. We know, from experience over the years, the amount of work that Mr Delmotte has put into this whole subject, his immense knowledge of all aspects of regional policy and this has been shown yet again in his opening speech today.

The fact, that the report drawn up by him on behalf of the Committee on Regional Policy, Regional Planning and Transport, was available before the Committee on Budgets had adopted its opinion, enabled me as draftsman of for the Committee on Budgets to adjust my text in certain respects. Naturally, in my capacity as draftsman of that committee I will deal primarily with the financial aspects of the report.

The report we are considering covers, as we know, only part of a year. Indeed first payment claims were not received until the beginning of November 1975, very near the end of the year in question. Thus, the report could naturally not have revealed the full picture in regard to the working of the fund in a normal year. As I think it points out, of the 300 million u.a. that was available for commitment, no less than 299.8 million were in fact committed during the year.

Now this high level of utilization was only possible — in spite of the commencement date being so late in the year — because many projects were covered which have already been decided upon, or even under way, and in some cases, one suspects, completed when the fund was set up. This possibility was provided for in the regulations, otherwise it would have not have been possible to use the commitment appropriations available.

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But the Committee on Budgets nonetheless was concerned, lest the use of fund resources in such cases, where projects had been begun or — as I say — even completed might merely provide additional general budget resources for Member States' internal policies, without in fact stimulating an addition to regional development effort.

The widespread use of the partial repayment clause by Member States has added a further suspicion with regard to this danger. Another aspect of the use of the fund which concerns the Committee on Budgets was their wide dispersal. In all, no less than 1 183 different projects were approved for fund grants in 1975. Obviously, certain small projects can have a considerable effect on regional development, but the impact of the fund might be considerably strengthened if Community efforts were concentrated on fewer projects and if such projects were of a dynamic nature. The Regional Fund, after all, should enable a transfer of resources from the richer to the poorer areas of the Community so that self-sustaining growth can get under way. Unless the less fortunate areas advance more rapidly, the Community goals of economic and eventually, monetary union cannot be achieved. Indeed, social tensions could arise within the Community and the aims of the Treaty might not be fulfilled if the imbalance between regions is not corrected.

In this context, I think a startling feature of the report before us is Table III of the Annex, which highlights the drift apart in the levels of GDP per head in the different Member States of the Community. This is an aspect which in the budgetary context we cannot ignore, because budgetary policy, in the widest sense, is tied up with social and regional policies, amongst other matters.

While the figures in the report prepared by the Commission about six months ago show a most unsatisfactory position, the real situation would seem to be even worse. The latest estimates, which are incorporated in a table on page 5 of the opinion which I am putting before you, show for example, that whereas in 1970 the United Kingdom GDP per head was 89.2 % of the Community average, it had fallen to 78.2 % in 1975. A similar fall in Italy took place in these five years — from 70.3 % to 59.2 % of the Community average, and in Ireland from 53.8 % to 47.7 %. So we have the position that in the past five years or so there has been a considerable, almost rapid, widening of the gap between the richer and the poorer areas of the Community.

The size of the Regional Fund is tiny in comparison with the scale of the problems facing the Community. While recognizing that it is very small, one feels that its impact could be maximized if Community policy instruments were coordinated in a comprehensive fashion.

Publicity, too, has a link with the budget. We feel that beneficiaries should be made aware of this source of

the aid; it is only fair to Community taxpayers that they should know that where projects are being carried out with Regional Fund, the funds have indeed come from the Community. I was surprised to hear that up to the time of the drafting of this opinion, such regular publication did not appear to have taken place as provided for in the basic regulation. I am assured, however, that steps are in train to ensure that such publication will take place on a regular basis in the future. And, indeed, Mr Delmotte has taken up this matter in this report, with usual all-embracing efficiency.

The Community on Budgets finally, Mr President, is particularly anxious to ensure that the criteria of good management and the careful use of resources are observed. It is noted that in the report of the Audit Board for 1975 there are certain guarded references to the need carefully to supervise the use of the fund. It is essential that the Regional Fund should not become open to the criticism concerning irregularities which in certain cases affect other Community funds. Thus, it will be necessary for Parliament to keep a particular watch on the implementing of this part of the budget when preparing the annual discharge report.

So, Mr President, on behalf of the Committee on Budgets, I recommend the first report of the Commission on the Regional Fund to the House.

*(Applause)*

**President.** — I call Mr Thomson.

**Mr Thomson, member of the Commission.** — Mr President, I would like to begin by thanking both Mr Delmotte and Mr Yeats the speeches they have just made in respect of Parliament's consideration of the first annual report on the Regional Development Fund. The reports that have come from both Mr Delmotte and Mr Yeats have that quality which those of us responsible for regional policy in the Commission have come to expect of Parliament in view of its interest in regional policy. It is a quality of independence of mind, of constructive criticism; it is a high quality and is one that has been consistently helpful to us in our efforts to get the Regional Fund established and perhaps more important to get the beginnings of a Community regional policy established.

I shall not easily forget the support I had from Members of this House, like Mr Delmotte, many Members of this House, during the dark days of deadlock over the establishment of the Regional Development Fund. Their faith and their support were unflagging during those difficult days, and I am happy to pay tribute to it on this, the last occasion, that I shall address the House.

Mr Delmotte, who has been the rapporteur of the Committee on Regional Policy of this Parliament

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during the whole of my period as a Commissioner, has in my view wisely and rightly used the opportunity of our first annual report — used it in both his own report and his speech in this debate — to turn our attention to the future. It is *that* that I would like to concentrate on particularly this morning.

But before I come to that, Mr President, what I am happy to be able to do today in this House is to announce the latest batch of grants from the Regional Development Fund. I am happy that we were able to time the decision in regard to these grants and the announcement of them to coincide with this debate, Mr President. I will only give the very broad details but my experts here are provided with all the more exact details for regions and would be happy to help any honourable Member who wishes to know in greater detail how this affects the regions that they represent. The latest batch of grants amounts to 231 m u.a. of fund money for 613 projects. The total investment in these 613 projects is over 2 600 m u.a. This means, Mr Yeats, to bring your own work up to date, that the Commission has now committed out of a total 800 m u.a., which were legally available to us for the first two years of the fund, the figure of 799 947 527 u.a. and 46 cents. that is about as near as a Scotsman can get to 800 000 000 in the administration of this kind of fund. I perhaps just ought to mention, since it is a rather important day for me, that the present Commission does not end its life on 31 December; it ends its life on 5 January.

This will enable me on 5 January to spend part of my last day as a signing a further batch of grants from the Regional Development Fund. I hope there will be announcements in respect of about a further 50m u.a. before the present Commission gives up its mandate.

Mr President, perhaps the House would like to have just one or two examples of the kind of project that are in today's batch, because I am conscious — I accept Mr Yeat's criticism — of the danger of the fund being spread over too many small projects. We have sought to encourage Member States to use part of their entitlement from the fund for major projects of national and Community importance.

In Italy for example in today's announcements there is the important River Sinni waterworks and the Pertusillo aquaduct in Basilicata which I visited recently and some substantial works to modernize the Port of Naples. In Ireland the fund is contributing to the new water supply scheme which forms part of an important development plan for the future Cork harbour, and also to the big new fertilizers factory at Cobh nearby. In the United Kingdom grants go to four important water supply and sewerage projects in England and Scotland and for the new blast furnace power station and coke oven battery at Redcar in the North East. In France we are making substantial grants for the road and telecommunications investment programmes in several regions, notably in Brittany and in the Massif Central. In Denmark we have

included airport works in Greenland and the construction of a new electric power cable to link the island of Bornholm with Sweden. These are just a few examples of today's grants. Altogether there are 2 000 projects that in one way or another have the Regional Development Fund in partnership with them throughout the Community, projects amounting in total investment value to 7 200 m u.a.

Mr President, it is certainly too early to say, as Mr Delmotte has underlined, that the Regional Development Fund is making a significant impact on the widening gap between the richer and the poorer regions.

I will come to what is needed in order to make that kind of impact, but I think what we can say is that the Regional Development Fund beyond doubt has made a major impact on the consciousness of the ordinary citizen in the many regions where it operates, showing that the Community is not a remote body of faceless bureaucrats and far away parliamentarians but is, in fact, something that operates in ways that are of direct concern to their prospects for jobs and their conditions of welfare. I think we could also claim one other thing for the Regional Development Fund, and here I turn again to some of the pertinent criticisms of Mr Yeats. I think we can say that we have made a breakthrough in terms of the normal bureaucratic procedures of the European Community, in terms of the speed with which we are able to deal with applications from Member countries, the speed with which we are able to make the commitments and then the speed with which we are able to make the payments once we get the claims from the member country. Any shortfall on the payments front, Mr President, is due to the administrative and bureaucratic blocks in Member States and does not relate to the problems that we have under our management. But having said that, I would wish to issue this warning for the future and underline what Mr Yeats has said. Governments of the Member States in the Council, in willing the setting up of a Regional Development Fund, must will the means in terms of manpower for the proper and adequate control of it. And one of the things that I think this Parliament will need to watch carefully next year is that we are provided with the adequate manpower in order to inspect and control matters on the ground and make sure that the fund is serving the purposes for which it has been set up.

I turn now for one moment to Mr Delmotte's own report. I welcome the motion for a resolution but there are one or two aspects on which I would like to make some qualifying comments. Paragraphs 4 to 7 of the motion deal with the question of concentrating the resources of the fund. Here it is always a difficult matter of degree. Concentration is certainly a principle that has our full support and is reflected, I think, in the fact that no less than 40 % of the fund is concentrated in a single region of Italy — the Mezzogiorno. I do not think arithmetically there is much

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scope for a still further accentuated concentration, without going to the extreme of a fund limited to only a few Member States. I think this would be a fundamental mistake but I will say a word about that in its appropriate place in a moment or two.

Paragraph 8 refers to infrastructures. Here again the Commission would certainly like to see maximum flexibility in the kinds of infrastructure that are eligible for the fund. Some Member States, in the management of the fund have been inclined to play safe and say there ought to be rather narrow definitions that are applicable everywhere. I think we have managed to carry the great majority of the Member States of the Community with the view that the infrastructure needs of Greenland and Sicily, to take the geographical extremes, or of the West of Ireland and the border regions of the Federal German Republic are so diverse that there must be flexibility. Against this, one must recognize that the fund is too small a fund. It is a limited fund. And therefore we cannot see the fund spread into wide areas of social infrastructure, schools, hospitals, clinics, that kind of thing however admirable and worthy they may be in themselves, and however relevant they are to the overall development of a region.

Finally, paragraphs 21 and 23 deal with the important subject of the role of local and regional authorities in Community regional policy. This is not an easy issue and I do not think we have come to a satisfactory solution of the problems yet.

What I personally have sought to do throughout my stewardship is, first of all, to ensure that the doors of my own office and the office of my director-general and my colleagues in Brussels have always been open to local and regional authorities coming to find out for themselves what the possibilities of Community help are and wanting to brief us on the kind of priorities they see for themselves in their own regions. I have equally sought to give a lot of priority in my own timetable to continual discussions with local and regional authorities and indeed with the trade unions, the employers' organizations, the public industry sector in the Community and so on. Indeed in order to leave behind what I hope are coherent ideas for the future, I have been engaging in an intensive round of consultations, and some Members here. I think were present at the very useful and important gathering of European local authority organizations in Paris under Mr Faure's chairmanship the other day. I have been consulting the other organizations I have mentioned but I was happy to keep the climax of my consultations — and I will put it this way — for the proper place and that is this European Parliament. It is against that background, Mr President, if the House will bear with me, that I would like to make some general remarks about the future of Community regional policy.

When the House meets again in January it will meet under the aegis of a new Commission and with a new

regional policy Commissioner, and 1977 will be an important year for the regions of Europe, an important year for the development of Community regional policy. It is a year in which the Social Fund of the Community has to undergo one of its regular major reviews, and the Commission has already begun some of the work on that. It is the year in which, as we know, under the Regional Fund regulation the Commission must make proposals for the future of the Fund and for the future of Community regional policy. Finally — one sometimes overlooks this — 1977 is equally the year when the Commission is under an obligation to review the ground-rules for the limits on the level of State aids in the various regions of the Community. It is a year when important decisions for the development of a Community regional strategy will be taken, and of course, it is a year where the economic background, against which decisions will be taken, will remain a sombre one. The economic situation remains frankly disturbing. When the Regional Development Fund was conceived, it was against a background of a Community that by and large accepted full employment as one of the facts of life, a Community that accepted an automatic rate of growth year by year. The Regional Development Fund was conceived in terms of the classic regions suffering from problems of poverty or over-concentration of out-of-date industry, against a general economic background that was favourable. When the Regional Development Fund was born, however, in 1975, we were in the middle of the worst recession since the Thirties and the worst inflation since the Twenties. At that time in 1975 — only eighteen months ago — there were rather more than 5 million unemployed throughout the Community; that has greatly overshadowed the possibilities for the way the fund could be used.

Today we are supposed to be on an upswing of the trade cycle — some say it may actually already be flattening out; we may be reaching the top of it. But the figure for unemployment in the Community still remains tragically around the 5 million mark. So it is against that background that regional policy considerations have to be made. All this underlines for me some of the main lessons I have learned over the last four years, and perhaps I might put them very simply.

The first one is that the Regional Development Fund is not Community regional policy — fortunately, for the future of regional policy. It is merely one of a number of instruments that have substantial regional implications, and I will come to the consequences that one should draw from that in a moment.

Secondly, the Regional Development Fund ought not to be a sort of Community fig-leaf — a nice fund that is set up to help the regions with special problems, so that once the Council of Ministers has agreed to set up the fund, we can then comfortably go ahead with the other policies of the Community as if the special

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problems of the regions had been adequately dealt with. That approach will not do, and there is a real danger of that kind of approach still being maintained, I think, in certain quarters in the Community.

The third conclusion that I draw from that is that regional policy should be seen as the geographical dimension of general economic structural policy. It is not merely a policy related to the Mezzogiorno or to the West of Ireland, it is a policy related to the health of the whole European Community. I have been reading an interesting pamphlet on Community regional policy written by three Members of this House — Mrs Kellett-Bowman, Mr Osborn and Mr Fletcher. They prophesy that in the 1990s if we don't do something about it, 40 % of the population of the Community will be living in 9 % of the land-territory of the Community. It is therefore important to see regional policy in its fully rounded perspective. This is certainly a point of view which the Parliament has always urged on me and to which I have steadily become more and more thoroughly converted.

Now what are the practical implications of this point of view? The first is that, for the Commission, coordination, like charity, begins at home. I think it is extremely important that the new Commission should carry further the modest work that the Commission, under my stewardship, has begun towards the coherence and coordination of the different financial instruments of the Community. We have, as you know, set up the inter-services group which is now beginning to do good work. But it will need continual following through if that line is to develop — it is a very crucial line. I think with that kind of coordination at the interdepartmental level of the Commission, there might usefully go, if I can suggest it to the next Commission, the idea of giving the next Regional Fund commissioner himself some kind of coordination at Commission level over the use of the Social Fund, the Agriculture Guidance Fund, the Coal and Steel Fund and so on, so that their total coherence can be achieved at the level of the Commission itself.

*(Applause)*

The second lesson I draw and would lay before my successor is the need to see all the policy developments of the Community in terms of their regional implications. It is a matter of routine in the Commission that when a new policy proposal comes before us, we have attached to it a budgetary certificate telling us the implications of this policy for the Community budget. What I would like to see also attached is a regional impact certificate, a regional impact assessment, so that the Commission and the Parliament can judge what effect on the overall development of the Community a particular policy is going to have.

The third lesson I draw — and I put it third deliberately — is the need for adequate total resources. I do

not think resources are the most important thing; it is the way they are used that is most important. Nevertheless, provided we have the right sort of machinery, we need much bigger resources in total in the various funds with a regional implication. Here I will say why I would be afraid of carrying the idea of concentration of the fund to the extent of making it a three-country fund. I suspect that this idea will bob to the surface again in the discussions about the future of regional policy next year. I must say that I think it is a thoroughly non-Community idea. In a Community that is still a Community of Member States, and will be for a long time ahead, it would be tragic if it were to be divided into donor States and recipient States. I hope that people who may be tempted by some of the attractions of this idea — because it has the attraction of priority in concentration — will feel that it is a path that ought to be avoided.

Mr President I am going to leave behind a dossier for my successor. I suppose in a certain way it might be considered as my last will and testament. It will start with the general strategic ideas that I have been seeking to put very briefly to the House, and it will also contain a nine-point operational programme.

Perhaps I could just roughly run through this list. The remedies for the various points overlap with each other, but each point is important in itself.

The first of course is the question of additionality, of trying to make surer in the future than we have been able to be so far, that the Regional Fund's resources are genuinely a bonus on top of national expenditure. This becomes all the more important at a time when national public expenditure programmes are under severe constraint, especially in the infrastructure field.

Secondly, there is the question of the fund being much more associated than it has been in the past with new development — I thought this was a particularly pertinent criticism in Mr Yeat's report. We have been trying to make progress on this, I think we have made progress, but there is a considerable way to go yet. There is certainly no doubt that one of the weaknesses that the operations of the fund have thrown up so far is that the fund is known to be associated by the people in the regions with projects that they know would have taken place anyway, even if there had never been a Community Regional Development Fund. As Mr Yeats has said, some of the projects are in mid-passage when put up for Community support. Somehow or other, we have got to find the means of creating a more direct relationship between the Commission and the private investor and the public authorities in the regions, so that they feel that the money that comes from the Community is coming directly to help them, and is not being, at least partially, lost somewhere in that very remarkable maze that is contained in every national treasury.

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Thirdly, Mr President, after addition I would put multiplication. The fund itself represents a transfer of public resources within the Community. It is bound to remain more modest than many of us would wish. Its real purpose is to act as a multiplier for the transfers of private investment resources. Its real purpose is to act as a trigger, to start these private investment resources moving from the over-congested regions of the Community into the regions that have a desperate need for development. Here we are thinking rather carefully of ways in which the fund might for instance be better used in alliance with the European Investment Bank, particularly to encourage access to the Bank by small and medium-sized businesses.

Then the fourth point is the need for flexibility in the way we in the Commission operate the rules of the fund. We are tied by the present regulations, to too great a degree, about the levels of help we can give. I would frankly like to see the Commission able to give help on infrastructure, not up to the 30 % level, with not much possibility of going below that, but actually able to give help to certain selected infrastructure projects of Community priority in regions deprived of their own resources of perhaps up to 70 %, and at the same time, on an equally selective basis, to bring down the fund contribution to 5 %, 10 % or 15 % in appropriate cases; in other words, to use that part of the fund as a deliberate instrument of Community development.

My next point is the need, I think, to try — if the ladies in the House will forgive the metaphor — to unlace a little the tight corset of the national quotas. These quotas are not as arbitrary as is sometimes complained, they do reflect an effort on the basis of objective criteria to determine the relative need of Italy as against Ireland, and so on. Nevertheless, it is not the best way to conduct a real Community regional policy. I think there is much in the idea that we had originally and lost in the earlier debates — and I hope we might raise it again — of putting aside some section of the fund outside the national entitlement system. That section of the fund could be used to provide some development capital for some of the regional development corporations, thereby again ensuring that the resources go directly from the Community into the regions; there are other ideas that equally could apply.

Point No 6 concerns the need to do some hard thinking about new guidelines for industrial investment to be helped by the fund. I wonder, for instance, whether it might not be better for the fund — instead of being spread over the large number of small industrial projects, which Mr Yeats criticized — to be concentrated directly on the major issue of trying to encourage the transfer of foreign investment into the regions that need it. Or, perhaps, it might be concentrated on the deprived regions, with some of the addi-

tional special problems that have been created for them by the economic crisis through which we are passing.

My seventh point underlines the need for new ideas, and a greater degree of priority to be given in the use of the fund in the service sector. I think in some of the regions with special problems it is more to the service sector — tourism and other kinds of service developments — that one has to look for employment rather than to the traditional forms of industrial development.

Eightly, I think the new Commission should look at the geographical spread of the fund, and see whether there is not a need for greater flexibility in the areas in which the fund can operate.

Finally, I believe there is a need for much tougher ground rules at Community level, to ensure that when States incentives are given by national governments to attract industry it should not be a case of the richest government offering the largest incentives. We ought to live in a Community where it is clear beyond peradventure that we accept Community rules that ensure that the biggest incentives go to the neediest regions, and we are a long way from that point yet.

Mr President, I am conscious I am speaking at greater length than I normally like to in this House, but I now come to the conclusion. I have been proud to participate with many in this House over the birth of the Community's new Regional Development Fund. I am perhaps more conscious of its inadequacies than anybody else is, as I have worked with it very closely over the last four years. Nevertheless, I remind myself that, when I arrived in Brussels and was given the responsibility of Regional Commissioner, what I found on the Council table at that stage was a Commission proposal for a Regional Fund of — I think I am right in saying — 150 million u.a. over three years. And the proposal for even that extremely modest fund had been gathering dust on the Council table for quite a considerable time. So, to have today a Regional Fund of 1 300 million u.a. marks a qualitative jump in the way the Community has been facing these problems over the last four years. It means, I believe, that today the Regional Policy is an irreversible fact of life of the Community. The question is not now the survival of the Regional Development Fund, but the rate of growth of a balanced Community regional Policy.

In that sense, I think the creation of the fund — modest as it is in size — represents a major breakthrough in terms of the development of Community policy. It has been one of my experiences in this Community of ours, Mr President, that it is a lot easier to make breakthroughs in external policy in the Community than it is in internal policy. There is a certain common interest amongst the Member States in their relations with the outside world, but when it

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comes to the inter-relationships of Member States within the Community, everyone is watching everybody else so jealously, and using little pocket calculators to work out that non-Community concept of total net benefit, that it is a hard job indeed.

Therefore, I think we can claim that the first 18 months of the fund represent a real breakthrough. I think there are several possibilities ahead of you in Parliament, ahead of the Community next year in the review. I do not think anybody is saying: 'It has been an interesting experiment; now let's stop it'. But I think there is a danger, as I have said, that people will revive the idea of a three-country fund. I think there is another risk — perhaps a more likely risk — that the Council will say that we have only had 18 months' experience, there is a new Commission and, the Greek entry is being negotiated, so perhaps we ought not to develop ideas of Community Regional Policy in any fundamental way at this stage; let us merely fix a figure for the fund for 1978, and leave it at that.

It would not of course be the end of the world if that were to happen, but it would be a very, very poor second best, I, myself hope that out of the review — not only of the Regional Fund but of the system of States aids of the Social Fund and, indeed, the review that will inevitably take place of agricultural policy — will emerge a serious effort to create a coherent regional strategy for the Community. And I believe that it certainly is that more than anything else that will convey to the ordinary citizen of the Community that this is truly a Community with a human face.

It is perfectly true, as Senator Yeats has said, that not all member governments have been equally enthusiastic in fulfilling their obligations in publicizing the way the fund has helped with projects within their national frontiers, though I think we are making reasonably good progress on this.

But I am certainly much moved, when I go around a number of regions of the Community, to see these great hoardings springing up which say that particular projects are being implemented in partnership between the national or regional authorities and the Community Regional Development Fund. I might — perhaps immodestly — in my last sentence be allowed to say how much it means to me to be able to quote to myself the Latin tag that it almost the last vestige of a thoroughly inadequate classical education: if you seek a monument, look around you. It is a great experience for me and my colleagues now to go to many regions and see these hoardings go up.

For these reasons, Mr President, I would like to say thank you from the bottom of my heart to Mr Delmotte, and to the many Members of this Parliament, who have sustained and supported us through these difficult battles. I wish Parliament well in the work that they will do on regional policy next year

and, above all, I wish my new and unknown successor as Regional Policy Commissioner well in the work he will begin next year.

*(Sustained applause)*

**President.** — Mr Thomson, the applause speaks for itself. We join in congratulating you warmly on what you have achieved.

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

**Mr Zagari.** — *(I)* Mr President, on behalf of the Socialist Group I join in your words of thanks to Mr Thomson for all he has done.

Mr Thomson said that he was leaving behind his last will and testament, but I think it is not his testament he has entrusted to us but a healthy child quite capable of resisting the serious pressures of the moment. I have pleasure in extending to Mr Thomson the gratitude of the Socialist Group, and I note that, with their applause, all the groups have expressed their recognition of his integrity and of his enthusiastic work to give this Community a soul.

He spoke of a Community with a human face — a phrase which has unfortunately not had much success — of the Community we would like to achieve in view of the fact that there are regional problems not only inside the Community, but outside it as well. The problems not within the Community are no different from those outside the Community — and there can be no doubt that this is an area in which, in an effort to find our own identity, we have done much. The Lomé Convention shows the extent to which the Community is aware of the problems of the Third World.

Nevertheless, there is the deterioration in the terms of trade, there is the problem of unequal development which has to be tackled seriously and I would point out that the Socialist Group has asked me to say that this debate is only a start. We naturally agree completely with Mr Delmotte's detailed report, in which we can find nothing to fault and which is marked by the same enthusiasm as has inspired Mr Thomson's work. This report, too, gives particular consideration — as was to be expected — to the European Regional Development Fund. However, this fund should not blind us to the fundamental problems which we must tackle now. We must reconsider, restructure and redevelop in a new direction. As Mr Thomson rightly said, the solution to the situation will have to be radical. Nor can it be solved unless we realize that monetary policy is incapable of eliminating regional imbalances. There are lots of financial organs with regional aims or effects — the EAGGF, the Social Fund, the European Development Fund, the ECSC aids and the loans and guarantees from the EIB. Nevertheless, these funds — including the one



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we are talking about, which aims to cover the whole range of possible activities to promote development — are only partial instruments, of limited impact, either because of their restricted financial resources, or because their activities take little account of the need to re-establish regional equilibrium, or because of inadequate coordination.

There are thus many things we must review. We cannot consider regional policy as being of secondary importance or simply a sideline of European integration, a sort of by-product of economic growth. If we were to accept this solution, it would ultimately favour the concept of a 'two-tier' Europe — something I think we were unanimous in rejecting. We have reached a crossroads, we must choose between reconsidering all the problems facing the Community, the times in which the problems must be tackled — in other words, we must choose a new route instead of plodding along the old one, which has led to nothing but the watering down of corrective measures.

This is thus the basic problem facing us, this is why this debate — in the view of my group — must be regarded as having only just started. We must get down to work on the development model which we want to give this Community and study the problem in detail. It is not enough to quote figures — although they are certainly frightening — when we do not bother to make them public, to make them known to the public at large. We must draw the attention of European public opinion to this situation which the inflation currently afflicting many of the countries of Europe has undoubtedly aggravated still further. We have an inflation in demand, an inflation in exchange rates intertwining to form a spiral highly dangerous to the whole Community.

Even economists have taken note of these factors. A report — commissioned by the Community — on the problems of inflation listed the structural causes of this serious phenomenon and reminded us all of the dramatic consequences not only for the economy, but also for social relations — consequences which might even jeopardize social harmony, democracy and, as someone has said, peace itself.

This is why we must get away from considering this subject in terms of vague Community solidarity, amounting to philanthropy, to gifts from the richer to the poorer regions. We must realize that, of the two concepts which should be the basis of the European Community, only one — that of the freedom of trade — has been achieved, while the concept of economic policies or of a new economic policy has not yet quite seen the light of day.

I should therefore like to take advantage of the short time allowed to me to draw the attention of the House to the international nature of this problem and to the need to tackle it in a new way so as to take account of winds of change blowing in the world. If we are to

avoid disappointments such as that of the latest Conference of Heads of State and Government at the Hague, or total failures such as that of the North-South Dialogue, I feel we must start to see the problems within ourselves. And I think I can say — and Mr Thomson was probably being diplomatic in omitting to say this — that what is involved is a detailed review of the whole policy of the Community, which must lead to the research for, and the establishment of a new economic policy, because the regional policy can be nothing other than the new economic policy we wish our Community to have.

These are the points I wanted to make in the short time available to me. I thank Mr Thomson for giving me the opportunity to do so and for the frankness with which he spoke.

I am sure Mr Thomson will continue to be present among us, and if it was the Duke of Lancaster who had to defend England against Scotland — although we all know that England no longer needs to be defended against Scotland — let Mr Thomson tomorrow be the Duke of Lancaster who will save us from ourselves, who will call upon us to find the new roads which will give the Community the human face he is asking us to find for it.

*(Applause)*

**President.** — The proceedings will now be suspended until 3.00 p.m.

*(The sitting was suspended at 12.55 p.m. and resumed at 3.00 p.m.)*

#### IN THE CHAIR : MR SCOTT-HOPKINS

##### *Vice-President*

**President.** — the sitting is resumed.

I call Lord Bruce on a point of order.

**Lord Bruce of Donington.** — Mr President, I want to refer to Item No 320 on the agenda, which says that at 5 o'clock there will be a vote on the draft general budget of the European Communities for the 1977 financial year, and the motion for a resolution contained in the supplementary report by Lord Bruce of Donington on behalf of Committee on Budgets on the draft general budget of the European Communities for the 1977 financial year, modified by the Council on 23 November 1976, Doc. 457/76 and Doc. 472/76.

Mr President, I have to advise you that, owing to the events of yesterday involving the parliamentary delegation and the Committee on Budgets, this item is no longer accurate. Parliament, when it comes to vote, will not be voting on either of the documents referred to in Item No 320; in fact a second supplementary

## Lord Bruce

report on the draft general budget of the Communities will have to be submitted to the House, together — I am informed — with some revised or new amendments, and it will consequently be necessary for Parliament to discuss the events that led up to the change in this state of affairs.

Mr President, I was given to understand by the President's Office that I, as the rapporteur of the Committee on Budgets, would be granted half an hour, commencing at 4 o'clock, to give Parliament some account of these matters and to tender my advice to Parliament as to what courses of action they should consider.

Since this item is not on the agenda, and since I am informed the matter was not discussed at the meeting of the enlarged Bureau this morning, I would like your formal confirmation that these arrangements that I have outlined to you — and of which I was informed by the President — will, in fact stand, and that this item will commence at 4 o'clock or, alternatively, immediately on the conclusion of the prior business — whichever is the earlier.

**President.** — I think it would be helpful to the House if you perhaps had a further meeting with the presidency, but there is no doubt at all that you will be given the floor in order to present the second supplementary report.

### 6. Petitions

**President.** — I have received a petition on the granting of an accommodation allowance from Mr Bodson and 147 other officials of the European Parliament.

This petition has been entered under No 14/76 in the register stipulated in Rule 48 (2) of the Rules of Procedure, and pursuant to Rule 48 (3), has been referred to the Committee on the Rules of Procedure and Petitions.

### 7. First report on the European Regional Development Fund (resumption)

**President.** — We now resume the debate on the report of Mr Delmotte on the European Regional Development Fund (Doc. 440/76).

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

**Mr Brugger.** — (D) Mr President, ladies and gentlemen, after listening to the debate today, it is an honour for me to thank the rapporteur, Mr Delmotte, on behalf of the Christian-Democratic Group for the

great effort he has made and to congratulate him on the results he has achieved. I should also like to thank Mr Yeats, who has drawn up a very detailed opinion on the Commission's report on the activities of the European Regional Development Fund in 1975. But my particular thanks go to Mr Thomson. He truly deserves this recognition: his statement today has after all demonstrated his very profound knowledge of regional policy. The principles he describes were presented so convincingly that we can be sure that he himself believes in them, and he has used all his strength to reach the point at which he will unfortunately be leaving us soon.

The time available is too short for me to go into individual problems raised in the Commission's reports, in Mr Delmotte's report, in Mr Yeats' opinion, and in particular Mr Thomson's statement, which was so unexpected that we have not yet been able to evaluate it or take a proper stand on it. I should therefore like to restrict myself to a number of remarks, which will include questions we find particularly important.

As I have already said, the Christian-Democratic Group agrees with what the rapporteur has to say, but he finds the wording of point 1 of the motion for a resolution rather unclear. The reduction of regional disparities in development in the Community should undoubtedly be given the greatest priority, but further efforts to achieve economic and monetary integration should be made at the same time and not after the reduction of regional development disparities. To make this view clear, I have tabled an amendment, which does not however, appear to be completely clear. I would therefore ask the rapporteur, Mr Delmotte, to make a number of changes to reflect the view I have just expressed, and which I believe he shares, so that the wrong impression as to what is wanted does not arise.

We have heard that the Regional Fund is the outcome of urgent appeals from this Parliament and other bodies. It took a long time for the Fund to be set up, and there should really be a proper tribute to all those who fought for it, but once again there is too little time. Without a doubt the outcome of all these efforts should be recognized. Regrettably, the funds are far too small for the purpose for which we intend to use them. In reply to what Mr Thomson said, I should like to use a Latin saying. If all the efforts made are compared with the results so far achieved, it must be said: *mons peperit mus* — the mountain has given birth to a mouse.

But mice are useful for experiments, and we should regard the present Regional Fund in the same light when considering what is to happen in the future.

**Brugger**

The object of the regional policy, which covers all the problems connected with regional planning and is supposed to bring an appropriate reduction in the present disparities in almost every sphere of life between the more privileged and the less-favoured areas, would not be achieved with the Regional Fund alone even if it were equipped with the same funds as, for example, the EAGGF. If we are to come closer to achieving this object, not only must the money available to the Regional Fund be considerably increased after the first experimental phase, up to and including 1977; there must also be a coordinated effort to make full use of all the opportunities open to the regional policy in the areas laid down in accordance with set criteria. We have already heard from the Socialist Group's spokesman that there should be a combination of all the possibilities at Community level: the EAGGF, the Social Fund, The ECSC fund, the European Investment Bank, and also the opportunities provided by the directive of 28 April 1975 in favour of agriculture in mountainous and other underprivileged areas.

But if we are now becoming aware of the magnitude of the problem, we must also try not only to call for a higher allocation and increased utilization in the field covered by the Regional Fund, but also to realize in our national parliaments that the funds required for this balance must not be reduced in spite of the economic recession, since we are convinced that this is a focal point, a development in the Community which is inevitable and necessary in our free market economy system.

That is why we place particular emphasis on the preparation provided for in Article 6 of the regulation of realistic regional development programmes, in which there is coordinated utilization of all resources over a period of several years. These programmes should not only be submitted to the Commission's Committee for Regional Policy for its appraisal, as laid down in Article 6 (4) of the regulation, but also — and I believe there is some justification for this — to the European Parliament, since keeping an eye on the way these programmes are implemented is more important where a coordinated regional policy is concerned than the annual report on the activities of the Regional Fund.

As the regulation on the Regional Fund is to be amended in 1977, I would like to refer to the criteria applied by the Commission in 1973 when it drew up its list of areas to which aid may already be granted. Mention is no longer made of these criteria. It would appear that the Council was not particularly keen on them. Such criteria at Community level for determining the degree to which individual regions are underprivileged do, however, represent an important condition for a fair assessment of the conditions in those areas. But these criteria must have a solid basis so as not in the end to give a distorted picture. If, for

example, the average rate of unemployment is taken as one of the criteria, it must first be ensured in the Community that the basis used to establish the number of unemployed in the various Member States has been harmonized. Such statistics should in particular indicate what unemployment is temporary and caused by a period of economic recession, and where unemployment and surplus of workers are permanent phenomena finding expression in constant migration.

Table 1 of Annex I to the Commission's report provides information on the average rate of employment in the individual Member States of the Community in 1975.

We can see from this, for example, that Germany had an unemployment rate of 4.1 %, Italy one of 3.3 %, even though we know that unemployment has reached alarming proportions in Italy, which is why year in, year out, thousands of workers must leave the country, while in Germany thousands of foreign workers — from Community and third countries — have found permanent employment. At the time of the of the economic upswing more jobs were created and on offer than there were workers in Germany.

This led to the influx of foreign workers and especially to the high percentage of gainfully employed compared with those not gainfully employed. The number of gainfully employable — as opposed to gainfully employed — but not in gainful employment, is very small in the Federal Republic of Germany. At times of recession there is temporarily a drop in the number of jobs, and the number of those officially designated as unemployed increases — also temporarily.

In Italy, on the other hand, there have never been so many jobs that workers could have been brought in from outside.

Those designated as unemployed are therefore joined by many who have never worked, and that is why these figures on the finding of jobs for the unemployed are simply not correct.

To conclude, I should like to ask those who intend drawing up the new directive to make provision for this Parliament to be involved in the supervision of the fund.

*(Applause)*

**President.** — I call Mr Meintz to speak on behalf of the Liberal and Democratic Group.

**Mr Meintz.** — *(F)* Mr President, ladies and gentlemen, on behalf of the Liberal and Democratic Group I should like to make a few brief remarks which, owing to our full agenda, are certainly not in proportion to the importance of the subject of the present report.

Firstly, I should like to join in the congratulations to Mr Thomson for his work as commissioner respon-

## Meintz

sible for regional policy. His political sense has enabled him to resolve the situation within the Council by submitting proposals likely to receive its approval. Moreover, his efficiency has enabled him to rapidly implement the European Regional Development Fund, which has been fully operational since the second half of 1975 and this, we feel, is no small achievement.

The Commission has submitted to the European Parliament the report on the activities of the fund for this first period of operation, which is thus limited to a few months. Paragraph 2 of the report notes that the existence of regional inequalities represents a major threat to the pursuit of economic integration. It also notes that despite the integration policies of the Member States, the difference between the average *per capita* income in the rich and poor regions of the Community widened even further between 1970 and 1975. Community action was therefore urgently needed, particularly in view of the current economic crisis. This crisis increases the difficulties of the least-favoured regions of the Community where unemployment is felt more severely as a result, on the one hand, of declining investments and, on the other, of the reduction in real terms in the aid granted to these regions.

It should immediately be stated in this connection that the amounts fixed in 1975 for interventions from the European Regional Development Fund for the three years 1975 to 1977 have not been adjusted to keep pace with inflation. These amounts, which we already consider inadequate, have therefore been eroded by inflation and we must keep this problem in mind when reconsidering the resources of the Regional Fund for future years.

Having congratulated Mr Thomson, we must certainly not forget our rapporteurs Mr Yeats and above all Mr Delmotte. The report which he submitted to the Community on Regional Policy, Regional Planning and Transport was unanimously adopted by the members present. It must be remembered that regional policy is an extremely controversial subject and that the Member States are not all equally active in this field, as a result either of different institutional structures or of differences in the types of regional problems. Moreover, the political parties do not have exactly the same approach to regional problems, depending on whether they tend to have more or less confidence in market economy mechanisms.

Finally, even within the same country and within the same party, the approach to regional problems will also vary according to whether the MP comes from a rural or urban constituency. Our rapporteur has had the political deftness to achieve unanimity in our parliamentary committee, in which these various tendencies are represented. I wish to stress this point on behalf of my group.

The report of the parliamentary committee rightly notes — as Mr Thomson again emphasized this morning — that the European Regional Development Fund is only the instrument of an overall regional policy which still remains to be implemented and which must not be confined to a simple transfer of resources. It must initially ensure coordination between the various Community policies with regional implications and those national policies which also have a regional impact.

The at present limited resources of the Regional Fund must, as stated in Mr Delmotte's report and in paragraph 6 of the resolution, be primarily concentrated on the regions suffering from serious structural imbalances, which includes both the so-called underdeveloped regions and the declining industrial regions. Moreover, in paragraph 7 of the resolution our committee's report emphasizes the need to refer to Community criteria to establish those regions most in need of aid. It refers to the criteria proposed in 1973 by the Commission, which took account of declining industrial structures.

Mr President, I shall conclude by stressing certain points which I consider vital and which were emphasized by our rapporteur.

Firstly, Community aid must be supplementary to and not a replacement for national aid.

Secondly, the amount of Community aid must be adequately publicized in the regions.

Thirdly, these regions must be closely involved in drawing up and implementing the regional programmes which directly concern them.

I shall confine myself to these few brief remarks, Mr. President, and would repeat my heartfelt congratulations to Mr Thomson and to our rapporteur, Mr Delmotte.

*(Applause)*

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

**Mr Lenihan.** — Mr President, I shall be quite brief because this particular area is one on which all of us in Parliament who think in any progressive manner are fundamentally agreed, and in that respect I would like to pay a tribute to our outgoing Commissioner George Thomson for his progressive attitude. What has been lacking in this area has been the political will on the part of member governments participating in the Council of Ministers to really have a dynamic policy of transfer of resources to the regions that need them. Everybody here knows this and it is a simple and as clear as that and, make no mistake about it, unless there is a conscious will on the part of member countries and on the part of the Council of Ministers to transfer budgetary resources to the less-developed regions of the Community, we are not going to make real progress. There is no point in passing pious reso-

## Lenihan

lutions here or elsewhere until that is decided and acted upon. What is involved here — and I make this submission on behalf of my group — what is involved here is not just a transfer of resources but the general Community well-being, because if we are going to make a real economic and monetary union out of this Community, all the regions of the Community must develop *pari passu* with the Community as a whole. If we do not set ourselves that objective and do not get that operation under way, we shall be faced with very serious social tension, to put it mildly.

Coming back to practicalities in regard to matters that have emerged in the debate, I agree with my colleague Mr Yeats and also with Commissioner Thomson and indeed with my good friend Mr Delmotte that it is difficult to know how to utilize this limited fund, assuming the fund is not extended in the proportions that I think desirable — that is ten times its present amount. That is the next practical question and this brings us to the area of specific projects and I feel very strongly that — and again the Council of Ministers and member governments are at fault here — we are in a situation in which member governments are subsuming regional project funds that would ordinarily be within their own exchequer areas and these particular funds are being, if you like, grabbed by national governments for their own purposes. Now this is totally against the whole notion of having a Regional Affairs Commissioner. In fact the logical conclusion of what is happening in many cases is that there should not be a Regional Affairs Commissioner at all; one should simply transfer the funds blatantly and obviously to national governments and give them a transfer payment. I am against that. I feel very strongly that the Commission and the Community should be totally identified with specific projects rather than having a watering-can operation whereby member governments are in effect taking on or grabbing Community regional funds for the purposes of their own exercises. I do not want to go through the list of allocations that I have here from the Commission in regard to the 1976 allocation in my country. I appreciate that there are some important major projects and I am not denying their importance, but the fact of the matter is that the basic infrastructural aids out of the total aid come to about £2½ million and the aid given by the Community towards all sorts of national government projects comes to £9 million.

So that is the ratio. I have here a whole list of extensions and improvements to telephone exchanges, improvements to water-supply and sewage schemes, and that accounts for £9 million of the £ 11½ million of the allocation. Now, this is the type of thing I think that Commissioner Thomson himself and Senator Yeats were talking about earlier on. This is the type of expenditure from the Regional Fund — and all of us know about it here — that is all wrong.

The Regional Fund should be specifically for projects associated with Community interests and Community involvement, and the expenditure spelled out in Member States accordingly — and not merely used to subsidize the budgets of Member States in regard to their particular responsibilities.

The other point I would like to make in conclusion — and again it was referred to by my colleague, Senator Yeats, and also by Commissioner Thomson in his reply — is the overall coordination of these measures: the overall coordination of social, regional and EAGGF grants, aids and loans. I feel there should be an investigation by the appropriate committee of Parliament as to how we can best coordinate this matter. We are talking about fisheries, we are talking about EAGGF, we are talking about the Social Fund, we are talking about the Regional Fund, and, fundamentally, all this is about the same thing — how to reduce the disparities within the Community as far as nations are concerned, as far as regions are concerned, as far as classes of people are concerned; it is basically a social matter. I feel that this whole area, where at the present time we have four or five Commissioners operating, requires very real attention. Indeed — I said this on Monday evening and it may offend some of our friends who, I hope, are socially conscious, in the Socialist Group — the common agricultural policy is part of this too, because that is also involved with reducing disparities of income; and what this Community should be about is reducing disparities of income within it, and seeking to give equality of opportunity to all our people, and our younger people in particular, in the years ahead. This is real, practical socialism. I am not afraid to use the word — I believe in it. We must get down to coordinating that aspect across the board in regard to the various aids that the Community advocates and adopts. This is, fundamentally, a policy that we must pursue, advocate and intensify. Commissioner Thomson has set a very good lead; and I am very glad to say that we want the patronage that he has given to this fund developed and expanded into a real commitment on the transfer of resources.

*(Applause)*

**President.** — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — Mr President, first may I congratulate Commissioner Thomson on what is I believe the best Community document I have ever seen. Now we all know that without his drive and enthusiasm it is doubtful if the Regional Fund would ever have got off the ground at all, let alone so promptly after the Council finally and apparently rather reluctantly gave the go-ahead. Even then, I recall from the budget debates, there were many who said that it would not be possible to commit and spend even the reduced amount of money which had

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been allocated. And yet, as he said with his Scottish caninness, virtually every unit of account was used by the end of the year. I am glad too that the Commissioner has not confined himself too narrowly to the year in question. What is so disappointing sometimes in this Parliament is that by the time we get annual reports they are so out-of-date that they are scarcely worth debating, scarcely relevant to the situation with which we find ourselves confronted.

This report, however, does not only cover one year, it looks beyond the year in question, thus very much increasing its relevance and helpfulness. I should like also if I may to congratulate Mr Delmotte not only on his report but on the many years of patient work which he has devoted to the subject and I as a newcomer have watched him with the utmost admiration at his work in committee. But I am bound to add with regret that had his advice and that of the Committee on Regional Policy and the Commission been taken by the Council in 1974, the Regional Development Fund would have been both earlier on the scene and much more effective. It is a sobering thought that not only have we failed to narrow the gap between the richer and poorer regions of the Community but the gap has been widening steadily, as is clearly brought out in point 8 of the annual report. One statistic in particular gives very much cause for alarm and that is the figure given in table 3, and referred to by Mr Yeats, showing the savagely widening gap in the increase of gross domestic product of the Member States. In Italy, Ireland and the United Kingdom increases range from 6¼ % to 7¾ % from a relatively low base whereas the rates of increase for the other six States ranged between 11 % and 12¾ %, starting from a much higher base. When you consider, moreover, that the rates of inflation in the three poorest countries were very much higher, the real increase in purchasing power of their GDP is an even smaller proportion of that of the wealthiest States. Now this was, to be fair, something that could not possibly have been known to the Council of Ministers when they slashed the proposed 2 250 million u.a. to a miserly 1 300 million and one cannot help wondering if they would have taken such action had they known what the future held in store in this regard. I am glad that the Commissioner laid such emphasis at the beginning of his report on the need to use all the Community's weapons to fight the scourge of regional imbalance, and not only the Regional Fund itself, and that he stressed that we must consider the regional impact of every Community action. I also like his idea of a certificate of regional importance to be attached to every project that we put forward, because unfortunately, as Mr Brugger said, there is a temptation at a time of general economic crisis to apply corrective measures in a very short-term, indiscriminating fashion which fails to take account of the different kinds of difficulty which a region may experience. That is why paragraphs 5 and 6 of the motion are so important, emphasizing as

they do the real distinction between chronic structural problems and temporary difficulties confined to a particular area or section of industry.

We agree with Mr Brugger that it is a great pity that the impartial criteria originally proposed by the Commission and adopted by the Committee on Regional Policy were not accepted. Not only were purely national criteria adopted, but applications for fund assistance could be made only by national governments. Now we must face the fact, Mr President, that this made member governments far too susceptible to political pressure in the applications they put forward and, however strongly the Commission might have felt that a member government's regional policy was unbalanced, they could do nothing in a positive sense to redress the balance. They could merely refuse applications, they could put nothing else in their place. Moreover, as stressed by Mr Yeats in paragraph 10 of his opinion, money can go straight into a Member State's budget deficit without necessarily adding one cent to the level of spending on regional projects. This is a very serious weakness at the present time. We in our group believe that the original and partial Community criteria of areas which qualify for aid should be restored when the new fund is established, namely GDP consistently below the national average, dependence on agriculture or a declining industry such as textiles or shipbuilding, and a consistently high rate of unemployment or net outward migration. But other criteria should be added, according to experience of the working of the fund over its first brief period. It seems to us that the fund, as at present constituted, is designed to cope with the problems of backward agricultural areas but not with those areas which have an outworn physical environment and suffer from severe industrial dereliction.

These areas suffer simultaneously from migration of population, leading to a very unbalanced population, and also an unbalanced employment structure and loss of employment opportunities. It is vital that the new fund should take great account of these factors when granting regional aid. We believe too that local authorities should be much more closely involved with the Community's regional policy than they are at present, since it is they who have the really detailed understanding of the problems of their areas. Now I know, and he stressed it again today, that Commissioner Thomson has consistently operated an open-door policy as far as local authorities are concerned. But merely being able to question or be consulted is no substitute for actually having some say in how the money will be allocated. Now there are several ways in which this could be done. I personally would like local authorities to be able to submit applications direct to the Commission instead of going through member governments. I gather that Commissioner Thomson may have some ideas on the subject, judging from the speech that he made this morning.

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But we must give incentive to those in the regions with ideas and initiative and spread workable ideas from one region to another. At present one of the most serious aspects of regional imbalance is the fact that it is precisely those with ideas and initiative who leave the regions to seek their fortunes elsewhere. And to give them a real say in the improvement of their home areas might well induce them to remain and fight the battle there. This is really vital. The Commissioner was kind enough to mention the policy booklet which I and my two Conservative colleagues serving on the Committee on Regional Policy have published. In it we stressed that regional policy is not a policy of money only, it is above all a policy of ideas and initiative. In our view paragraph 23 lies at the very heart of a successful regional policy. As we said in our little booklet, we believe that the regional policy with the best chance of success is the one which draws most extensively on the knowledge and experience of the regions themselves. The regions will never thrive if we give them only money. They will thrive if we inspire them with hope for the future. I believe that we must rekindle in our old industrial regions the spirit of enterprise, enthusiasm and adventure which made them great in the past.

The projects which we encourage must be imaginative and blaze a trail of prosperity for others to follow. We must not merely play safe, we must be prepared to take risks on new ideas, for the rewards can be very high. We must jerk people out of their inertia and urge them on to initiatives which they might not take alone without encouragement from us. The region I represent is a proud region, we do not wish to be for long on the receiving end of the Regional Fund. We want so to raise our prosperity and potential that we will no longer need aid and can in our turn help others who may still do so. But for the present it would enormously help local initiative if a proportion of the fund — perhaps 20 % — could be set aside annually for local regional authorities to make small claims direct to the government for projects that they know will have a tremendous impact on their local situation.

This is of course absolutely vital — and we take this perhaps for granted, now that the trial three-year period is over — it should be established as a permanent feature of the Community with forward allocation over at least five years to allow for long-term investment decisions. At the same time, the balance of resources between the Regional Fund and the guidance and structural section of the Agriculture Fund should be altered. I am not taking away anything from agriculture, Mr Commissioner, I am merely suggesting it should be used in a different way, so that help can be given on a wider basis than at present. And the 75 % of the Community's money which is spent on agriculture, about which there is wide-spread misunderstanding, could be seen for what in fact it really is, namely, help for the regions. It is only by increasing cooperation between the Regional Fund, the Social Fund, the Agricultural Fund and the

Investment Bank that any real impact on the deep-seated problems of regional imbalance can be made. I was glad that the Commissioner referred to the Interservice Group in his remarks, and I hope that in his final remarks he will perhaps describe the work recently undertaken by the group on the role of the EAGGF within the Community's regional policy. But negative policies are needed as well as positive ones. Most people would agree that the most effective regional policy instrument in the UK is the industrial development certificate, which prevents new firms from starting up in an already crowded industrial region where the social costs, in the form of new housing, schools and infrastructure, would be high, and obliges them to go to regions where industry is desperately needed. Until relatively recently if a firm was refused an IDC to set up, for example, in an already overcrowded area in one Community State, it was a reasonable assumption that such expansion would take place instead in a poorer area in the same Member State. But with improved transport facilities and computer facilities this is no longer the case. The development may well go to an already overcrowded industrial region of quite another Member State which really does not need it at all, thus negating regional policy unless there are positive disincentives to prevent it. I was glad that the Commissioner did in fact draw attention to this particular danger. I am glad too that the report laid such stress, especially in paragraph 108, on the fundamental importance that the Commission attaches to the principle of additionality and stressed the role that public opinion can play in seeing that this principle is fulfilled and that member governments play the game. Commissioner Thomson may be quite sure that even after he is gone we shall keep a very watchful eye on this aspect of affairs.

But to come to our amendments to the resolution itself. As I have already said, I think it is an excellent and most painstaking report. Any alterations we may suggest to it will, I hope, be viewed in the light of this fact. I appreciate that the rapporteur has sought very hard to meet the points I made on industrial dereliction by redrafting paragraphs 5 and 6. I thank him for that. But I still do feel that they do not entirely meet my point. Industrial dereliction afflicts only relatively few parts of the regions of Member States but where it occurs it is a very serious problem indeed, and I should like it to be spelt out more precisely. Accordingly I have tabled an additional paragraph 6a which I very much hope the House will pass. Its inclusion would affect no region adversely, but it would give hope and encouragement to regions which have little of either at present. And I, therefore, hope that Members will give it their sympathetic support. Also though, as I say, we take it for granted that the fund will continue, we think that this should be spelt out in the resolution.

Now, in conclusion, I should like to pay a tribute on behalf of my group to all that Mr Thomson has achieved in his four years as Commissioner responsible for the

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regions. I do not doubt that it is very largely due to his determination, enthusiasm and his skill as a negotiator, that we have a Regional Development Fund and the foundations — be they still a little shaky and scanty — of a comprehensive Community regional policy. There can hardly be a single region in the Community which has not some cause to be grateful to him. It is a most happy coincidence that his last appearance before us is in connection with this debate. I hope that he will accept the vote of this House in endorsing Mr Delmotte's report as a token of our appreciation and affection for him and of our best wishes for his future wherever that may lie.

*(Applause)*

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

**Mr Mascagni.** — *(I)* Mr President, ladies and gentlemen, the documents laid before Parliament as a basis for its assessment of the first year of the implementation of the European Regional Fund — which in fact concern, the second half of 1975 — and the speeches which have been made today, provide a realistic picture of this vital sector of Community policy. Of these documents the report by Mr Delmotte, to whom we offer our congratulations, is worthy of special mention for its clarity and expertise. But Mr Thomson also deserves our particular thanks for the passion, conviction and devotion which he has shown in his work, and for the results which have been achieved through his efforts.

The various documents cover every aspect of regional policy. They are particularly marked by a readiness to broach various facts with a frankness which even borders on open disapproval. I should like to substantiate this assertion by some brief quotations from the reports by the Commission and Mr Delmotte. I quote: 'Continuing regional disparities constitute a major brake on the process of economic integration.' This is a clear and unequivocal judgment. And again: 'The customs union created the conditions for an increase in the gap between the rich and the poor regions.' Now comes, another extremely explicit statement. 'The short-term measures taken to deal with the recession, while necessary for political and social reasons, should not obscure the fact that the underlying gap between the richer and the poorer regions remains as intractable as ever' — I repeat — 'remains as intractable as ever'. On the subject of the market economy, which claims great numbers of devoted supporters in Italy, we read: 'The rapid growth generated by the market economy has been accompanied by significant regional disequilibria.' And as a final quotation: 'The free market economy will not automatically resolve the problem even when growth revives.'

Given such statements, I can only stress my satisfaction at such straight talking. But let us make no mistake: even though we are grateful for this freer and more open style, we wonder whether it genuinely represents a more democratic approach, or does not conceal — at least

partly, as we suspect — a sort of moral alibi, and merely represents — even if in good faith — an elegant and superficially effective way of clearing peoples' consciences.

I am not referring to Mr Delmotte or Mr Thomson personally, but rather to a situation and to specific facts and general conditions which, even at Community level, immediately spring to mind. Evidently, these considerations derive from our strictly political concept of this sphere of Community policy. We wish to stress our conviction that the sphere of regional policy involves numerous technical and other factors, above all economic and social, which have different effects and implications in their individual national situations and the Community Member States as a whole.

There is no doubt that the necessary support for Community action in this sector can only be created by means of comparative studies, detailed analyses, technical checks and the collection and provision of specific information. But now we come to the essential point which we cannot ignore: once again we must insist, with an emphasis reflecting our awareness of what is at stake, that our political will represents the vital element in launching a serious regional development policy capable of correctly interpreting and fulfilling the undertakings given in the documents establishing the fund. Our political will is the decisive factor. We have listened with great interest to the statements by Mr Delmotte and Mr Thomson, and our comments are not addressed at them. If we are unhappy about certain statements, phrases and positions, it is on account of the real situations and particular forces involved.

I should now like to make some detailed observations, simply for the record, without claiming to reveal anything new, with the sole aim of explaining our views on some aspects of the problem.

First of all, regional policy cannot continue to consist merely of financial aid, even if it is supplemented at national level, and cannot only be conducted with reference to the competences of the fund: it should be closely coordinated with all other Community action, even when the latter was originally designed to achieve different objectives. In other words, economic and social harmonization and the elimination of regional imbalances should become the main features of all Community policies.

Secondly, Community action in the area of regional policy should be particularly extended to the agricultural policy, which, as is now recognized by the Community organs responsible, has certain negative effects on regions and helps to increase disparities. As Mr Pistillo said the day before yesterday on another subject, the agricultural policy has benefited the richer regions at the expense of the poorer ones, the holdings with the least need at the expense of those with the greatest need in individual regions and, in the final analysis and on several occasions, the strongest States at the expense of the weakest.



**Mascagni**

Action by the EAGGF's Guidance Section should be more concerned with structures if we are to eliminate effectively regional imbalances. The most striking fact was recently expressed by — I believe — Mr Thomson. Between 1964 and 1973 Southern Italy, which is the largest underdeveloped region in the Community, was allocated only 5 % of the funds from the EAGGF's Guidance Section, out of the 24 % allocated to Italy as a whole. This is a dramatic statistic, which demonstrates the contradiction existing between the various Community policies.

Thirdly, new guidelines such as those suggested represent the only possible basis for extending, through the regional policy, the present narrow limits for a modest re-distribution of income, which are inadequate given the essential objectives pursued by the Community.

Fourthly, it is now clear that all measures which do not fit into an overall approach to regional policy should be abandoned. This approach should be based on knowledge and exact comparisons of specific information, including projects geared towards the particular regional situations in each State, and development programmes due to be introduced before 1977; it should also be based on the most relevant technical information, the results of checks on progress made in establishing much closer relations and consultation with local authorities, making use, for example, directly or indirectly, of the proposed information centre.

It should be pointed out here that the important thing is not — as some people would apparently have us believe — to place greater emphasis, in formal terms, on a falsely democratic procedure but, on the contrary, to obtain objective information from direct relations with local authorities, traders, workers' trade-union organizations and, finally, the populations concerned. We should like to mention here a hypothesis which should be given careful study — namely, the allocation of funds from the Regional Development Fund to public regional bodies for specific investment programmes which could be controlled.

Fifthly, we disagree with the statements concerning the inevitable limitations of the means available to the Regional Development Fund. On the contrary, we are convinced that the general budget, even within its present limits, could be used differently, and more productively, to achieve these objectives of a new and more effective regional policy. Similarly, we wish to express our surprise at the suggestions, which are less than clear and perhaps — I repeat perhaps — made with little conviction, for a regional development company which, it is stated, would become a shareholder in small and medium-sized undertakings using part of the Fund's resources. It appeared to us that, in the Committee on Regional Policy itself, the suggestions on this subject were very vague.

Sixthly and lastly, we wish to draw the attention of Parliament, the Commission and the Council to a different hypothesis — the setting up of a financing company to obtain new capital on the world market for investments

designed to achieve regional development and re-equilibrium.

This idea should be carefully studied; we consider that a financial body would greatly increase the effects of the Regional Fund itself.

I wish to conclude by reaffirming our strong and deep-rooted conviction that there is an urgent need for maximum commitment and maximum effort at every level of the Community to ensure that priority is given to a coordinated and overall approach to the problems, funds and measures involved. Clearly, we cannot expect the situation to be changed merely by the setting out of new guidelines at the highest level of the Community. We must mobilize large sections of opinion, as well as the forces of labour and progress. To this end, our political group, recognizing the role incumbent on all genuinely democratic movements, intends to do everything in its power to ensure the creation of a Europe which is democratic not only in words, but also in deeds.

*(Applause)*

**President.** — I call Mr Evans.

**Mr Evans, chairman of the Committee on Regional Policy, Regional Planning and Transport.** — Mr President, I would like to start by paying two very sincere tributes. The first to my colleague and comrade Mr Delmotte for the tremendous work that he has put in and for his admirable report. He has worked hard for many years in this particular field and is now recognized and accepted by everyone in Parliament as being an expert. I certainly commend this report to Parliament. The second tribute I would like to pay is to the Commission and in particular to George Thomson for the report which forms the basis of our discussion today. During the last weeks it has so happened that Mr Thomson and I have met frequently and have made rather similar speeches. Today Mr Thomson is saying his farewells as his term of office as Commissioner expires, and I am paying tribute to his work. This alas perhaps is the last occasion when I will have that pleasant task, and I should like to make it absolutely clear, as the chairman of the committee, that whatever criticism we make in our reports about the way in which regional policy is developing, we have only the deepest respect for the regional policy development Commissioner. He has fought unceasingly to bring about the Regional Development Fund, while at the same time he himself, as this first report shows, is the first to see and make clear that the European Regional Development Fund is not something we should confuse with a European regional policy. Let me say at the outset that I think that the person who will follow Mr Thomson is fortunate, and that he will take over from a Commissioner who has thought very deeply about the whole nature of regional policy within the Community and who is leaving behind him a legacy in the form of a nine-point statement which he drew up in Paris last week where he set out some of his thoughts for the future evolution of regional policy.

## Evans

It is a paradox, Mr President, that while technically we are today discussing the Commission's report on the first year's operation of the Regional Development Fund, we are inevitably bound to be thinking more about the fund after 1977, and indeed about the way in which regional policy in the Community is going to develop. I think that at the outset we should make it perfectly clear to the Council of Ministers that the first pre-requisite is a vastly increased fund, because whilst it is true that we have not as yet got a regional policy, we must recognize that the present fund is a pittance and that what we require in the first instance is a much larger fund. But there is something in my view, Mr President, which is even more important, and which is within reach of this Parliament and that is the opportunity to persuade, to influence and even to point the way to the new Commission. The new Commission is coming in and its thoughts of course will not be clear, its members will not yet have made up their minds. We have got a lot of experience in this field and we have certainly had the benefit of Mr Thomson's cabinet's work; we should take this opportunity with both hands to ensure that the new policy, as brought forward by the Commission for placement before the Council of Ministers, is shaped and influenced by ourselves. I sincerely hope that my committee in this Parliament over the next two or three months will concentrate on ensuring that we do come forward with a regional policy. Because, quite frankly — and many of us have said this — we have not got a European regional policy at the moment.

Mr Delmotte's report, I think, is self-explanatory and I therefore do not wish to comment on it in detail. What is common ground between Mr Delmotte, my committee, the Commission and I think all the Members of the European Parliament is that in the future we must look in a coordinated manner at all types of Community policies which have an impact on the regions. Sometimes, indeed, this impact can be negative. There is certainly one area, and that is the field of agriculture, where I believe my committee should spend a great deal of its time examining Community policy because I can quote an example which not only affects the United Kingdom, it affects my own constituency, namely the decision that was taken some years ago that the Community should become self-sufficient in the production of beet sugar. The end result of that was that 2 000 workers in the United Kingdom would lose their employment in the cane sugar refining industry. If at that time the system which Mr Thomson has outlined and suggested to us over and over again had been in being, namely that a regional tag would be attached to Community policies, it may have been that the Community would have thought again about the policy of becoming self-sufficient in beet. It is paradoxical that on the one hand we are attempting to spend millions of pounds of Community money to increase job opportunities in the underdeveloped regions, and yet at the same time, with the other hand we are adopting policies which do away with jobs in the areas which can afford to lose them least.

We must I think try to ensure that in future we look at the regional implications of any Community action, whether in the field of transport, projects supported by the European Investment Bank etc. — and this is something which I feel we have neglected. I feel that we should always insist that the major work, as far as that Community institution is concerned, should be concentrated in the regions of the Community. I would suggest and hope that when we come to look in the future at new proposals and new policies, we will be ruthless as well as realistic. Mr Thomson made the point in his speech that to suggest that only three countries should be the beneficiaries of the Fund would be unrealistic. I tend to accept that, although I wish to explore it further, but certainly what we have to be prepared to look at is the fact — which is a sad commentary on the development of the European institutions — that over the past five or six years the rich regions have got richer and the poorer regions have got poorer. That is a very sad comment on those who suggest that we are building Europe. It does not seem likely that the people in the underdeveloped regions will think very much of that Europe. I would submit that it is absolutely essential that we look into the whole question of developing an industrial development certification policy. I would go as far as suggesting that the Commission, in conjunction with the Member States, should be prepared, in effect, to divide the Community into three different sectors: the rich and prosperous which would be allowed no further major industrial development; the average would be allowed to have major industrial developments without any Community or national aid; the third compartment would be the underdeveloped regions, which would not only receive the benefits of industrial developments, but would be the only regions which would receive national and Community aid. In that context, it would be essential to ensure that the nine member countries have common policies and common payments, as far as regional policy is concerned. I know that is a harsh doctrine, and I know it will not be accepted by many people; but I submit, Mr President, that those who talk about building Europe must realize and accept that this is what the future will be about. We cannot build a Europe which has rich regions at the centre and poorer regions at the extremity. I know that many of my colleagues in this Parliament like to talk in grandiose terms about economic and monetary union, about common defence policy and common foreign policy and about building a United States of Europe. But let me put it to them that what concerns the people of Europe outside the institutions is the standard of living they have, the job opportunities they may or not possess, and I submit that until we do work out a worthwhile European regional policy, we will never build a common Europe. All such talk will be rhetoric, and I hope that in the future we will concentrate more and more of our efforts on building a truly European regional policy.

*(Applause)*

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, I am very glad to have this opportunity of speaking on the report prepared by Mr Delmotte on the Commission's first annual report on the operation of the Regional Development Fund. And I should like to join with my colleagues in paying tribute to the work that Mr Delmotte has put into this report. Knowing him over three or four years now, and knowing this deep interest and his expertise in this field, we come to expect exactly this high standard from him.

I think a significant point is that the Commission — although it has one of the smallest staffs in the entire Community — has been able to meet the time limit stipulated for the issue of this report by the regulations which established the Regional Fund. This is yet again another indication of the great dedication that Mr Thomson, Mr Ruggiero and indeed all his staff, have to the principle and indeed the letter of the entire underlying policy.

Over the past two years, I have been working closely with Mr Thomson on the Committee for Regional Policy, Regional Planning and Transport, and had the pleasure of being chairman of that committee when the fund itself was established. This year, during the summer break, I took the opportunity of visiting many of the projects in my own country that have been aided by the fund since it was established. And I have come to a number of very definite conclusions.

It was a great pleasure for me before lunch today to hear Mr Thomson, in what he described as his last will and testament, mention seven of the points that I had already made up my mind on as being desirable for inclusion in the new rules that must be put into effect during 1977 for the continuation of the fund. I certainly have very strong views on additionality. During the course of his speech Mr Lenihan mentioned the way that the Irish Government were allocating their share of the Regional Fund. But, Mr President, I would hasten to point out that all these projects fully meet the criteria laid down by the Commission regulation.

Of course we need infrastructures such as telephone communications and the water and sewage infrastructures for which the Irish Government are utilizing the Regional Fund. But my own personal view is, that while I know we need this kind of development in the Republic of Ireland, I am personally against allocation of the Regional Fund to small projects such as this. The reason I say that is that here we have a new type of fund — a fund through which the spirit of a united Europe can reach back to the peripheral areas of our Community. I do not accept that somebody using a telephone — even though it has been aided and, perhaps, facilitated by this fund — will give any credit to the fund while they are doing that.

When the new rules and regulations come in, I should like to see that — accepting that the fund will be inadequate, as the present one is — the fund is used not just in addition to the existing finance that the various administrations allocate in their capital budget. Taking the example of the Industrial development Authority in my own country, if they give a 30 % grant to any particular project, I would like to see that — where the grants are selected for regional grant aid — the latter represents a bonus, whether it be 5 % or 10 % extra, so that the people themselves will be looking for specific regional aid.

In the more peripheral areas, there are many types of infrastructure — take electrification, the provision of power. As you know in most electrical supply companies — whether they be public companies or semi-State companies — capital development has to be allocated on the basis of economic return. And there would be many areas throughout our Community where it will not be economically feasible to put in the necessary expense of infrastructures. In these particular areas, I think in addition to the grants and the moneys that the various national administrations allocate, we should come in with the Regional Fund, so that the people benefiting from the infrastructure will have no doubt in their minds and would say that, were it not for this new European Regional Fund, they would not have been able to enjoy the additional benefits of the infrastructures that they would now enjoy.

And I think this is terribly important — especially during the years when the amount of the fund is, as everybody accepts, completely inadequate, having regard to the very vast sums of money that each and every one of our nine countries spend on infrastructures. And for new rules, which I hope to see drafted in the next calendar year, I hope we could give this kind of new dimension to the fund.

I was ever so glad to hear Mr Thomson advocate the coordinating role of the new Commissioner. Indeed, I think over the last two years I have advocated this very self-same kind of coordination, because in my own experience, there were two different European funds that were not operating in concert, but reacting one against the other. And this, I think, is not the kind of thing we can allow in the Community, even if it is very wealthy. There are not sufficient funds to go round.

In this regard, I would like Parliament, the Bureau, and indeed my colleagues in the Committee on Regional Policy, Regional Planning and Transport to ask the Commission to indicate to us a number of projects in one or other of the regions of the Community where as many Members of Parliament as possible could see the actual utilization of the Regional Fund, to see the difference it makes. When going into a factory that has benefited from the

McDonald

Regional Fund, my experience is that the actual workers who, to some degree, owe their very employment to a subvention from the fund, are not at all aware that that has happened. Mr President, I should like to see the parliamentary committee visit one or two of the regions for that purpose.

Mr President, in conclusion, may I refer very briefly to the Delmotte Report, As regards paragraph 1 of the motion for a resolution, I concur with the wording set out by our rapporteur. My name is appended to Amendment No 2 as a result of a misunderstanding. I must ask that my name be deleted from Amendment No 2 tabled by the Christian-Democratic Group as my personal conviction on this important point of principle coincides with the views expressed by our rapporteur Mr Delmotte in his text. And in my considered opinion economic integration cannot take place until differences in regional development within the Community have been eliminated or at least substantially reduced from the present high disequilibria of 6:1 between the higher industrialized areas and the poorer peripheral regions. Naturally these poor areas cannot attain the same rate of economic growth as the more prosperous and developed areas and this I believe is the underlying principle and *raison d'être* of the Regional Fund and until a greatly enlarged Regional Fund achieves some dynamic measure of success, which I believe and hope it will, European economic and monetary union will remain but a pious aspiration.

(Applause)

**President.** — Your request to have your name deleted from Amendment No 2 to paragraph 1 is duly noted.

I call Mr Ellis.

**Mr Ellis.** — Mr President, I don't think that there is a great deal I can meaningfully say on this vast subject in the few minutes I have got. But I would like to start by adding my tributes to those already paid to Mr Delmotte for his report and for all the work he has done for such a long time in this field. He, like me and like many Members of this Parliament, really believes in regional policy, and it does hearten me to find that there are some politicians who do not themselves come from underdeveloped but see the importance of this subject. I am not sure that he would follow me as far as I would go, because I believe that not simply regional policy but regionalism is going to be one of the profoundest and most fundamental of political issues in Europe during the rest of this century and the early years of the next century and therefore I am rather glad that Mr Thomson, to whom I too would like to pay tribute, widened the subject in his speech today and took us away simply from Mr Delmotte's report on the fund itself and looked at the future development of the Community policy and

indeed spelt out some very sensible, some admirable practical steps that the next Commission could follow. I agreed entirely with him when he said that the fund must not become a fig-leaf to cover the nakedness of the Community in this field and I was also happy that he believes that the fund now is an irreversible fact of life. There was one small practical item in his list of points that I was a little worried about and which I would with all humility dare to criticize — and I do criticize very humbly indeed as one who customarily looks up to Mr Thomson — and that was when he spoke about the multiplier process, when he said that he felt the fund could be used to crystallize, to act as a catalyst for private investment and foreign investments and so on. Well, I believe that there is an enormous body of evidence now to show that the fund has not the faintest hope of doing this, that the meso-economic issues are so strongly embedded and that the economic structure is such that the issue is far too profound and difficult for it to be imagined that a mere fund will act as a kind of crystallizing process and get private investment going. I was therefore a little worried that there might be a little complacency in the Commission in this regard. But I do not want to follow up these particular points in the very few minutes I have.

What I would like to do now for 5 minutes is to take up my role as self-appointed resident philosopher extraordinary to this Parliament and try to show why the trends of history are leading us to the position when regionalism really is going to be fundamental and I would speak, and I have spoken before on some of them, on three broad trends. There is the economic aspect — and we can all of us dig up the statistics and many have been quoted today. I would like to give one set of facts which are particularly vivid. They put the flesh it seems to me on the bare statistics. Consider the field of scientific research in my country, Wales. The British Government has 99 research establishments in the physical and biological sciences, and these establishments employed in 1972 13 850 graduate scientists. Fifty were in Wales. The nationalized industries in Britain have 26 research establishments — not one of them is in Wales. There are 26 industrial research associations in Britain — not one is in Wales. In 1972 *Nature* the eminent scientific magazine carried 489 advertisements for research scientists — 3 were in Wales. What this means is in effect that any young Welshman who graduates in science and who wishes to follow a research career cannot do so in his own country. And this is one of the reasons why a disillusion has come about in many of the regions with the present centralist national State situation. I am not saying for one minute that a regional policy will cure it but I am trying to explain how the disillusion has crept in. There is the sociological aspect, to use the word sociological very loosely. The nature of power, the nature of political power has changed. Whereas until, let us say, 1945 because decisions tended to be programmed, because they depended on the inductive method, people were

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expectant on the basis of past events. Whatever situation arose in an industrial setting in a company had arisen previously and the man at the top had framed rules so that the functionary lower down the line simply applied the rules. He made a programmed decision. And we had the traditional hierarchic structure and the pyramid of power with the ultimate repository of power being in the Parliament and the central government in London, or Bonn or Paris or Rome or wherever. But now because of the innovations in science, decisions are no longer programmed. Increasingly, people at junior levels have to be asked to use their judgment, and to do that is to introduce a profound change in society. It is to change it from being vertically structured to being laterally structured. This too is an enormous trend, an enormous impetus toward the development of awareness of regionalism. Thirdly, there is what I call the ethnic and the cultural aspect — and I am using the word cultural in the widest sense. This too all seems to tie in, and it is very reminiscent to me of the old argument between Bakunin and Marx when Bakunin pointed out the dangers in Marx's politics of the situation arising in what he called the State versus natural society. The same kind of process is developing now on a technological front and we are getting into the position where bureaucracy will destroy social democracy. Here again it seems to me regionalism is going to be an important counterweight to the centralist trends of modern technology. So there are three broad sweeping statements. Perhaps somebody will write a book on this and try and persuade the national politicians of the reality of these issues, and that is why I am very grateful to Mr Thomson for having broadened the debate. I have broadened it a great deal further but I think it is important that politicians should try to peer ahead, not into the next year or the life of the next Parliament or even of the next Commission, but to forecast the trends over a long period of years so that the policies as they are being formed assume their true importance. This is the justification for Mr Thomson's suggestion — crucially important in my view — that the new Commission should be constituted and the various portfolios allocated at least partly with regional policy in mind.

*(Applause)*

**President.** — I call Mr Osborn.

**Mr Osborn.** — Firstly, I too would like to add my congratulations to Commissioner Thomson for the dynamic leadership he has given in promoting regional development within the Community, and I would like to add my congratulations to the many he has already received and particularly on the occasion of this debate on the first annual report on the Regional Development Fund.

Mr Ellis reminded us he came from Wales. I think it is appropriate that we are discussing regional development on the day in the House of Commons there will

be a major debate and division tonight on the extent to which we give greater powers to two regions of the United Kingdom — Wales and Scotland. But the proposals will be a disappointment to other regions, and I speak for the North of England particularly, which are not, because of cost, to have such powers, judging by the white paper produced by the British Government. But what I do agree with is that we must look to the other projects going on in the various regions. I might disagree with Mr Ellis to the extent that the creation of laboratories by themselves, unless they lead to wealth-creating activities in our new society, maybe of limited value in the regions. What is vital is that we so adjust the wealth-creation capabilities in the deprived regions that we have a rising standard of living. Now each member country has had its own programmes. I remember the 1960s when Quintin Hogg — now Lord Hailsham — instituted specific projects in the North East of Britain. I remember well the government in the late 1960s in Britain creating the system of regional development councils and development associations and we have had two industry acts, which are national programmes of regional development worked out within one of the member countries. But I believe we have agreed today that blanket schemes by governments or the Community can fail to give assistance where it is most needed, for a variety of reasons. There is a need now to select projects of major significance, and I welcome Mr Thomson's views on this. There is also a need to help specific small areas, small communities, rather than regions, and again we must look at this. But we are aware of the vast regional disparities which Mr Delmotte and others have outlined in paragraph 2. But ultimately there is the whole question of Community powers and the powers of national governments. I believe that the Community must have more direct links with the region and provide a flexibility that can, to an extent, override the inflexibility of national governments. This will be the challenge that faces this committee and the new Commission. But what is vital is this stronger link between regions within one of the member countries and the Community. Obviously, I have in mind South Yorkshire and Yorkshire and Humberside. The other important point which we stressed is that aid should be given publicly.

The annual report, as I see it, is a first stride in the right direction and the aid granted of 299m u.a. has led to something like 2 400m u.a. extra investment and the Commission has now announced that the figure has gone up to 800m u.a. with an equivalent increase in investment, indicating that the funds are multiplied nine or ten times by funds for development from other sources. We have a breakdown by country but I agree that we must not look at countries specifically but at the bigger picture.

But I think we should project our minds forward two years when we have direct elections. Each of us in the

**Osborn**

less well-off regions will, as Members of the European Parliament, have an interest in our own constituencies. In my case, obviously, I have kept in close touch with the Industrial Advisory Committee of the Sheffield City Council, which is determined to prevent a fall in employment as the steel industry changes. The Yorkshire and Humberside Regional Council is still concerned at the lower wage levels in Yorkshire than in many other parts of England. But we have not only an analysis by country but a much wider analysis in the Official Journal Volume 19 No C 267 of 12 November, and in addition the Commissioner has indicated that he has looked at new projects costing 231m u.a. He has mentioned the various schemes and various parts of the Community. In two years time, however, comments such as have been put to me by the Yorkshire people, that Ireland is receiving 17 times the aid that Yorkshire is receiving and the North West of England is receiving twice the assistance from the Community that Yorkshire is receiving, will I think be heard in this Community and in this chamber.

Now this morning we thought of the dangers of a marriage between the Commission and Eurofer in connection with the steel industry. The Regional Development Fund is only one of many funds — and this has been touched on by the Commissioner — for instance the Social Fund, Agricultural Development Fund and of course the ECSC Fund which has helped with investments in South Yorkshire to revitalize the steel industry. Where I do disagree with our rapporteur, Mr Delmotte, is in the concept of setting up a regional development company. New activities should be financed from private sources, banks whether clearing banks or merchant banks and, of course, the European Investment Bank which stands aside from the Commission and Council of Ministers.

Thinking of a philosophy for the future, I was reminded that a team of managers and trade union leaders on a tour sponsored by the Duke of Edinburgh's Study Conferences on Human Relations in the Commonwealth went to Canada. They went to a mining village where inhabitants were walking out of their house and leaving the doors open, because the source of wealth in that village had been worked out and there was no point in keeping on mining. Now in Britain we think that new industries should be introduced to make up for the lack of an activity to sustain a population. To what extent in fact was the decision in Canada reasonable and what are the lessons for us in the Community?

Now to conclude, Mr President, I think from this first report we now know what the Community is doing and we want to have more knowledge. It is necessary to have more knowledge of what the national funds are providing. There is a need to give the regions greater flexibility and power of initiative; there is a

need to accept that national and regional funds are a catalyst for development schemes and, as a first step, this annual report demonstrates the value of funds of this type. The future trend must be for Community funds to be used to a greater extent than national funds, because the poor countries have limited funds. This is justification for the idea of considering national development schemes along with regional development schemes, so that the overall figure remains the same or slightly larger but greater weight is put on Community activity rather than on the activity of the individual governments of the member countries. I therefore hope that the sum involved will be about the same or slightly bigger, but we will remember that there is a limit to which either governments or the Community can act as a catalyst and that limit must not be exceeded at any time, otherwise the Commission and bureaucracy will become too involved in what was essentially the domain of the regions and free enterprise.

I welcome Mr Delmotte's report and support my colleague Mrs Kellett-Bowman.

*(Applause)*

**President.** — Ladies and gentlemen, the demands of our time-table — as you know, we have to begin the vote on the budget at five o'clock in order to ensure a quorum — force me to interrupt temporarily this interesting and important debate on the European Regional Development Fund. I apologize to those Members who still wish to speak.

#### 8. *Tabling of a motion for a resolution*

**President.** — I have received from the Socialist Group a motion for a resolution on a common fisheries policy (Doc. 495/76).

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

Parliament will be consulted on the request for urgent procedure at the beginning of tomorrow's sitting.

#### IN THE CHAIR : MR SPENALE

*President*

#### 9. *Motion of censure*

**President.** — At its meeting this morning the enlarged Bureau had a full discussion of the problems connected with the motion of censure tabled by Mr Aigner on behalf of the Christian-Democratic Group, and the motion for a resolution with request for debate by urgent procedure on unfavourable developments on the malt market tabled by the Christian-Democratic and the Liberal and Democratic Groups, which was referred to committee yesterday morning following a vote by the Assembly.

## President

The enlarged Bureau endorsed the attitude expressed by the political groups in plenary sitting, namely unanimous disapproval of the Commission's refusal to provide full information to our sub-committee which is responsible for controlling the implementation of the Communities' budget — a task which we consider to be vital.

However, having regard to the position of the present Commission, the enlarged Bureau felt it best to refrain from taking any action until after 1 January 1977 and for the President to make the appropriate contacts with the new Commission as soon as possible, in order to arrive at a satisfactory solution to this problem in line with the views expressed by the political groups during the debate in plenary sitting.

The Christian-Democratic Group has informed me that in view of this unanimous position of the enlarged Bureau it would withdraw the motion of censure.

### *10. Amending budget No 3 of the Communities for 1976*

**President.** — Amending budget No 3 of the European Communities for 1976 was adopted unanimously during our sitting of Tuesday, 14 December 1976.

The procedure provided for in Article 203 (7) of the Treaty establishing the European Economic Community, Article 177 (7) of the Treaty establishing the European Atomic Energy Community and Article 78 (7) of the Treaty establishing the European Coal and Steel Community has been completed. Amending budget No 3 of the European Communities for the 1976 financial year is therefore finally adopted.

The text of this budget will be published in the Official Journal of the European Communities, series L.

### *11. General budget of the European Communities for the financial year 1977 (vote)*

**President.** — The next item is the vote on the draft general budget of the European Communities for the 1977 financial year modified by the Council on 23 November 1976 (Doc. 457/76) and the motion for a resolution contained in the supplementary report by Lord Bruce of Donington (Doc. 472/76).

Apologies for absence have been received from Mrs Kruchow, Mr Cointat, Mr Emile Muller, Mr Laudrin and Mr Maigaard who regret their inability to attend this vote.

I call Mr Prescott.

**Mr Prescott.** — Mr President, may I inform you in connection with the apologies for absence you announced, that Mrs Gwynneth Dunwoody has been taken ill and will not be taking part in the vote, so I offer her apologies also.

**President.** — Thank you Mr Prescott.

With the vote on the draft general budget of the European Communities for the financial year 1977 we enter the final stage of the budgetary procedure.

In November the Assembly adopted amendments on the non-compulsory expenditure and proposed modifications on the compulsory expenditure.

As regards compulsory expenditure, we cannot change decisions taken by the Council during the second phase. During this final stage, however, Parliament has the right to amend the modifications made by the Council to its amendments on non-compulsory expenditure.

The modifications made by the Council to our amendments have led to the tabling of further amendments which will be put to the vote during this stage. Since the last part-session the Committee on Budgets has done an enormous amount of work: only yesterday evening, following the consultation with the Council, it met again in order to be able to submit the final text to you today.

The amendments, which will be put to the vote in the order of the budgetary nomenclature, require for their adoption an absolute majority of the votes of the current Members of the European Parliament and three-fifths of the votes cast.

We shall vote first on the individual sections of the budget, then on the budget as a whole, and finally on the motion for a resolution contained in the supplementary report by Lord Bruce. As was the case during the first consideration, in the interests of budgetary equilibrium, the vote on 'Revenue' will be taken after the vote on the other sections.

Note that:

- (a) the Council has adopted without modification Amendments Nos 44, 172, 134, 118, 25, 4, 5, 6, 7, 8, 57, 58, 129, 81, 87, 82, 85 and 86;
- (b) on Amendments Nos 107, 125/corr., 69/rev., 63/corr., 17, 138, 99, 101 and 103, which have been amended or rejected by the Council, no further amendments have been tabled;
- (c) the Council has adopted proposed modifications Nos 64 and 10.

I have received from Mr Patijn, on behalf of the Socialist Group, Amendment No 30A on Article 930 *Financial cooperation with non-associated developing countries*. As it was tabled after the time-limit of 6 p.m. on 10 December 1976 fixed by Parliament, it is not admissible.

It had been agreed that the vote would take place at 5 p.m. and that there would be no debate. It is essential, however, for the rapporteur to have an opportunity to explain to us the last-minute amendments. I shall therefore give the floor to Lord Bruce and, if I am

**President**

asked, to the Council and the Commission for a maximum of 10 minutes.

I call Mr Patijn for a procedural motion.

**Mr Patijn.** — (NL) Mr President, you have just announced that the amendment which I have tabled on behalf of my group is inadmissible. But the amendment referred to a situation which only became clear yesterday. Although the deadline expired last week my group cannot agree that the amendment should be declared inadmissible since it refers to a situation which only emerged yesterday in the Committee on Budgets. I would like this matter which we discussed in detail yesterday in the Committee on Budgets to be studied thoroughly by that committee and the Committee on the Rules of Procedure and Petitions. It is unacceptable for us that the political groups should be confronted with a *fait accompli*. I want this question to be looked at so that we are not taken by surprise.

**President.** We shall first have to agree on the meaning of a procedural motion. In my opinion its purpose is to point out to the President that he is not applying the Rules of Procedure correctly. A request for a change in the Rules is not a procedural motion. I have to apply the Rules of Procedure as they stand.

As for the rest, any Member who feels he was unable to react to a new situation by tabling an amendment can indicate by his vote that his position is changed by this new element.

I call Lord Bruce.

**Lord Bruce of Donington, rapporteur.** Mr President, the point of order that has just been raised gives some inkling of the difficulties in which the rather bizarre events of the last 48 hours have placed Parliament. You will recall, Mr President, that at the initial sitting of this session you provided Parliament with an agenda, and on the agenda there is plainly set out for the Tuesday sitting the consideration of two documents. One document was No 472/76, my report, and the other document was a list of amendments, incorporated in PE 46.974. At the same time, you were good enough to indicate that the vote on that report and upon those amendments would take place on Thursday. Mr President, this is not the situation we are faced with today, because both of those documents have been changed. With your permission, I would like to give some account of the events that led to the change, because, of course, Parliament is entitled to learn of them.

Parliament will recall that in the course of the debate on my supplementary report on the Budget, I did mark that it was somewhat sinister that there should be a sudden new degree of amity and unanimity between the Commission and the Council. I did not put it much higher than that; but I was uneasy in my mind. Earlier on in the debate in the morning, I pointed out that we had been informed that a Council

representative was going to visit us for some conciliation process, and I did say to you that I didn't know what it was all about because, of course, the budget process had finished, the supplementary report was on the agenda, the amendments approved by the Committee on Budgets were also on the order paper, they were all in the possession of Members. I couldn't conceive at that time that there would be anything that could possibly change it.

Mr President, I was soon to be disabused. Along the corridors of power, if there is any power in this place, rumours began to spread. It was suggested that the visit of the Council was not purely for the purpose of exchanging views with us on regulations or anything of that kind, or even of establishing better relations — but that cuts were expected, Mr President — cuts over and above those which the Committee on budgets had already agreed to, cuts below the figure which the Committee on Budgets had established. I began to have some idea, as I have said, about that in the course of my speech when I referred to this rather sinister degree of accord between Council and Commission. Then you will recall, Mr President, that you yourself called a meeting in your office the next morning in order to call together the delegation that had been appointed to meet the Council on its visit to Luxembourg. It was at that stage that you yourself intimated to me that, after all, Parliament ought to shift its position in view of the fact that in the debate of the preceding day, the Commission had given some indication to Council, in support of Council's replies to my contention, that they, after all, could not really spend all the money that the Committee on Budgets had allocated to them. You said, Mr President, as you will recall, that we ought to be flexible about this; that we ought to be prepared to give. And so we had a somewhat agonized consultation together in which I, as rapporteur, am bound to say was conscious, as only politicians can be, of being rather pressured into a situation. I eventually agreed on the three items concerned, a cut in aid to Maghreb, a cut in the aid to overseas countries and also a cut in the disaster fund totalling some 41m u.a.; I would go that far and no further.

And so, thus primed to go into the Council, we went. We were very pleased to see the Council arrayed in front of us, and I must point out that Council had very thoughtfully provided us with an excellent lunch that we had consumed prior to this delightful conciliation process. There the Council were arrayed, and so too, on our right — strangely, to our right — were the Commission, whom we were also delighted to see. And thereupon the argument commenced. It soon became quite clear that Council was bent on effecting cuts in the budget on which the Committee on Budgets had already agreed. It also became quite clear, when the arguments were advanced, that when Council made a point, then Mr Cheysson was there, in the Commission box, very kindly to verify the



**Lord Bruce of Donington**

contentions that Council had put before us. And so we decided, Mr President, as you will recall, to make a gesture of conciliation to the Council in which we accepted, albeit with reluctance, some 41m u.a. cuts. At this point there were some interventions from members of the Council — a fine body of men, Mr President. There was some discussion between them, and some contribution made, and then, for some reason or other, a note was passed. I won't refer to the note, but a note was passed, and you, Mr President, ever zealous of the rights of Parliament and very mindful indeed of the fact that you might have difficulty in getting a quorum today — a point that you had made earlier on — suggested, without reference at all to the delegation, that we might be prepared to make a further concession in respect of hydrocarbons. At which point, Mr President, you will recall, I demurred — in my usual very mild fashion, but I nevertheless demurred. And it was left with Council that the only commitment was that we should examine this cut of a further five million.

Thereupon, Mr President, the Committee on Budgets sat, and I reported to the Committee on Budgets exactly what had happened. I told them that we had agreed to stick on cuts of 41 million, and that you had given some undertaking that we would consider further concessions in the hydrocarbon sector. I persuaded my colleagues that that was the wrong step to take. At which point, Mr President, again by coincidence, you arrived at the meeting of the Committee on Budgets and were immediately seized of the perilous situation in which the budget was. You yourself were deeply sensible of the danger of not being able to obtain a quorum the following day, and you urged most strongly that the Committee on Budgets should reject my objection to this extra five million cut, and, in your new role as a clairvoyant — which must be added to the many qualities, Mr President, which have commended you to the House — you predicted that, unless the Committee on Budgets gave way on this further five million, you could not be responsible for a quorum this afternoon. You will recall, Mr President, that in my session with you this morning, I also indicated that, although I was not a clairvoyant, unless I got a more reasonable attitude, I myself could not be responsible for advising my colleagues to vote this afternoon in a way that was objectionable to the Committee on Budgets. And there, Mr President, the matter rests.

So we have a situation, Mr President, in which, although Parliament had every reason to assume that the Committee on Budgets had arrived at the correct decision, we have been forced into a position of giving way on a further 46 million. It may be said that we have won a victory in so doing. After all, the Council in the first instance, you will recall, Mr president, reduced our proposals of 226 million to a mere ten million. They cut Parliament's requirements within its margin of 245m u.a. by 216 million. Now, if it be a victory, Mr President, to have got them to relent a

little so that they have permitted us now to have 49 million of what we wanted, it means that they have done us a favour by agreeing only to cut our original demands by 167 million. This is on the basis of 'hit me over the head with a hammer, it's so nice when it stops.'

*(Laughter)*

Now, it remains, Mr President, to see whether this is acceptable to Parliament. On behalf of the Committee on Budgets and having committed the Committee on Budgets to it, I am bound to ask Parliament to support the cuts of 41 million that were in the negotiations. But I am bound to point out to you that this meeting with Council should never have taken place. If Council wanted to concert with us, they could have concerted with us after the debate today. But the date was deliberately so arranged that the will of the Committee on Budgets could be upset under conditions of duress. One good thing came out of it, Mr President, for which Parliament will undoubtedly be grateful to you. You did make it quite clear when you were negotiating on our behalf that Parliament's margin of manoeuvre on non-compulsory expenditure was a figure of 245 million. You will recall, Mr President, that you never got an answer with regard to that. And you will also recall that the figures in my draft supplementary report were not challenged in any way; nor indeed had they challenged my previous report.

Now this raises points of very considerable importance. We had consulted — because the Committee on Budgets always consults with the appropriate committees — concerning this proposed cut in the commitment authorization for research into the hydrocarbon industry. We were advised by the chairman of the committee, Mr Hougardy, that the demand of the Committee on Energy and Research which we originally accepted still stood, and it is significant to us that at the very time the Commission were trying to make an apologia for the position — because an apologia is all it can be termed — the OPEC countries were, at that very moment, announcing another rise in oil prices. This shows how insensitive they are to this.

Mr President, I will conclude my remarks now, and I trust that I will be able to reply to whatever observations Council and Commission see fit to make after I have sat down.

*(Applause)*

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — *(F)* Mr President, as regards the rectifying figures now before us, the Commission can only repeat its satisfaction at the fact that its initial proposals as contained in the preliminary draft budget have now been adopted. What the Commission said and now repeats is that to go beyond the figures it initially proposed would have prevented any supplementary expenditure.

### Cheysson

Amendment No 4 warrants a brief comment on our part. The Committee on Budgets proposes to add to the motion for a resolution a paragraph 14b in which Parliament welcomes the budgetization of appropriations for aid to third countries, appropriations which, like the Commission — so the committee says — ‘it considers to be of a non-compulsory nature’. Mr President, I should like to request the rapporteur to delete the three words ‘like the Commission’. Firstly, because one institution perhaps does not have the right to express the opinion of another and secondly because, as I must regretfully emphasize, the Commission’s opinion on this matter does not correspond with that expressed in this text. I therefore request the rapporteur to delete these three words.

As regards the principle involved, I have already stated many times, in particular on 14 December, that in our opinion commitments resulting from financial protocols undoubtedly constituted amendments based on the compulsory expenditure procedure.

Indeed Article 203 refers to ‘expenditure necessarily resulting from this Treaty or from acts adopted in accordance therewith’. A financial protocol is an act negotiated and concluded in accordance with the provisions of Article 228, which states that such agreements ‘shall be binding on the institutions of the Community’. As far as we are concerned there is therefore no doubt whatsoever that it falls into the category of expenditure ‘necessarily resulting from this Treaty’.

To return to the subject under discussion today : consultations. I should like to remind Parliament of the nature of these consultations, which I believe to be an extremely important subject.

Reference is too frequently made to our national structures. We do not work on the same basis here. At national level there is an organic link between the executive and the legislative. The executive is responsible to Parliament. It can dissolve Parliament and then appeal to democratic procedures by means of an election.

In the European system, the Commission is responsible to Parliament but the Council is not : the Council has no power *vis-à-vis* Parliament. We have two totally independent institutions. If there is a dispute between these two institutions there is no solution, no possible appeal. It is not yet possible to have recourse to democratic procedures in the case of a dispute between the two institutions. May I call the attention of all the Members to this very special aspect of the European structure ?

As long as one of the institutions was powerless — as Parliament was until recently — the problem did not arise. The Council decided on its own and out of courtesy listened to what Parliament had to say. Parliament only had a consultative right and it naturally exercised this right in isolation since it only expressed an opinion. But now that Parliament has powers in the same field as the Council, there must be an in-built possibility for liaison between the two institutions, which in other respects remain totally independent. It was at this point that the Commission, taking up proposals from several of the political groups of this Parliament, proposed consultations.

What do consultations involve ? It means that the Council consults Parliament before taking a decision. It does not do so too soon or otherwise the discussions would be pointless. It does so before taking its decision, before its final discussions. You are aware that this consultation has led the Council, year after year, and this year more than ever before, to modify its position to take account of your opinion.

Today, consultations have more impact. This year you have won a victory in that the Council has come to you to be consulted before you take your decision. This year, after consideration by the expert committees under the same conditions as those prevailing at the Council, but before the decision was taken, there were consultations between the two institutions. You have drawn your conclusions from this and you now take your decisions yourselves.

I would emphasize before this Assembly the fact that the responsibility on the part of one institution consists in listening to the opinion of the other institution, given that there is no room for appeal in the case of a dispute. Who here wishes to see a dispute develop between two institutions, which has no legal or democratic solution and which may involve extremely serious political dangers ? Now, this makeshift and still unsatisfactory procedure must be put in order. Perhaps it is too late ? I would willingly agree with the general rapporteur on this point.

The President of the Council made an extremely important statement when he agreed that the conditions governing these consultations on the budget should now be defined in writing. That is progress. But this progress has only been possible because, year after year, you have seized the opportunity for consultations and persuaded the Council to no longer take decisions alone because you have powers as well as the Council, and a systematic conflict must be avoided. This situation must now be made legitimate, placed in a legal context, in the ‘Rechtsstaat’ so dear to our German colleagues, so that democracy finds its proper expression. But as from now you have established the reality and that is why this year will be considered a milestone in the history of the development of relations between the two institutions. In a few years you will see this point being made in commentaries.

*(Applause)*

**President.** — I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, at the end of a long budgetary procedure and just before you vote on the 1977 budget I would like to comment briefly on the observations made by the general rapporteur and the subsequent remarks made by Mr Cheysson. During this whole 1977 budgetary procedure the Council presidency has endeavoured to do all it can to work together with the European Parliament, since we take Parliament’s role as a fellow budgetary authority seriously and since we believe that a European budget worthy of the name can only be created in consultation with Parliament.

**Brinkhorst**

I was therefore somewhat surprised at the critical remarks made by your general rapporteur, especially concerning the final phase of the conciliation procedure which we found unsatisfactory. The President of the Council is only able to judge what he himself hears and sees and takes part in. Now I have taken part in the establishment of the European budget during the past four years and I believe with you, Mr President, that this consultation procedure has been very significant, as we stated jointly at the end of the procedure this year. Every consultation contains elements of give and take and this provides the foundation for joint responsibility. Mr President, I have the impression that the Council has made maximum use of this joint responsibility to make clear to the European Parliament that we are prepared to give real substance to the budgetary powers of the European Parliament.

Mr President, that is all I have to say and I would finish by wishing you success in the adoption of the budget for 1977.

*(Applause)*

**President.** — I call Lord Bruce of Donington.

*(Process from various quarters)*

**Lord Bruce of Donington, rapporteur.** — Mr President, Mr Cheysson knows quite well that I am just as much in favour of the whole policy conciliation as he is. I welcome concertation with Council.

What my duty requires me to do on behalf of the Committee on Budgets is to see that the rights of Parliament are fully maintained. The rights of Parliament are enshrined in Article 203, where they are quite clearly laid down. The Committee on Budgets met after enormous labours and established its budget, and it established a figure well within its legal rights. This was not agreeable to Council, and Council sought means, with the aid of the Commission, to overturn that.

I would be failing in my duty, as a Member of this Parliament, let alone as a member of the Committee on Budgets if I did not stand up for the rights of Parliament, which is what I am supposed to do.

*(Applause from certain quarters)*

But this is typical of the Commission in this respect. What it says, of course, is that in regard to non-compulsory expenditure, it had never taken up the position it did concerning the special loans granted under financial protocols under Article 962. In point of fact, if Mr Cheysson will refer to Vol. IV of his own budget, on page 313 he will find the expenditure there classified by himself as non-compulsory expenditure. Let him verify the documents. His argument is very much on those lines.

I have not got much more to say, Mr President, and ladies and gentlemen. I thank you for listening to me. But I am bound to point out to you that here we have a Council that is prepared to tolerate, without any check, expenditure of 17 million u.a. per diem on the Common Agricultural Policy. It is prepared to do that; and yet, when this Parliament wants a legitimate exercise of one-quarter of its margin to spend some 59 million, then the whole crowd from the Council must come down to Parliament in order to squash it. One would rather hope that they had exercised the same vigilance when it came to the malt scandal. When the 50 million malt scandal was revealed, did the Council take planes to Brussels in order to investigate and find out what happened? No, they did not. When the whole question of the storage of this monstrous milk mountain question — involving some 80 million — was raised, did the Council start flying about in aeroplanes to see what they could do about it? No.

The only thing they have done is to assail the rights of Parliament and, whatever, my colleagues may say now, and however persuasive the Council and the Commission may be, I predict that they will live to rue the day they did it.

*(Applause)*

**President.** — We shall now proceed with the vote.

Section I: *Parliament*, has already been adopted during the second October part-session. It stands as finally adopted.

On Section II: *Council*, Parliament adopted no amendments during the second reading. It stands as finally adopted.

We shall now proceed to Section III: *Commission*.

On Title 1, Chapter 14, Article 145, *Building loans*, Parliament adopted Amendment No 52 aimed at entering an appropriation of one million units of account, which the Council did not accept.

Amendment No 1, tabled by the Committee on Budgets, reaffirms Parliament's positions.\*

I put this amendment to the vote.

Since Amendment No 1 has received 88 votes in favour, 29 against and there are 5 abstentions, it is rejected.

On Title 2, Chapter 25, Article 254, *Campaign on behalf of young people*, Parliament adopted Amendment No 66 aimed at increasing the appropriations for this article by 90 000 units of account and reinstating the remarks from the preliminary draft budget.

\* The text of the various amendments is given in the Annex

**President**

The Council modified this amendment and proposed an increase of 30 000 units of account in the appropriations for this article while leaving unchanged the remarks appearing in the draft budget.

Amendment No 2 tabled by the Committee on Budgets, reaffirming Parliament's position aims at increasing the appropriations by 60 000 units of account, to go back to the initial figure of 90 000 units of account, and reinstating the remarks from the preliminary draft budget.

I put this amendment to the vote.

Amendment No 2 is adopted by 125 votes to 1.

On Title 2, Chapter 26, Article 265, Item 2653: *Studies on the nuclear fuel cycle*, Parliament adopted Amendment No 22 aimed at increasing the appropriations for this item by 60 000 units of account. The Council did not accept this amendment.

Amendment No 3, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 3 is adopted by 126 votes to 1.

On Title 2, Chapter 27, Article 272, Item 2729: *Information projects relating to direct elections to the European Parliament*, Parliament adopted Amendment No 123 aimed at increasing the appropriations for this item by 600 000 units of account and freezing the full amount until the European Parliament has approved the detailed programme. The Council did not accept this amendment.

Amendment No 4, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 4 is adopted by 122 votes to 1 with 1 abstention.

On Title 2, Chapter 28, Article 282; *European Communities Institut for Economic Analysis and Research*, Parliament adopted Amendment No 21 aimed at reinstating appropriations of one million units of account.

The Council modified this amendment and proposed the entry of 200 000 units of account in Chapter 100: *Provisional appropriations*.

Amendment No 5, tabled by the Committee on Budgets, aims at reinstating the appropriation of one million units of account by increasing the revenue by 800 000 units of account and transferring from Chapter 100: *Provisional appropriations* to this article the 200 000 units of account granted by the Council.

I put this amendment to the vote.

Amendment No 5 is adopted by 125 votes to 1.

On Title 2, Chapter 28, Article 289: *European schools*, Parliament adopted Amendment No 125, aimed at freezing the proposed appropriation of 18 171 000 units of account.

The Council did not accept this amendment.

Amendment No 38/rev., tabled by Mr Aigner on behalf of the Christian-Democratic Group, aims at freezing 20 % of this amount. The Committee on Budgets has not given a favourable opinion on this.

I put this amendment to the vote.

Amendment No 38/rev. is rejected by 98 votes to 26 with 2 abstentions.

On Title 3, Chapter 30, Article 303, Item 3031: *Contribution to pilot projects on better housing for migrant workers*, Parliament adopted Amendment No 76/rev./II aimed at entering an appropriation of 500 000 units of account, comprising 150 000 in payment appropriations and 350 000 in commitment appropriations.

The Council did not accept this amendment.

Amendment No 6 tabled by the Committee on Budgets, aims at reaffirming Parliament's position and entering 500 000 units of account on this item in payment appropriations. It put this amendment to the vote.

Amendment No 6 is adopted by 127 votes to 1.

On Title 3, Chapter 30, Article 305, Item 3050: *Research and action programme on labour market trends*, Parliament adopted Amendment No 3 aimed at increasing the appropriations for this item by 130 000 units of account.

The Council did not accept this amendment.

Amendment No 7, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 7 is adopted by 125 votes to 2.

On Title 3, Chapter 31, Article 316: *Community action relating to the vocational training of farmers*, Parliament adopted Amendment No 111 aimed at increasing the appropriations for this item by 60 000 units of account.

The Council did not accept this amendment.

Amendment No 8 tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 8 is adopted by 127 votes to 2.

**President**

On Title 3, Chapter 32, Article 320, Item 3200 : *Community technological development projects in the hydrocarbons sector*, Parliament adopted Amendment No 121 aimed at increasing the appropriations for this item by 15 million units of account, 8 million units of account remaining frozen.

The Council modified this amendment by entering 4 million units of account as payment appropriations in Chapter 100.

Amendment No 9, tabled by the Committee on Budgets, proposes to increase the appropriations for this item by 15 million units of account, 12 million units of account remaining frozen.

I put this amendment to the vote.

Amendment No 9 is adopted by 128 votes.

On Title 3, Chapter 32, Article 320, Item 3200 : *Community technological development projects in the hydrocarbons sector*, Parliament adopted Amendment No 122 aimed at entering in the remarks column of Item 3200 the sum of 42 million units of account for the commitments for 1978 and 1979.

The Council modified Parliament's amendment by proposing to increase the commitment appropriation entered in Chapter 100 by 7 million units of account.

Amendment No 10, tabled by the Committee on Budgets, proposes that the 35 million units of account in commitment appropriations entered in Chapter 100 should be transferred to the remarks column of Item 3200 and the remarks modified accordingly.

I put this amendment to the vote.

Amendment No 10 is adopted by 128 votes.

On Title 3, Chapter 32, Article 320, Item 3201 : *Joint projects in prospecting for hydrocarbons*, Parliament adopted Amendment No 46 aimed at entering a payment appropriation of 9 million units of account and restoring the comments from the preliminary draft budget.

The Council did not accept this amendment.

Amendment No 11/rectified rev., tabled by the Committee on Budgets, aims at reinstating this appropriation of 9 million units of account.

I put this amendment to the vote.

Amendment No 11/rectified/rev. is adopted by 128 votes.

On Title 3, Chapter 32, Article 321 : *Prospecting for uranium deposits*, Parliament adopted Amendment No 48 aimed at entering an appropriation of 2 million units of account in payment appropriations and restoring the remarks from the preliminary draft budget.

The Council modified this amendment. It decided to change the wording of Article 321 to *Uranium pros-*

*pection* and to enter 2 million units of account in commitment appropriations and 1 million units of account in payment appropriations.

Amendment No 12 tabled by the Committee on Budgets reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 12 is adopted by 126 votes to 1 with 1 abstention.

On Title 3, Chapter 32 : *Expenditure under the energy policy*, Parliament adopted Amendment No 95 aimed at changing the heading of Article 329.\*

The Council did not accept this amendment.

Amendment No 13 tabled by the Committee on Budgets reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 13 is adopted by 127 votes with 1 abstention.

On Title 3, Chapter 33, Article 330 : *Expenditure on research and investment*, Parliament adopted Amendment No 126 aimed at a further breakdown of Articles 330 to 339.

The Council did not accept this amendment.

Amendment No 14 tabled by the Committee on Budgets reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 14 is adopted by 126 votes to 1 with 1 abstention.

On Title 3, Chapter 33, Article 330 : *Expenditure on research and investment*, Parliament adopted Amendment No 127 aimed at breaking down the appropriations provided under this article in accordance with the previous amendment.

The Council did not accept this amendment.

Amendment No 15, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 15 is adopted by 129 votes to 1.

On Title 3, Chapter 33, Parliament adopted Amendment No 135 aimed at the creation of a new Article 338 : *Other activities*, and a new Item 3380 : *Expenditure on the project on 'Training'*, increasing the appropriations provided for this project in Volume 5 by 139 800 units of account in commitment and payment appropriations.

The Council did not accept this amendment.

Amendment No 16, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 16 is adopted by 128 votes.

\* The change does not affect the English text.

## President

On Title, Chapter 33: *Expenditure on research and investment*, Parliament adopted Amendment No 132 aimed at the inclusion of a new Item 3383: *Possible JRC operating expenditure* and increasing the appropriations provided for this project in Volume 5 by 674 231 units of account in both payment and commitment appropriations.

The Council modified this amendment by accepting the increase proposed by Parliament but classifying it according to the budgetary nomenclature used by the Council in its draft budget.

Amendment No 17 tabled by the Committee on Budgets reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 17 is adopted by 129 votes.

On Title 3, Chapter 33: *Expenditure on research and investment*, Parliament adopted Amendment No 136 aimed at the inclusion of a new Article 338: *Other activities*, and a new Item 3383: *Possible JRC operating expenditure* and increasing the appropriations provided for this project in Volume 5 by 59 442 090 units of account in commitment appropriations and 53 746 241 units of account in payment appropriations.

The Council modified this amendment. It accepts the increase in appropriations as part of the expenditure on research and investment but classifies it in accordance with the budgetary nomenclature used in its draft budget.

Amendment No 18, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 18 is adopted by 126 votes.

On Title 3, Chapter 33: *Expenditure on research and investment*, Parliament adopted Amendment No 133 aimed at the inclusion of a new article: *Provisional appropriations* and a new item: *Provisional appropriations for certain JRC expenditure adjustments*. The appropriations provided for this project in Volume 5 were increased by 2 344 000 units of account in both payment and commitment appropriations.

The Council modified this amendment. It accepts the increase proposed by Parliament but classifies it in accordance with the budgetary nomenclature used by the Council in its draft budget.

Amendment No 19, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 19 is adopted by 127 votes.

On Title 3, Chapter 36, Article 362, Item 3621: *Activities supplementary to the 3-year project*, Parliament adopted Amendment No 50 aimed at the inclusion of an appropriation of 260 000 units of account and the restoration of the remarks from the preliminary draft budget.

The Council did not accept this amendment and inserted a token entry for Item 3621.

Amendment No 20, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 20 is adopted by 126 votes.

On Title 3, Chapter 37, Article 370: *Projects in the data-processing sector*, Parliament adopted Amendment No 59/rev. aiming at the inclusion of the following budgetary line: Item 3701: *Second Programme*, the entry on this line of an appropriation of 2 835 800 units of account and the restoration of the remarks from the preliminary draft budget, the deletion of the timetable for the payment appropriations and the authorization of a commitment appropriation of 9 million units of account for 1977.

The Council modified this amendment by entering 2 million units of account in commitment appropriations under Item 3701 and a token entry for payment appropriations.

Amendment No 21, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 21 is adopted by 126 votes to 2.

On Title 3, Chapter 37: *Expenditure in the industrial and transport sectors*, Parliament adopted Amendment No 102/rev. aiming at the inclusion of a new Article 371: *Operations in the aerospace sector* and a new Item 3710: *Basic research*, with an appropriation of 8 million units of account.

The Council did not accept this amendment.

Amendment No 37, tabled by the Committee on Budgets, proposes the reinstatement of this new article and this new item with a token entry and in Amendment No 22 proposes the entry under Chapter 100 of the 8 million units of account voted by Parliament for Item 3710 during the first reading.

Amendment No 39, tabled by Mr Aigner on behalf of the Christian-Democratic Group, also proposes the reinstatement of this new article and this new item but with the entry of an appropriation of 8 million units of account which would be frozen. The Committee on Budgets gave an unfavourable opinion on this.

I put Amendment No 39 to the vote first.

Amendment No 39 is rejected by 83 votes to 33 with 3 abstentions.

I put Amendment No 37 to the vote.

Amendment No 37 is adopted by 123 votes to 1 with 2 abstentions.

I put Amendment No 22 to the vote.

Amendment No 22 is adopted by 122 votes to 1 with 1 abstention.

**President**

On Title 3, Chapter 37, Article 371 : *Operations in the aerospace sector*, Parliament adopted Amendment No 38 providing for the entry of a new item 3711 : *Aids to the aerospace industry* with a token entry.

The Council did not accept this amendment.

Amendment No 23, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 23 is adopted by 121 votes to 1 with 1 abstention.

On Title 3, Chapter 37, Article 372, Item 3721 : *Operations in the footwear sector*, Parliament adopted amendment No 75 aiming at the restoration, with modifications, of the remarks on this item appearing in the preliminary draft budget.

The Council modified this amendment : it did not accept the inclusion of separate appropriations for Item 3721 and it proposes to increase the appropriation entered under Chapter 100 by 100 000 units of account.

Amendment No 24, tabled by the Committee on Budgets, aims at increasing by 200 000 units of account the expenditure for Item 3721 and reducing by the same amount the appropriations proposed under Chapter 100.

I put this amendment to the vote.

There are 92 votes in favour of the amendment and 17 against ; it is therefore rejected.

On Title 3, Chapter 39, Article 393 : *Expenditure on the preservation of the architectural heritage and the development of cultural exchanges*, Parliament adopted an amendment aimed at the entry of a sum of 100 000 units of account for this article.

The Council modified this amendment by entering an appropriation of 60 000 units of account in Chapter 100.

Amendment No 25, tabled by the Committee on Budgets, aims at the reinstatement of this appropriation of 100 000 units of account by increasing the revenue by 40 000 units of account and transferring from Chapter 100 to Article 393 the 60 000 units of account accepted by the Council.

I put this amendment to the vote.

Amendment No 25 is adopted by 121 votes to 1.

On Title 4 : *Repayment of aid to Member States and other aid*, Parliament adopted Amendment No 96 aimed at changing the wording of Chapter 42.\*

The Council did not accept this amendment.

Amendment No 26 tabled by the Committee on Budgets reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 26 is adopted by 123 votes.

On Title 5, Chapter 50, Article 504 : *Aid to sectors and regions affected by the crisis*, Parliament adopted Amendment No 84 aimed at the inclusion of a token entry.

The Council did not accept this amendment.

Amendment No 27, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 27 is adopted by 120 votes with 1 abstention.

On Title 5, Chapter 59 : *Aid to disaster victims in the Community*, Parliament adopted Amendment No 128 aimed at the entry of an appropriation of 30 million units of account in this chapter.

The Council did not accept this amendment.

Amendment No 28/rectified, tabled by the Committee on Budgets, aims at the entry of 5 million units of account in this chapter.

I put this amendment to the vote.

Amendment No 28/rectified is adopted by 123 votes.

On Title 9 : *Cooperation with developing countries and non-member states*, Parliament adopted Amendment No 98 aimed at the inclusion of further remarks.

The Council did not accept this amendment.

Amendment No 29, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote. Amendment No 29 is adopted by 122 votes to 1.

On Title 9, Chapter 93, Article 930 : *Financial cooperation with non-associated developing countries*, Parliament adopted amendment No 139.

The Council did not accept this amendment.

Amendment No 30/rectified rev., tabled by the Committee on Budgets, aims at increasing the appropriations by 45 million units of account and freezing them.

I put this amendment to the vote.

Amendment No 30/rectified rev. is adopted by 122 votes to 1.

On Title 9, Chapter 93, Article 931 : *Promotion of trade relations between the Community and non-associated developing countries*, Parliament adopted Amendment No 16.

The Council did not accept this amendment.

Amendment No 31, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 31 is adopted by 122 votes.

On Title 9, Chapter 94 : *Special measures for financial and technical cooperation with the developing countries*, Parliament adopted Amendment No 18

\* The change does not affect the English text.

**President**

aimed at the inclusion of a new Article 947: *Community contribution to the International Fund for Agricultural Development* with a token entry.

The Council did not accept this amendment.

Amendment No 32, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 32, is adopted by 119 votes with 2 abstentions.

On Title 9, Chapter 96, Article 962: *Financial cooperation with certain non-member countries*, I had Amendment No 33, tabled by the Committee on Budgets; it has been withdrawn.

On Title 10, Chapter 100: *Provisional appropriations*, Parliament adopted Amendment No 103 aimed at increasing the appropriations by 50 million units of account and adding a new paragraph 8a to the remarks.

The Council did not accept this amendment.

Amendment No 40, tabled by Mr Aigner on behalf of the Christian-Democratic Group, which reaffirmed Parliament's position, has been withdrawn.

In Annex III Parliament adopted Amendment No 97 aimed at amending the title of this annex.

The Council did not accept this amendment.

Amendment No 34, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 34 is adopted by 120 votes with 1 abstention.

We shall now consider the Commission's *Revenue* section.

On Title 9, Chapter 94, Article 944: *Euratom borrowings*, Parliament adopted Amendment No 93.

The Council did not accept this amendment.

Amendment No 35, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 35 is adopted by 123 votes.

On Title 9, Chapter 94, Article 945: *Community borrowing*, Parliament adopted amendment No 94.

The Council did not accept this amendment.

Amendment No 36, tabled by the Committee on Budgets, reaffirms Parliament's position.

I put this amendment to the vote.

Amendment No 36 is adopted by 119 votes.

Section III: *Commission*, with the amendments adopted today, is finally adopted.

As Parliament did not adopt any amendment to Section IV: *Court of Justice*, at the first reading, this section is finally adopted.

The *Revenue* section, account having been taken of the effects of the amendments adopted in the *Expenditure* section, is finally adopted.

As no one wishes to speak, I put the whole of the general budget for 1977, as amended by the European Parliament, to the vote.

The general budget for 1977 as a whole, so amended, is adopted by 114 votes to 7 with 1 abstention and is finally adopted.

I should like to thank you for attending this vote.

The budgetary procedure and the consultations for which it provides have involved a great deal of work on the part of the Committee on Budgets. I should like to thank in particular Lord Bruce who, with his usual self-reliance, has done an enormous amount of work.

*(Applause)*

We shall now vote on the motion for a resolution contained in the supplementary report by Lord Bruce of Donington (Doc. 472/76).

I put the preamble and paragraphs 1 to 9 to the vote.

The preamble and paragraphs 1 to 9 are adopted.

After paragraph 9 I have Amendment No 1, tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats, aimed at inserting the following new paragraph:

9a. Deplores the lack of time allowed to Parliament to discuss the agricultural section of the budget, a section which takes up a major share of Community spending.

What is the rapporteur's position?

**Lord Bruce of Donington, rapporteur.** — The Committee on Budgets gives a favourable opinion on this amendment, Mr President.

**President.** — I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraphs 10 to 12 to the vote.

Paragraphs 10 to 12 are adopted.

After paragraph 12 I have Amendment No 2, tabled by Mr Gibbons on behalf of the Group of European Progressive Democrats, aimed at inserting the following new paragraph:

12a. Believes that the failure of the Council to adopt Parliament's proposed modifications on agro-monetary measures does not constitute sufficient progress dissociating purely monetary costs from the agricultural budget.

What is the rapporteur's position?



**Lord Bruce of Donington, rapporteur.** — The Committee on Budgets decided to reject this amendment, Mr President.

**President.** — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraphs 13 and 14 to the vote.

Paragraphs 13 and 14 are adopted.

After paragraph 14 I have Amendment No 3, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets, aiming to insert the following new paragraph :

14a. Observes, as a result of Article 203 of the Treaty, which envisages on the one hand the principle of annuality of the budget, and on the other the application of a statistical annual rate of increase to non-compulsory expenditure, that the commitment authorizations cannot under any circumstances be taken into consideration in the calculation of the margin for increase available to the European Parliament ;

I call Lord Bruce.

**Lord Bruce of Donington, rapporteur.** — Mr President, there is of course a small technicality here because the figures have to be amended in the light of the various unexpected and, possibly, unwarranted changes that have been made.

**President.** — I put the amendment to the vote.

Amendment No 3 is adopted.

Again after paragraph 14 I have Amendment No 4, tabled by Lord Bruce of Donington on behalf of the Committee on Budgets, aiming to insert the following new paragraph :

14b. Welcomes the budgetization of appropriations for aid to third countries, appropriations which, like the Commission, it considers to be of a non-compulsory nature ;

I call Lord Bruce.

**Lord Bruce of Donington, rapporteur.** — This was adopted by the committee unanimously, Mr President.

**President.** — I put the amendment to the vote.

Amendment No 4 is adopted.

I put paragraphs 15 to 17 to the vote.

Paragraphs 15 to 17 are adopted.

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

The resolution is adopted.<sup>1</sup>

The procedure laid down in Article 203 (7) of the EEC Treaty, Article 177 (7) of the Euratom Treaty and Article 78 (7) of the ECSC Treaty has been completed. The general budget of the European Communities for the 1977 financial year therefore stands as finally adopted.

The final text of the budget will be published in the 'L' series of the Official Journal of the European Communities.

Mr Brinkhorst is here among us for the last time and I should like to say how much we have appreciated his work during this Dutch presidency. We shall always be very glad to see him here again on the Council benches. I should like to express our gratitude for his collaboration.

*(Loud applause)*

I call Mr Brinkhorst.

**Mr Brinkhorst, President-in-Office of the Council.** — *(NL)* Mr President, on behalf of Mr van der Stoep and other members of the Dutch Government who have sat on these Council benches I would like to thank you for this rather unexpected token of esteem from your Parliament which has at all events supported me warmly. This means that we are gradually moving towards a situation in which there is no longer a cold war situation between the Council and Parliament as was the case many years ago, and in which gradually a feeling is arising that both the executive and parliamentary organs are working towards the improvement of institutional relations. I am personally most gratified to be able to say these words to this House at the end of the Dutch presidency. In the past few months the Dutch presidency has been especially appreciative of the possibility of cooperating with Parliament. I do not know precisely what I shall be doing in January but I will at all events be following the activities of your Parliament at its part-sessions with more than usual interest. I thank you greatly for your kind words.

*(Applause)*

## 12. Amendment of Parliament's Rules of Procedure *(vote)*

**President.** — The next item is the vote on the motions for resolutions in the following reports drawn up on behalf of the Committee on the Rules of Procedure and Petitions :

— report (Doc. 210/76) by Mr Berkhouwer on the addition to the Rules of Procedure of a new Rule 22a on the conciliation procedure embodied in the joint declaration of the European Parliament, the Council and the Commission of 4 March 1975 ;

— third report (Doc. 408/76) by Mr Hamilton on the amendment of Chapter XI of the Rules of Procedure of the European Parliament ;

— report (Doc. 409/76) by Mr Memmel on the amendment of Rule 48 of the Rules of Procedure (Petitions).

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**President**

As these votes require the same quorum as the budget votes, I would ask Members not to leave the Chamber.

We shall begin with the motion for a resolution in the report by Mr Berkhouwer (Doc. 210/76).

After paragraph 1 of Rule 22a I have Amendment No 3, tabled by Mr Broeksz, aimed at the insertion of the following new paragraph :

- 1a. This procedure shall be initiated by the European Parliament either at its own or at the Council's initiative.

I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I presume that the rapporteur is prepared to take over this amendment and I therefore do not need to speak on it.

**President.** — I put the amendment to the vote.

Amendment No 3 is adopted by 101 votes.

On paragraph 2 of Rule 22a I have two amendments :

— Amendment No 1, tabled by Mr Krieg on behalf of the Group of European Progressive Democrats and aiming to add the following words at the end of this paragraph :

... care being taken to ensure balanced representation of political tendencies.

— Amendment No 2/rev., tabled by Mr Aigner on behalf of the Christian-Democratic Group, aims at wording this paragraph as follows :

2. The delegation which consults with the Council shall consist of 9 members; it shall reflect the political composition of Parliament; in principle it shall include the chairmen and the rapporteurs of the committees concerned. The delegation shall be led by the President of Parliament or by one of the vice-presidents.

These amendments are not mutually exclusive and can be considered together.

I call Mr Krieg.

**Mr Krieg.** — (F) This text is self-explanatory, Mr President.

**President.** — I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, it is true to say that the two amendments are not mutually exclusive, but my group's amendment goes further than the other one. It goes well beyond the text contained in the Krieg amendment. Since my group's amendment goes further, I suggest that it should be put to the vote first. If it is adopted, I would assume that Mr Krieg's amendment should then be dropped since what it says is included in our amendment. We merely put a figure — nine — to the members of Parliament's dele-

gation, with account taken of the political forces in this Parliament, as Mr Krieg has also suggested. I therefore propose we proceed in this way.

**President.** — What is the rapporteur's position ?

**Mr Berkhouwer, rapporteur.** — (NL) Mr President, before Mr Lücker intervened there had so far been unanimity in the Legal Affairs Committee about the fact that the one amendment complemented the other. The one amendment concerned the number, nine people, and the way the delegation was to be made up of members of various committees, and in his amendment Mr Krieg explained that these nine members must fairly reflect political tendencies.

In the Legal Affairs Committee we regarded this amendment as complementary and we do not agree, as Mr Lücker has now suddenly said, that one amendment is more broadly based than the other and acceptance of the first would make voting to vote on the two amendments separately I am not objecting, but I am telling you what we think of this and as rapporteur it is my duty to explain this point of view and that there was general agreement on the amendment by Mr Broeksz. There was unanimity and I do not understand why this is now being broken.

**President.** — I put Amendment No 1 tabled by Mr Krieg to the vote.

(Mixed reactions)

There are 93 votes in favour of the amendment and 9 against with 1 abstention; it is therefore not adopted.

(Mixed reactions)

I call Mr Lücker.

**Mr Lücker.** — (D) President, I am sorry, but perhaps the haste with which we are proceeding is not quite fitting, given the subject under discussion. I had intended bowing to the wisdom of Mr Berkhouwer when he quoted the Legal Affairs Committee, because I believed that if the Legal Affairs Committee recommends that both should be adopted, we could have voted on both at the same time. But when the President put only the Krieg amendment to the vote. This created some confusion. If you put both amendments to the vote at the same time, Mr President, I feel you will have the necessary majority.

**President.** — Mr Lücker, the two amendments seem to me to be complementary to one another rather than mutually exclusive. After Parliament has voted on the substance, the Legal Affairs Committee could devise a wording to combine the two amendments.

I call Mr Memmel.

**Mr Memmel**, *vice-chairman of the Committee on the Rules of Procedure and Petition*. — (D) Mr President, as the chairman of the Committee on the Rules of Procedure and Petitions — and that is the committee concerned here, not the Legal Affairs Committee — cannot be present, I should like to say as vice-chairman of that committee the following: I request that we now adopt the Aigner amendment because if we do not — in other words, it was wrong to reject Mr Krieg's amendment — we will not be setting a limit to the number of members of the delegation, since the 'nine' is given in the amendment, and we will have a delegation composed of members according to function rather than one composed to give political balance. We should therefore adopt the Aigner amendment now.

**President**. — I call Mr Lücker.

**Mr Lücker**. — (D) Mr President, I should like to say again that the House is confused at the fact we assumed that Mr Berkhouwer as rapporteur was recommending a simultaneous vote on the two amendments because they do not contradict each other. I have just stated that I bow to the wisdom of the committee responsible. You, Mr President, accepted the proposal made by Mr Berkhouwer and again pointed out that the two amendments are not mutually exclusive, and we all felt you were going to put the two amendments to the vote together. You then took Mr Krieg's amendment first, and we were then uncertain as to what we were to vote on. I would therefore propose in this situation, Mr President, that you have us vote again, and this time on the two amendments together.

*(Applause from various quarters)*

**President**. — If that is what the Assembly wants, I shall put the two amendments to the vote together.

Amendments Nos 1 and 2 are adopted by 105 votes to 1 with 1 abstention.

I now put the motion for a resolution to the vote.

The resolution is adopted by 105 votes to 1 with 1 abstention.

We shall now consider the motion for a resolution contained in the third report by Mr Hamilton (Doc. 408/76).

I call Mr Broeks. — (NL) Mr President, I was unfortunately not present when this item came up on the agenda but I note that according to the present text, each group may only submit one question, although any five members collectively may put more questions. This means that if the group has only put one,

five members of that group can go on to put a second, third and fourth question. I am opposed to this and will therefore abstain.

**President**. — Mr Broeks, it is indeed unfortunately that no amendment has been tabled to improve this text.

I put the motion for a resolution to the vote.

The resolution is adopted by 105 votes with 2 abstentions.<sup>1</sup>

We shall now consider the motion for a resolution contained in Mr Memmel's report (Doc. 409/76).

On Rule 48 (4) I have Amendment No 1, tabled by Mr Granelli, proposing the following new wording after the words '... referred to it'

'... relate to the sphere of activities of the Communities and are not the subject of a Parliamentary initiative; if the contrary applies they shall be filed without further action or, where appropriate, shall be forwarded without opinion to the competent institutions.'

What is the rapporteur's position?

**Mr Memmel**, *rapporteur*. — (D) Mr President, the purpose of Mr Granelli's amendment is merely to make matters clearer. I am in favour of our adopting it.

**President**. — I put the amendment to the vote.

Amendment No 1 is adopted by 101 votes with 7 abstentions.

After Rule 48 (5) I have Amendment No 2, tabled by Mr Vernaschi aimed at inserting the following new paragraph:

'5a. Before a petition is declared admissible by the committee responsible for petitions, the text of the petition may be distributed only to the members of that committee.'

I call Mr Broeks.

**Mr Broeks**. — (NL) Although the rapporteur has not spoken to move this amendment I still hope that I can speak against. Mr President I find this proposal very undemocratic and I would advise Parliament against accepting it. What do we have here? If the Committee on the Rules of Procedures and Petitions believe that any petition submitted is inadmissible, we want to know whether we will have the right to dispute that judgment. If we simply do not know what is contained in the proposed petition we cannot speak against it. I find this completely wrong. If a petition is rejected, parliament must have the right to appraise the committee's proposal and to know what it is about. I am therefore against this amendment and I hope I have your support.

**President**. — What is the rapporteur's position?

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**Mr Memmel, rapporteur.** — (D) Mr President, I am against the amendment tabled by Mr Vernaschi, the purpose of which is to create a situation in which petitions are not made accessible to the Assembly, i.e. all the Members of Parliament, until they have been declared admissible by the Committee on the Rules of Procedure and Petitions. I feel this would curtail the rights of Parliament. Parliament should know whether petitions have been submitted and what they are, and it is then the committee's affair whether they are rejected or accepted. I am therefore against this amendment tabled by Mr Vernaschi.

**President.** — (D) I call Mr Lücker.

**Mr Lücker.** — (D) Mr President, will you allow at least one Member to rise and speak in favour of the amendment. I should like to say that this amendment takes account of experience we have already gained in this House. The point is simply to prevent petitions appearing in the Official Journal of the Community before they have been declared admissible. That is the purpose of this amendment.

To be correct, however, the amendment should read 'may not be published'. That is the point. Do you agree? Good.

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) In such an important matter as our Rules of Procedure I believe there must be no room for misinterpretation. This amendment states that only the members of the committee concerned have the right to see what is in the petition and therefore not the Members of the Parliament in general. I agree with the rapporteur that this is quite wrong and if Mr Lücker now tries to put in something that isn't there I would like to see what it is, so that I can give my opinion on it. But as the amendment stands at the moment I do not believe it could be accepted by any parliament.

**President.** — I call Mr Memmel.

**Mr Memmel, rapporteur.** — (D) It is not true that petitions are published in the Official Journal. But they are published in the Bulletin, and that is where they should be published so that every Member of Parliament who is interested can read them. I would therefore recommend that the amendment be rejected.

**President.** — Even if we managed to agree, it would be a waste of time since we no longer have a quorum. It would be unfortunate if the Assembly voted to reject something on which there are probably more constructive and more varied opinions among its Members.

I therefore propose that this debate be held over to the next part-session.

Are there any objections?

That is agreed.

I call Sir Peter Kirk for a procedural motion.

**Sir Peter Kirk.** — Mr President, could I ask you to ask the chairman of the Committee on the Rules of Procedure and Petitions, before he produces any further amendments to the rules, to examine the rule providing for amendments to the rules, because if we are going to continue to find ourselves in this sort of situation time after time, we are going to be left looking pretty silly. I think that is the first rule that needs amending.

(Applause)

**President.** — I call Mr Yeats for a procedural motion.

**Mr Yeats.** — Mr President, another suggestion would be that on any future occasion when we are considering amendments of this kind along with the budget, we should consider them before the budget and not after.

**President.** — Mr Yeats, I will reveal all: that was my view as well, but this was only possible if we could have started the vote at five o'clock without any introductory report by Lord Bruce and without any statements by the President of the Council or Mr Cheysson. As soon as it became evident that Lord Bruce had to speak, and I could not prevent the Council or Commission from stating their views and we were already an hour behind, I was afraid that if we did not take the budget vote immediately it would suffer the same fate as Mr Memmel's report now — and that would have been worse. As a safeguard I therefore took the budget vote first, but I understand your comment because that was my first idea.

I call Mr Kofoed for a procedural motion.

**Mr Kofoed.** — (DK) Mr President, would it be possible to deal with Item 330 now before beginning the Delmotte debate? I realize that Mr Cheysson will otherwise have to leave the House and as it is Mr Cheysson who is due to answer the question I would request that we should now take this point of the agenda.

**President.** — We interrupted the debate on Mr Demotte's report only because it was essential to proceed at the time announced with the votes on the budget and then on the amendment of the Rules of Procedure for which a quorum was required.

Now that these votes have been taken, we have to resume where we left off.

I call Mr Kofoed.

**Mr Kofoed.** — (DK) Mr President, the reason is that I spontaneously agreed that Item 331 should be taken before Item 330 this morning, because I knew that Mr Cheysson was due to leave in the evening and I could therefore make way for the Delmotte report. That is why I am now asking you most respectfully to make an exception and take Item 330 of the agenda.

**President.** — I call Mr Delmotte.

**Mr Delmotte.** — (F) Mr President, owing to Mr Kofoed's compliance this morning and to Mr Cousté's absence, we began the debate on the first report on the Regional Fund at 11.30 a.m. We resumed this debate at the beginning of the afternoon and when, Mr President, at 4.50 p.m., you temporarily suspended the debate, we still had a few moments discussion left. Why was this? Only Mr Giraud remained on the list but he had to leave and renounced his right to speak. Mr Colombo was also on the list but he too had to leave and renounced his right. Unless I am mistaken, it only remains for me to comment on the speeches, as is normal, and perhaps for Mr Thomson to conclude.

That is the point we have reached. I requested this this morning, Mr President, because in a few minutes the rapporteur will have to leave the sitting and I think Parliament would be lacking in Common courtesy if it rose without concluding this discussion, given that we only require a few more minutes.

I would therefore ask Mr Kofoed if he agrees to us finishing this debate.

### 13. *First report on the European Regional Development Fund (Resumption)*

**President.** — We shall now resume the debate on the European Regional Development Fund.

I call Mr Delmotte.

**Mr Delmotte, rapporteur.** — (F) With your permission, Mr President, I should like to emphasize that during this extremely interesting debate we have heard the statement by Mr Thomson, in whom everyone has willingly acknowledged the dynamism he has shown and the efficiency of the services he has rendered at the head of this department which he is soon to leave. But above all I should like to say to all the speakers, without distinction, how much I have learned from their speeches, which will enable me in one way or another to prepare at an early date and to submit to them Volume 2, dealing with the revision of the rules relating to the Regional Fund.

Mr President, colleagues, we have heard very few criticisms. On the other hand we have heard speeches defending the report, as I stated at the end of my speech which opened the debate. This new mechanism has revealed a few small imperfections

during its first term of operation in 1975. However like any new mechanisms it requires a running-in period; moreover it was on the basis of the lessons he had learned that Mr Thomson presented certain points to us, or which his successor should concentrate to improve the functioning of the fund.

In general, I gather from all that has been said that there is virtually unanimous agreement on the report I have submitted, apart from certain details which are dealt with in amendments and on which I shall comment in a few moments. Our colleagues have asked for larger appropriations, more extensive consultations with the local authorities, an industrial development policy and at the same time a policy to deter the excessive concentration of undertakings. These are the essential points to be derived from the various speeches independently of the philosophy of regionalism; our colleague Mr Ellis explained the basic idea of this philosophy and his interpretation of it. I should like to thank all the speakers, particularly those who emphasized the need for greater political will on the part of the Council to establish a regional policy which has not yet been defined, since the fund is only one instrument or perhaps a precursor, unless it is merely a stop-gap. In any event, Mr Thomson, his team and those responsible for the regional policy have made use of this instrument despite its modest resources and the fact that its importance and effectiveness have been reduced by inflation and the decline in the value of money. I believe that everyone was willing to acknowledge that a first step had been made, that it was a positive step, that it was necessary to do better still and that this was the enormous task to which Mr Thomson's successor must tomorrow devote all his attention and watchfulness.

I think that is all, Mr President, that should be said at this point on the general discussion. I should nevertheless like to add my congratulations for the significance and quality of these speeches.

(Applause)

**President.** — I call Mr Thomson.

**Mr Thomson, Member of the Commission.** — Mr President, I can be very brief indeed since I spoke at rather excessive length earlier today. I wanted mainly to thank the many Members who have taken part in this debate for their kind, personal remarks, but even more importantly, to thank them for the constructive ideas for the furtherance of Community regional policy that came out from the various contributions.

There were one or two specific points I was asked about. Perhaps I can mention them. Mr Brugger and others emphasized the importance of financial control of the Regional Development Fund. I think we made a reasonably satisfactory beginning to this task. There were 40 on-the-spot visits in 1975, and there have been 87 to date in the year that is just ending. But the

**Thomson**

difficulty here is the one I mentioned in my main speech : the shortage of staff. I think it will be important that Parliament examines that closely next year.

Mr McDonald talked about the advantage of what is known now in the private language of regional development as 'topping up' i.e. adding the Regional Fund grant on top of the grant for a particular project. I myself was against this, when the fund was launched, but I must say experience is making me change my mind, and making me feel that in certain selected instances — perhaps Ireland is an example — there might be some advantage in this. It would certainly, of itself, ensure one answer to the problem of additionality, because there would be no question that the actual Regional Fund was additional to what member governments were giving.

Mrs Kellett-Bowman in her interesting speech asked for some details on the progress of the inter-departmental group. Perhaps I could tell the House that there have been two reports produced in this field so far, both of which are still under discussion within the Commission. The first of them was on the operation of the Guidance Section of the EAGGF. Mr Mascagni made some reference to figures I had used about the regional implications of the way guidance grants were distributed inside Italy.

The figures that I gave in fact originated from the work done in connection with the preparation of this report. I think the report is one of considerable significance, because it does show that if you do not look at a policy like the Agricultural Guidance Policy in regional terms all the time, then purely by accident, not deliberately, you find that it is working out in a way that is aggravating rather than assisting the regional problem.

The second report which will be of equal interest to Mr Mascagni, when it finally becomes more public, is on the overall impact of the Community's Mediterranean Policy on the international policies of the Community, and here again I think it is important to measure these very significant external policies, that everybody wishes to support, in terms of the regional impact inside the Community, and therefore ensure that these policies are shaped with a proper regard for the rights and interests of the citizens of the Community itself.

Mr President, there is only one final point I would like to emphasize in closing, because I think I did not emphasize it enough in my opening remarks, and that will be the importance from the end of next year of operating the Regional Fund, and indeed other Community funds, against the background of the comprehensive programmes of regional development submitted by the regions to the Community and approved at a Community level.

I think you can turn the Regional Development Fund and the other Community funds from being a kind of

simple transfer of money from one national treasury to another into a real instrument of regional development, if you can make it part of a series of proper programmes of development. Perhaps within each region it might be possible to think of using the fund not for isolated projects, even though they are part of programmes of development, but for groups of projects, for packages of projects, that themselves make a planned and sensible and balanced whole.

There is one other thing I would like to see the fund used more for — and perhaps the 20 % that Mrs Kellett-Bowman would like to see taken out of the quota system might be used partly for this purpose — and that is to promote cross-border projects across the internal frontiers of the Community. This is an area in which, as a Community and as a Commission, we have not made satisfactory progress, as came out in the debate we had in this House the other day when I suffered a little from the rhetoric of my friend Tom Ellis. I think this is a way in which the fund could be developed to serve the interests of the Community. One would need to insist that the projects were genuine cross-border projects, that is : either one part of them was one side of an internal frontier and the other part was on another side ; or, if it was a major motorway along one side of a frontier river, for example, then a condition would need to be that the project was submitted jointly the two Member States concerned.

Mr President, these are some of the additional ideas that have been thrown up in our very useful discussion. I thank all the Members again for their contributions and thank them very much for the personal good wishes.

*(Applause)*

**President.** — Since no-one else wishes to speak, we shall now consider the motion for a resolution.

I call Mrs Kellett-Bowman for a procedural motion.

**Mrs Kellett-Bowman.** — May we have a separate vote on paragraph 9 please ?

**President.** — I have a request for a separate vote on paragraph 9.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 2, tabled by Mr Brugger on behalf of the Christian-Democratic Group, aimed at wording this paragraph as follows :

1. Is convinced that the reduction of disparities in development must go hand in hand with all other measures of economic and monetary integration.

Mr Brugger is not present and the Rules of Procedure state that the amendment cannot be adopted unless another Member wishes to move it on his behalf.

I call Mr Delmotte.

**Mr Delmotte, rapporteur.** — (F) Mr President, during his speech Mr Brugger did not particularly press his amendment. He did not withdraw it but he requested me to clarify what I wish to say, because, on behalf of his group, he stated his conviction that the reduction of inequalities in the level of development must accompany further efforts towards economic and monetary integration. If he had been present I should therefore like to have reminded Mr Brugger and his group that paragraph 2 of the report rightly states that the existence of regional disparities represents a considerable threat to the pursuit of economic integration. In fact we have always emphasized the need to reduce inequalities in the level of development as a *first* step, whereas it is now being urged that these efforts should be made simultaneously. I therefore consider the amendment to be totally pointless.

**President.** — The amendment becomes void.

I put paragraphs 1 to 6 to the vote.

Paragraphs 1 to 6 are adopted.

After paragraph 6 I have Amendment No 1, tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group, aimed at adding the following new paragraph :

- 6a. Asks the Commission when allocating ERDF assistance to lay greater emphasis on those problems associated with industrial dereliction and outworn industrial plant.

I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — Mr President, I did deal with this thoroughly in my speech and I would ask the Assembly to support it; it is extremely important to certain regions.

**President.** — What is the rapporteur's position ?

**Mr Delmotte, rapporteur.** — (F) Mr President, I have heard Mr Kellett-Bowman speak at length at meetings of our parliamentary committee, which rejected the amendment. I would ask Mrs Kellett-Bowman to try and avoid a perfectionist approach, for on page 16 and in the explanatory statement she will find reiterated the criteria which form, so to speak, the 'Bible' which those responsible for regional policy are obliged to adhere to and from which she must derive all the elements needed for assessment, without adding anything further.

If she so desires, Mrs Kellett-Bowman will be able to introduce this new idea during the revision of the rules governing the fund, but the Commission was obliged to act and to take decisions on the basis of the three criteria which had been established :

- a percentage of the working population engaged in agriculture which is higher than the Community average and a percentage of the working population engaged in industry which is lower than the Community average; a rate of 20 % of employment in one of the declining

industrial sectors and either a specific unemployment level or a net outward migration over several years; finally a rate of unemployment at least 20 % above the national average or a net outward migration of at least 1 % over a long period.

Since it was obliged to work within the limits set by these criteria, the Commission could not act otherwise.

I therefore urge Mrs Kellett-Bowman not to press this amendment, although I think it wise on her part, and undoubtedly on the part of all of us, to bear it in mind as a lesson which will inevitably need to be followed in the funds' new rules.

**President.** — I put the amendment to the vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The amendment is rejected.

I put paragraphs 7 and 8 to the vote.

Paragraphs 7 and 8 are adopted.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

I put paragraphs 10 to 27 to the vote.

Paragraphs 10 to 27 are adopted.

After paragraph 27 I have Amendment No 3, tabled by Mrs Kellett-Bowman on behalf of the European Conservative Group, aimed at adding the following new paragraph :

- '27a. Calls upon the Commission to take the appropriate steps to ensure that there is a smooth transition between the present three-year ERDF and the new Fund at the end of 1977.'

I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — It was merely seen to be a slight omission in the report, Mr President. It is intended to make things absolutely plain so there would not be a gap between the funds.

**President.** — What is the rapporteur's position ?

**Mr Delmotte, rapporteur.** — (F) Mr President, I believe there is indeed a certain ambiguity, but I should like to ask our colleagues to read paragraph 27, for there is no question, as the author of the amendment believes, of the present fund being replaced by a new fund at the end of 1977. It is the same fund which will continue; there is no transition; there is simply a revision of the rules based on the experience acquired, but there is not a present fund and a future fund. This amendment is therefore totally pointless.

**President.** — I call Mr Thomson.

**Mr Thomson, Member of the Commission.** — I simply wanted, on behalf of the Commission, to endorse the wise and perceptive words of the rapporteur, Mr Delmotte. The amendment is wholly

**Thomson**

intended to be helpful to the common cause of those who are interested in regional development, but I do wish to say to Mrs Kellett-Bowman that the rapporteur is right; but by giving the impression that there is one fund now that comes to an end and that there is any question as to whether there might be another fund next year, one is perhaps giving a dangerous and quite unnecessary hostage to fortune.

**President.** — I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — I withdraw the amendment, Mr President.

**President.** — The amendment is therefore withdrawn.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

Since no-one else wishes to speak, I put the motion for a resolution as a whole to the vote.

The resolution is adopted.<sup>1</sup>

*14. Oral question with debate:  
Seizure of Community undertakings in Ghana*

**President.** — The next item is the oral question with debate (Doc. 451/76) by Mr Kofoed on behalf of the Liberal and Democratic Group to the Commission on the seizure of Community undertakings in Ghana:

On 3 November 1976, the Danish firm T. Briscoe in Ghana, a subsidiary of the Danish multinational firm, the East Asiatic Company (ØK), was seized without warning by the Ghanaian authorities. There seems to be no grounds, let alone legal authorization, for such intervention.

Ghana is a member of the Lomé Convention between countries in Africa, the Caribbean and the Pacific and the European Economic Community and is therefore a party to industrial and economic cooperation with the Community. It is therefore all the more surprising that Ghana should seize a Community undertaking in a way that conflicts with the provisions of the Lomé Convention on industrial cooperation between the ACP countries and the Community.

Will the Commission of the European Communities therefore state:

1. What information it can give the European Parliament on the subject?
2. What steps it will take to ensure that similar action is not repeated in Ghana or other ACP countries?

I call Mr Cheysson.

**Mr Cheysson, member of the Commission.** — (F) It is true, Mr President, that an undertaking not belonging to the Community but affiliated to a company originating in one of the Member States has

experienced some difficulties in Ghana during recent months. I should immediately like to make clear that this is a subject on which this Community and in particular the Commission has no direct legal authority, since the Convention of Lomé, at the request of the nine member governments of the Community, removed all reference to private investments. On the other hand, the spirit of the Convention of Lomé, which encourages cooperation between partner countries and European countries, and the will to promote industrial cooperation, whose success will entirely depend on what private and public undertakings are prepared to do, can undoubtedly not render us indifferent to developments in one of the member countries of the Convention of Lomé which are having an undeniable psychological effect in one part of Europe.

That is why, Mr President, the Commission felt it possible and indeed necessary to notify the authorities of the ACP country in question of its anxiety at such developments. It did so during its regular contacts with this government, and in particular during an official visit which I myself made to the capital of Ghana only a few weeks ago.

We emphasized that we felt it to be regrettable that doubts could remain about the treatment of a European undertaking and that in any event, we hoped that the persons involved would in no way be affected by these difficulties.

Since then I have been informed that negotiations have begun between the government of the country where this company has its registered office in Europe and the ACP government in question. I believe that nothing should be said or done which may complicate these negotiations. Moreover, I repeat that the Commission has no authority to formally intervene in this matter.

I would add that having been established for 50 years in this country, the Danish subsidiary company has established intimate relations with the country in question which means that we shall always find it difficult to know the exact nature of their day-to-day dealings.

It seems to me that the Commission can do no more than repeat that it is in our general interest that undertakings should be treated normally in our partner countries.

The resolution tabled by Mr Kofoed and his group in fact deals with a different subject from that raised in the question. It states that at present we do not have the practical means to implement industrial cooperation, or more precisely to encourage the installation and equipping of our undertakings, of European undertakings, in our partner countries.

This time I can say without any hesitation that the Commission entirely shares the group's opinion and would be pleased if this resolution was adopted. I am not certain that the Committee on Industrial Coopera-

<sup>1</sup> OJ C 6 of 10. 1. 1977.



**Cheysson**

tion would be the most effective organ, but there is no doubt that the committee must discuss the problem. Above all it must be brought to the attention of the member governments of the Community so that when we resume negotiations with our partner countries, as provided for in the Convention of Lomé, we no longer find ourselves in the surprising situation in which the European governments themselves insist that such subjects should not be mentioned within the framework of the Convention.

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

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — *(DK)* Mr President, I would like to thank Mr Cheysson for his answer. I am particularly happy that Mr Cheysson has said that it is beyond doubt that the spirit of the Lomé Convention is not being observed in this case. I am thankful that it has been recorded that the Commission does not have any powers to impose sanctions of the kind referred to. The reason why I have raised this question in the European Parliament is that the Lomé Convention is new and all of us here in Parliament were enthusiastic about the fact that it had been successfully concluded. It is also obvious that Ghana at all events has contravened the spirit of articles 26 to 39 which call for industrial cooperation — for if we are to have industrial cooperation it must be based on a minimum of mutual trust. I do not wish to set myself up as a judge to say who is in the right and who is in the wrong in this matter; I do not believe this is Parliament's task. Parliament's task is to see that the objectives underlying such a convention are to some extent observed, i.e. that the intentions Parliament had in accepting this Lomé Convention should also begin to be realized. It cannot be right that a convention should not have the intended effect, which was, in this case, that these countries would be given preference and at the same time the industrial countries for their part would make an effort to stimulate development in the other countries.

At all events I hope that this question will lead the other ACP countries to understand that the spirit of this convention is mutual: assistance from the EEC countries to help certain ACP countries, but on the other hand a certain reassurance that when investments are made and risks taken, there should also be a guarantee that firms will not be occupied by people with machine guns, thus obstructing the whole process.

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

**Mr Vernaschi.** — *(I)* Mr President, although fully appreciating that there may be valid grounds for

tabling this question, we feel unable to give an opinion on this particular issue, without fuller information. However, the Christian-Democratic Group fully approves the motion for a resolution and will give it its unreserved support, also taking into account the statement by Mr Cheysson, which we also approve wholeheartedly. Our group will therefore vote in favour of the motion for a resolution, treating it separately, however, from the question, on which we require much more information before being able to express an opinion.

**President.** — I call Mr Knud Nielsen to speak on behalf of the Socialist Group.

**Mr Knud Nielsen.** — *(DK)* I quite agree with Mr Cheysson's remarks that nothing should be said here which may damage the present negotiations between the Danish and Ghanaian Governments.

Even though, generally speaking, I agree with the ideas underlying the question, and the ideas Mr Kofoed has expressed here today, there does seem to be good reason to draw attention to one basic point. It must be borne in mind that the regrettable happenings in Ghana are a very rare if not unique instance. It would therefore be most out of place if we took this example as a pretext to wag a warning finger and to moralize to all the ACP countries which have not been guilty of similar actions. This would hardly be propitious for proper cooperation between the EEC and ACP countries. My Group, the Socialist Group, is by no means uncritical of the actions of multi-national companies in a number of cases and to restore the balance we should also emphasize in this connection how important it is that such companies should observe their commitments of all kinds in developing countries.

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

**Mr Spicer.** — Mr President, may I also bring to the attention of this House the motion for a resolution tabled in my name and the name of my group. I am extremely grateful to the Commissioner for the very kind way in which he has received that motion and the support that he has given to it.

I happen to be the rapporteur for a particular report in the Committee on External Economic Relations which involves us in meeting those people who are particularly concerned with investment overseas. There is no-one in this House, I am sure, who would disagree that one of the aspects of the Lomé Convention which we all wish to encourage, is investment by private companies overseas. This is something that is vital, not only for the Community but very much more so for those who receive that private investment at the other end. It is against that background that all those people, when they have given evidence to our committee, have said to us they want to invest over-

**Spicer**

seas, but must have some background of security for their investment. Now, in this particular case — I do not want to dwell on it too long, — we have a company operating in Ghana which is under investigation. Now, I have absolutely no complaint against any company being put under investigation. I have no complaint at all, providing that the investigation conforms to what we have said in our motion for a resolution, namely that they are assured legal security, in conformity with the principles of natural justice, with regard to their investments. It is on this particular point of natural justice that we have put forward our resolution.

Could I just point to one or two things? This company has been investigated in three separate enquiries. First of all, by the Commissioner of Trade in Ghana, secondly, by the Commissioner of Justice and thirdly by a separate committee called the Appia Committee. In no case has there been a report submitted which the company can really seize upon and say 'Now we know what we are being accused of, now we can take action'. This company did in fact take action through the court in Accra and made quite certain the judge found in their favour and gave a stay of execution on any action by the government. It would be wrong to say that the verdict of the court was overruled, but as a result of that action the judge was removed from the case and another judge was appointed.

Now, Sir, that is not the sort of thing that we understand. We know that different circumstances prevail when we are operating in other countries. Perhaps we accept that fully, but I think that is against what we would term 'natural justice'. Subsequently the company was taken over by troops. I have absolutely nothing against nationalization if it is in the interests of a developing country. That is one thing. But expropriation is quite another. That destroys the confidence of those people who must invest.

Now it is in that particular sense that we have put forward our motion for a resolution. I understand fully and sympathize with the very difficult position of the Commissioner in this case. I understand that he has no legal powers and I hope to goodness that we will now rectify a glaring omission in our arrangements with other countries under the Lomé agreement, so that we at least can play some part, so that we can act as an honest broker in a case like this. To leave private companies completely outside the orbit of our responsibility seems to me to be quite absurd and something which should never have happened in the first place. There must be urgent action on this, and in the end all we would wish for in this House, I am certain, is not only that justice should be done, but that it should be seen to be done, and that is the whole basis on which we have proposed this motion for a resolution, which I hope will find the support of the House.

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

**Mr Nyborg.** — (DK) I shall try to be brief. The expropriation of the Briscoe company in Ghana must be seen as the outcome of quite unprecedented action by the Ghanaian authorities.

The history of the expropriation shows, as Mr Spicer has already said, that the firm I mentioned was investigated several times by the administration in Ghana; and in none of these cases were the results published — on the contrary it would seem that each investigation found in favour of the firm and this resulted in the drastic step amongst others, of the removal of the Minister of Justice. The final step was expropriation on the pretext that Briscoe had been making illegal profits on the sale of cars. This assertion was in no way documented and it is also claimed that the firm cheated the Ghana Defence Ministry, the Ghana National Bank and the Catholic Church in Accra by including in its selling prices a gross profit of between 15 and 24 %. Such a profit margin must be seen as quite acceptable in international trade and it should also be noted that the Bank of Ghana conducted a close scrutiny of the firm's activities without finding any grounds for action. Today it is a Danish company, tomorrow it may be another Community company which is concerned and the party implicated here was unable to obtain any information about the reports on the basis of which it was expropriated and about which provisions of Ghanaian law the company had contravened.

We must of course concede that the Commission has no legal authority to intervene in the present case, but there are diplomatic channels for action, for making representations and explaining that this is considered to be contrary to the spirit of the Lomé Convention. We are concerned here with principles which affect all the Community countries and all the associated countries and we hope that the Commission will be able to handle the situation sensibly, effectively and firmly.

**President.** — I call Mr Normanton.

**Mr Normanton.** — I should like to make two very precise clear points. Firstly, I feel we have gone a long way tonight in establishing a matter of principle and this is a matter of principle, not of detail. May I express the hope that the Commission and this Parliament will make it quite clear, in all its future agreements on an international plane on commercial arrangements between the Community and third countries, firstly, that we as a Community and we as a European Parliament do not differentiate between private or public enterprises? And, secondly, may I also ask the Commission to include in and write into such agreements provision for dealing with disputes of this kind, including an agreement by both parties, should such disputes arise, to submit them to some judicial body mutually agreed upon in advance of the dispute?

**President.** — I call Mr Knud Nielsen.

**Mr Knud Nielsen.** — (DK) Mr President, the reason why I have asked to speak again is that we have now received a motion for a resolution from the Conservative Group.

I have already pointed out that this is a very sensitive field and I would like first of all to request the President to ascertain before a vote is taken on this motion whether there is a quorum or not. If there is a quorum when it comes to voting I must recommend on behalf of my group that the House should vote against the motion. The reason for this is that we have not had the opportunity to deal with this matter internally and besides there are two things which I mentioned in my first speech, namely that we are here generalizing on the basis of a single example and moreover there is a lack of balance between the rights and the obligations of companies. Therefore as I said if there is a quorum and the vote is taken I would recommend the House to vote against the motion.

**President.** — I call Mr Sandri.

**Mr Sandri.** — (I) Mr President, I do not wish to go into the details of the question which provided the basis for this motion for a resolution, a matter on which we were also informed during the recent visit to Ghana by the European Parliament delegation. However as regards the resolution itself, I would request, Mr President, that we discuss its various points separately. The request to the Commission in the first paragraph undoubtedly deserves support, as it raises an important general question. Nevertheless, I share the reservations which have just been expressed by my colleague on this same paragraph: why should we join an important request to a controversial and unsuitable example? This might produce a harmful effect, as it might make our request to the ACP States appear ambiguous or suspicious.

In addition, I should like to draw my colleagues' attention to the third indent of the preamble, which refers to assured 'legal security in conformity with the principles of natural justice with regard to their investments'. I do not wish to open a discussion on the philosophy of law, but would ask my colleagues to specify these principles of natural justice which, I believe, are not included in any text of international law.

I therefore request, Mr President, in the event of my colleagues request not being granted, that we should vote separately on the various points in this document. We will then be able to vote in favour of the part which we approve, and to express our reservations on the second indent of the preamble, which, in our view, diminishes the importance of the document itself.

**President.** — I call Mr Jakobsen.

**Mr Jakobsen.** — (DK) Mr President, I am most grateful to the British members of the European

Conservative Group for taking such an enthusiastic part in this discussion because one may have an uncomfortable feeling that one of the reasons that precisely this company has been victimized is that it is a company from a small country; that makes things easier.

I am quite in agreement with the Commissioner when he says that it is not the matter itself we are concerned with but the principle involved; therefore I would be most grateful if Mr Cheysson would deal with the last point put forward by Mr Normanton. As the Communist speaker pointed out, we can of course not create any natural law; but, in view of the common interests which these countries and we have in investments by private firms, it would be reasonable to make some sort of prior provision, which may not be natural law or international law, but which would act as a simple agreement, so that if there was any doubt about to what extent anyone had committed or not committed any action there would be a procedure which must be open to control by anyone outside and by the Community. I know that none of the members of the European Conservative Group wish to conduct propaganda against Ghana and least of all against Ghana's action in nationalizing and conducting its own policy — that's up to them. But if private investment is to be encouraged, private companies must have guarantees that they will be treated more or less according to public legal principles which are universal and if this is not guaranteed in any country in advance it must be ensured by means of an agreement which we can help to negotiate. I think it is most important that this should be done. If we can remove everything in the way of propaganda and measures against one thing or another we shall probably get results. This is what I would like to see.

**President.** — With regard to Mr Knud Nielsen's request for a check on the quorum, I would point out that under Rule 33(3) such a request has to be submitted by at least ten Members.

I call Mr Knud Nielsen.

**Mr Knud Nielsen.** — (DK) I withdraw the request.

**President.** — I call Mr Spicer.

**Mr Spicer.** — Mr President, I have no wish to detain the House any longer. I would just say that, in reply to the comment made about legal security in conformity with the principles of natural justice, I did, in fact, discuss this matter with the very respected chairman of our Committee on Legal Affairs, Sir Derek Walker-Smith, and it was his proposal that that should be included. I would have thought — in the terms in which we all in this House purport to understand democracy — that that would be well and truly understood.

### Spicer

I am once again grateful that the Commissioner made it clear that he certainly understood it, even if others do not.

**President.** — I call Mr Vernaschi.

**Mr Vernaschi.** — (*I*) Mr President, before the motion for a resolution is put to the vote, I should like to ask those who have tabled it whether, after hearing the views of various colleagues in this Parliament concerning the undesirability of referring to a specific case and Article 35 of the Convention, they would agree to delete the second indent of the preamble, and, as regards the third indent — on which subject I support, with other colleagues, the views put forward by Mr Sandri — to propose a comprehensible text. If they do this, we will be able to approve the resolution. If not, we too will ask for a vote on the separate parts of the resolution so that we can vote in favour of the fundamental point and refrain from voting or abstain, on that part of the motion for a resolution which, in our opinion, will not help us to understand the problem.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (*DK*) Mr President, I am grateful to Mr Spicer for putting forward this motion. But indent 3 contains something which at all events in the Danish version is difficult to define. There we find the phrase 'principles of natural justice' and it would be more correct in Danish to say 'principle of international law'.

**President.** — I call Mr Cheysson.

**Mr Cheysson, member of the Commission,** — (*F*) Mr President, this is a delicate and important matter, because important interests are at stake, because it is a topical matter but also, let us not forget, because the sovereign rights of a state with whom we have contractual links are also at stake. That is why, in view above all of the fact that the debates are subsequently published, I am obliged to do something which I do not normally do, i.e. to quote three of the speakers in order to emphasize my disagreement with some of their statements.

Mr Kofoed stated that the Convention of Lomé had not been respected and he referred to respect for the Convention's provisions. I am therefore obliged to say yet again that there are provisions in the Convention of Lomé covering the guarantee or security of investments. It is therefore impossible to say that one of the provisions of this Convention has not been respected.

It is, however, true, as I said a little while ago, that industrial cooperation, which the Convention of Lomé wishes to encourage, is not promoted — indeed quite the opposite — by difficulties of the kind being experienced by the undertaking in question.

Mr Nyborg requested that the Commission take some action. I am afraid he may not have heard me

correctly. I myself went to Ghana to discuss this matter with the President of the Republic. If anyone can think of a more significant intervention, I should like to hear it. I did not wait for the debate in this Parliament before acting, Mr President. I am therefore quite taken aback at the reproach addressed to the Commission. During the eight months since March 1976 we have had a whole series of discussions with the Ghanaian authorities. I mentioned this fact in my statement a short while ago.

Thirdly, Mr Normanton and after him Mr Jakobsen stated that it was desirable that future conventions should include provisions enabling us to call on an arbitration system, a jurisdictional system, in case of dispute. I stated previously that the Commission proposed this to the Community governments when we negotiated the convention which was to become the Lomé Convention. This was what we proposed in the draft mandates submitted by the Commission. The nine governments, including the Danish government unanimously stated that the question of investments was a strictly bilateral one and should not under any circumstances be carried to Community level. So, it is not us but your governments to whom you should address your reproaches!

If your governments have now realized that on matters of cooperation of this kind, which may have far-reaching implications, it is valuable to have discussions both at bilateral level and as part of cooperation between the Community and these countries, cooperation which must in fact involve a reciprocal commitment. I should be very pleased if next time — and that is why I referred to future negotiations — we could go one stage further at this level.

Mr President, I do not think there is any point in analysing this particular case any further. The facts which have been reported here are probably correct but they are only one aspect of the matter. There are let me say quite simply other sides to the case. For example it is not true that the undertaking had no opportunity to reply to the complaints made against it. It had numerous possibilities to do so through the intermediary of many Ghanaian and European lawyers. On the other hand it is true that the conclusions relating to this matter have not yet all been published; they will appear in the form of a white paper but this has not yet been published. There have therefore been regrettable actions, I have said this once and I repeat it now, but they were not all on one side.

Let me repeat that when an undertaking has been in a country for 50 years before its independence, after its independence and under numerous different regimes there are obviously going to be links between that undertaking and local everyday life, which, believe me, cannot all be as easily described as has been done in this room.

**Cheysson**

We cannot pass judgment, that is not our role and we do not have the necessary information to do so.

I would particularly warn against this tendency in the case of a country which, since its independence, has until now behaved very reasonably towards commercial and industrial undertakings as a whole.

There have already been disputes of this nature with other commercial undertakings; a dispute with another large Scandinavian undertaking was settled by a compromise. This did not happen in the present case. There have been nationalizations and I thank several speakers for having acknowledged that every country in the world has the right to nationalize. These nationalizations have effected a large number of companies particularly in the mining industry. In these cases the disputes seem to have been settled under reasonable conditions, since I am not aware of any disputes between the Ghanaian government and the considerable number of companies which have been nationalized.

Finally I note that private investments continue to develop in this country, particularly those originating from the other side of the Atlantic and sometimes from such large companies as 'Østasiatisk', which have considerable experience in Third World countries and which must therefore consider that Ghana offers them reasonable guarantees.

In other words I do not wish to underestimate in any way the anomalies of the present case. We do not have all the information on the case and it is not for us to judge. I do not think I can allow an overall judgment to be passed on the treatment of undertakings in Ghana without repeating that there still remain numerous contradictory factors.

Mr President, the resolution tabled by Mr Spicer and his group is interesting since it must encourage our governments to reflect more deeply on the conditions governing industrial cooperation. Among these conditions there is undoubtedly the question of the stability of these undertakings: stability in their installation, in their investment effort, a stability which must derive from a certain organized security system and also — and there I totally agree with Mr Nielsen — from their integration in development plans, that is from their respect for the ambitions, decisions and policies pursued in the countries where they are located.

That is why, Mr President, as I stated previously, the Commission favours the adoption of this resolution but emphasizes that the non-legal expression 'natural justice' in its view covers the various aspects which must be included. Some are linked to the interests of the undertakings, others to the equally legitimate interests of the countries.

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — (DK) Mr President, I would like to thank Mr Cheysson once again for his excellent

speech and would simply like to say that we have probably misunderstood each other. I did not say for instance that the convention had been contravened; I agreed with Mr Cheysson that it was the spirit of the convention which had been breached. It was at all events not in the spirit of the convention to occupy companies in the way that has been done.

Otherwise I can agree with what Mr Cheysson has said. I also regret that it is for the national governments to negotiate with the local government concerned. I would rather have seen this as the Commission's responsibility and seen the Commission intervening in these matters. The present experience will probably lead to later changes. Also on behalf of my group I can support the motion for a resolution tabled by the Conservative Group with the same remark that it would sound better in Danish to refer to principles of international law rather than principles of natural justice. We are not familiar with this description in Scandinavia.

**President.** — To wind up the debate on the oral question (Doc. 451/76) Mr Spicer has tabled a motion for a resolution (Doc. 494/76) on behalf of the European Conservative Group with request for an immediate vote pursuant to Rule 47 (4) of the Rules of Procedure.

I put to the vote the request for an immediate vote.

As the result of the show of hands is not clear, a fresh vote will be taken by sitting and standing.

The request for an immediate vote is accepted.

We shall now consider the motion for a resolution.

I would point out that only explanations of vote are allowed.

Mr Sandri has asked for a separate vote on the text. Would you explain what you mean by a separate vote?

**Mr Sandri.** — (I) Each part of the text should be voted on separately.

**President.** — I call Mr Spinelli.

**Mr Spinelli.** — (I) Mr President, there are ten Members who want a check to be made on the quorum in accordance with the Rules of Procedure.

**President.** — I would point out that Mr Knud Nielsen has said that he withdrew his request.

**Mr Spinelli** — (I) Can I not re-submit it?

(Protests)

**President.** — The Rules of Procedure do allow that. I call Mr Lücker.

**Mr Lücker.** — (*D*) Mr President your interpretation of our Rules of Procedure is undoubtedly correct. But apart from the Rules of Procedure, there is an unwritten rule in this Parliament and I am very surprised that Mr Spinelli, who usually respected the customs of this House when a member of Commission, today feels as a Member of Parliament that he no longer needs to respect them. I would recall, Mr President, that another group in this House once attempted to question its working methods by tabling a similar amendment.

That amendment was severely criticized by the Socialist Group at the time, it being said that if we adopted it, we would not be able to decide on anything except when we vote on the budgets, when there is always a quorum. Since then there has never been a reference by any group to this procedural rule in an attempt more or less to paralyze the activity of this House. I would therefore recommend that in this case, too, we keep to the tradition of this Assembly.

I would thank Mr Nielsen for withdrawing his request, and I feel it is a good thing for us to be able to adopt the texts that have been submitted to us. We should follow the custom of this House in this matter.

(*Cries of 'Point of order'*)

**President.** — Who are the ten Members who support the request for a check on the quorum?

**Mr Spicer.** — On a point of order, Sir, I have constantly ...

**President.** — I see that ten Members have stood up to show that they wish to have a check made on the quorum in accordance with the Rules of Procedure. Therefore, in the absence of a quorum, I will postpone until tomorrow's sitting the vote on this motion for a resolution.

(*Loud protests*)

I call Mr Spicer.

**Mr Spicer.** — On a point of order, Mr President, I really must object most strongly to the treatment that I have been given this evening. Quite honestly I did appeal to you on a point of order. You had started the voting procedure and you said that you would only listen to people standing up to give an explanation of vote. My interpretation is — and I hope you will either verify or reject it, I accept your ruling completely — that after the vote on immediate procedure, only an explanation is permitted. This does not imply the request for a check to be made on the quorum, and it does seem to me outrageous that those people who earlier withdrew their requests — you gave them the opportunity to do so — can step inside here at any point and destroy the whole thing. It is absolute nonsense, Sir, I do regret it most sincerely. If you say I am absolutely in the wrong I shall accept your ruling. But it seems to me a travesty of the way

in which a Parliament should work if this sort of operation can take place.

**President.** — I am very sorry, Mr Spicer, But I cannot accept your comments at all.

I confirm that the vote on this motion for a resolution will be included in the agenda for tomorrow's sitting.

*15. Oral question with debate:  
Situation in the craft-trade industry*

**President.** — The next item is the oral question with debate by Mr Cousté (Doc. 386/76) on behalf of the Group of European Progressive Democrats to the Commission of the European Communities on the situation in the craft-trades industry:

The measure in which the vital interests of the craft-trades industry are taken into account leaves much to be desired, owing to the priorities fixed by the Community in overall economic policies.

This being so, does the Commission intend to propose structural, fiscal and social measures for the craft-trades industry so as to provide it with the basic conditions necessary for its harmonious development within the Member States of the Community?

I call Mr Memmel for a procedural motion.

**Mr Memmel.** — (*D*) Mr President, since it was established just now that there is not a quorum, we might as well go home, because there will not be a quorum for this item either. Furthermore, I feel it would have been appropriate when the request was made by 10 representatives for the number of those present to be ascertained, for Members to be called to the Chamber in the usual way. But that is all over now. There is no quorum.

**President.** — Under Rule 33 (1) Parliament is always in a position to deliberate.

Having settled the question of the vote on the motion for a resolution in the previous item, we can now proceed.

I call Mr Cousté to present his question.

**Mr Cousté.** — (*F*) Mr President, on 11 May last, at my initiative and with the support of Mr Schwörer and a number of the political groups of this Assembly, we raised the problem of small and medium-sized undertakings. Today by means of an oral question by the Group of European Progressive Democrats, supported, I know, by many of our colleagues — for which I thank them — we are concerned with the problem of the future and present situation of the craft-trade industry in the Community.

This is basically a new and important field involving a large number of small undertakings, which nevertheless employ a considerable number of persons devoted to their craft, which is often not merely a manual craft but also the expression of an artistic vocation. This is why I believe this debate to be important, Mr President, and I thank you for allowing me to speak.

## Cousté

We know that the Commission and the Council, i.e. the Community institutions, have until relatively recently been unable to deal with this problem. This is an extremely important field which requires a joint approach, for although there is a Community industrial policy, it cannot be said that there is a Community policy for the European craft-trade industry. This therefore raises the question of the guidelines the Commission intends to follow, its general policy and the support it hopes to obtain from this Assembly with a view to ensuring that our Community policy on the craft-trade industry reflects social, economic and human needs.

Mr President, in fact it was not until 1975 that the Commission set up a division for small and medium-sized undertakings and for the craft-trade industry within the Directorate-General for Industrial and Technological Affairs. The Commission submitted what it called observations on the study carried out in 1974 by the Economic and Social Committee into the situation of small and medium-sized undertakings in the Community — an extremely important and valuable study.

That was a year ago, in December 1975. Since then, as we know, these observations, which obviously contain some assessment of the work of the Economic and Social Committee, proposed a number of measures, first and foremost a large-scale statistical project: we must know what we are talking about, particularly as regards small undertakings. Indeed that is why this new division has devoted itself to drawing up an exhaustive and if possible definitive list of the various definitions of small and medium-sized undertakings and of the craft-trade industry.

As you see, the Commission's project still links small and medium-sized undertakings and the craft-trade industry. Let it be said immediately that an official definition of a craft-trade undertaking exists in some Member States: in the Federal Republic of Germany, in Italy, in Belgium and even in France. But I understand that the Community as such wishes to establish a clear definition for the purpose not only of studies but of positive action. Nevertheless it must be said — and this is to the Commission's credit — that it did not wait for this definition, it has acted and acted within two important frameworks: the European Social Fund and the European Regional Fund.

As regards the European Social Fund, 1971 was a vital date for small and medium-sized undertakings and also for the craft-trade industry. Until then action by the Social Fund was of an indirect kind, since it could only intervene to aid the retraining of salaried workers and not independent workers, those with whom we are concerned this evening. The situation changed with the important reform of the fund of February 1971, which, by a Council decision and after Parliament had been consulted, made the fund available to

non-salaried workers. We are therefore concerned with a mechanism in which Parliament is closely involved.

How has this possibility been used since 1971? It has been well used and the Council has taken a number of decisions, particularly in 1971, in the right direction, i.e. to help the craft-trade industry. The Social Fund has become available to handicapped persons, in particular to encourage their employment in the craft-trade sector. This decision was taken in 1971 and renewed in 1974, and it is to be welcomed.

In 1972 a Council decision made the Social Fund available to persons leaving agriculture. On this point I think that the Commission will indicate whether in effect the number of persons having left agriculture and having since been re-employed in the craft-trade industry is relatively large, owing to the aid granted by the Social Fund.

In 1975 it was decided to make the Social Fund available to young people under the age of 25 years looking for their first job. Here again, these young people could be encouraged to enter not only small, medium-sized and large undertakings but also the craft-trade sector, and it is important that the Commission should inform us of the effects of the welcome decision taken in 1975.

Finally, the textile and clothing sectors are facing a crisis. It has certainly been decided to grant aid from the Social Fund to these two sectors which employ many craftsmen. It is important that Parliament should be made aware of the effects of this very welcome action.

As regards the Regional Fund, it should be clearly stated that although it was primarily conceived to encourage large investments, its scope does not exclude the craft-trade sector. On the contrary, we know that the fund's rules expressly mention small and medium-sized undertakings and the craft-trade industry. From now on, all depends on the Member States, for if they decide to help, this opens up the possibility of interventions from the Regional Fund. State aid — and this is one of our major concerns in raising this question — is in effect relatively restricted to those undertakings with more than ten salaried workers — for a country such as France for example — which means that it benefits the small and medium-sized undertakings but certainly not the craft-trade sector and above all small craftsmen.

In my opinion this runs counter to the spirit in which the Commission and the Regional Fund rightly committed themselves and that is why I believe it would be of value to know whether, apart from the undertakings with ten or twenty salaried workers who have benefitted from the Regional Fund, small enterprises have also benefitted, since according to my information these are, as far as France is concerned craft-trade undertakings from overseas departments.

**Cousté**

This is therefore a very special problem which we put to the Commission.

In an important report on the Union of Master-Craftsmen of the EEC, the discussion was raised to an even more important level. I should like to draw the attention of the commissioner responsible to the fact that with reference to the remarks made by Mr Tindemans, who wants to establish European Union — and God knows we want it too! — the report clearly states that he makes no mention of the acute problem of the middle classes, small and medium-sized undertakings and the craft-trade industry, all of which nevertheless have an economic, social and human impact on the Community Member States and hence on Europe itself. Mr Tindemans' European Union therefore has no meaning for the economic and social life of the middle classes, that is the small and even the very small businessmen.

This is unreasonable and all the more so since we are well aware that Europmi, i.e. the association of small and medium-sized industrial undertakings, has requested a European statute on sub-contracting. Indeed many of these undertakings, small, medium-sized, craft-trade or industrial, are sub-contractors and it is essential that there should be a statute or sub-contracting to guarantee at least payment for work done, and also precisely to protect legal transactions.

This also applies to the implementation of the European Cooperation Grouping — which we feel to be increasingly essential since it is adapted to small and medium-sized undertakings and to the craft-trade — and to the activities of the Community Business Cooperation Centre and Community contracts for industrial development.

This is a group of problems which we could not fail to notice, even if we were considering the problem of craft-trades for the first time. That is why we have raised this question, since we are convinced that it reflects the concerns not only of the majority but even of the whole of this European Parliamentary Assembly. I am certain that, stimulated by our initiative, the Commission and the Council will be able to respond to our expectations, which require concern to be shown not only for the economic aspects but also and above all for social and human balance and the creation of jobs in the Community.

*(Applause)*

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

**Mr Schwörer.** — *(D)* Mr President, ladies and gentlemen, we of the Christian-Democratic Group welcome the fact that Mr Cousté and his political friends have taken up this question of the craft-trade industry. We, too, feel that insufficient account is at present taken of the interests of this industry. We are

therefore very pleased to hear that Mr Notenboom of the Committee on Economic and Monetary Affairs is in the process of drawing up a report which is principally concerned with problems facing medium-sized industry generally, but also with the problems of the craft-trade industry.

Mr Cousté, what you have said here about the Regional and Social Funds, is fully endorsed by us. I would like to add a few thoughts, which may cause the Commission to reflect. In the financial, social and structural fields — as you have written in your question — we recognize problems which require measures to ensure — as you rightly say — the harmonious development of this industry within the Community.

Where the financial measures are concerned, I feel that the most important thing is to make capital available for young craftsmen who want to set up business on their own, and in addition to promote investments in the craft-trade industry and generally take steps to further capital formation. At this point I should like to say quite clearly that these measures should not be taken in favour of businessmen but in favour of undertakings, i.e. in favour of those places where jobs are created or maintained for the future. I regard the craft-trade industry as the main starting point for the elimination of unemployment. It is in the small and medium-sized undertakings that young people, particularly at a critical time such as the youth is now facing as regards jobs, have always been extremely well looked after. They have always found opportunities for employing more young people.

Secondly, we have the social problems, with the initial and basic question of the burden of social insurance contributions on the craft-trade industry. As you know, most countries at present take total wages and salaries paid as the basis for the assessment of social insurance contributions, which means that those sectors of the craft-trade industry with the highest wage costs have the greatest social insurance contribution burden. If we cannot create a new basis for the assessment of these contributions in the future, then I feel that at least one thing should be done: every new arrangement involving financial charges should take account of the effect it will have on these medium-sized craft-trade undertakings.

A second factor to be mentioned in the social sphere where our craftsmen are concerned is, I feel, the social security which they themselves should enjoy as regards retirement, invalidity and sickness and also as regards members of their families, particularly wives, working for the firm. We know that major problems frequently arise when the owner of a firm of this type falls ill or can no longer work.

The third problem has to do with structures. The question is how competitive is the craft-trade industry with the large undertakings, even as regards access to the



**Schwörer**

market or how they can sell their services to the consumer. For example, it is often the case that invitations for tenders are aimed at the large undertakings. Thought should be given to ways of insisting on some public works orders going to the craft-trade industry rather than their being bunched in such a way that it is almost impossible for the small firm to participate. I should also like to mention briefly the problem of cut-throat competition, the fact that large companies are increasingly using their power on the market to harrass these small undertakings.

Finally, on the subject of structural problems, the craft-trade industry must give some thought to how it can keep up with modern developments through joint installations. I am thinking, for example, of data processing. I am thinking of research into new work methods, new products manufactured by the craft-trade industry. The Member States — perhaps even the Community — should consider how the craft-trade industry can be helped to take advantage of these modern methods and products. After all, the craft-trade industry is the sector which is responsible for customer service in many fields and thus helps to ensure that our important economic resources are not wasted.

Mr President, the craft-trade industry is for us in the Community one of the most important pillars of a free economic and social order, and it is therefore in the interests of the economy as a whole to strengthen this pillar. We hope that this debate today and later the Notenboom report will lead to practical steps being taken in the fields that have been mentioned.

*(Applause)*

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

**Mr Normanton.** — Mr President, I should like, on behalf of the European Conservative Group, to make a number of brief — but, I hope, concise and relevant — points.

Firstly, the European Conservative Group welcomes very strongly, and supports enthusiastically, the concept enshrined in the question presented by our friend and colleague, Mr Cousté. He has done a great service by raising it — I hope we can also, in this short debate, add to it and reinforce what he has said.

The second thing is that the fact that we have Commissioner Thomson here to reply to this debate is of very real significance to the House, because much of what has been said — no doubt much of what will still be said — is highly relevant to the role which he and his Directorate have been playing so energetically and dynamically during this tenure of office. The Community, and thereby I mean this Parliament and the Commission, should, I believe, reflect a continuous awareness of this sector of society — what

we refer to in general terms as 'small and medium sized firms'.

We should do so, I believe, by throwing the net of definition far wider than has been the custom in the past, firstly as far as definition and relevance are concerned, and secondly, I think, as regards the way in which we reflect in our policies the needs of this sector of society and our appreciation of its importance.

Mr Cousté has referred to very small undertakings; whether they consist of three, four or five people, they nevertheless are identities — they are human beings, people coming together or people working together in an effort to be constructive to society. May I make three or four very quick points which I hope the Commission will be prepared to consider?

I think we should consider, for example, the discrimination which is certainly applied in many Member States in the way in which national and social insurance levies apply to what we in Britain would generally call the self-employed. And, by definition also, not only the social payments to which they themselves are liable under law, but the social and financial contributions and benefits to which they do become entitled, by virtue of being small traders and small businessmen.

Secondly — and tonight I think is a very opportune occasion to comment on this, since perhaps the point of it may not be noted. Tonight, I understand, the Council of Ministers are trying to reach a decision on the question of provisions for Value Added Tax. The fact that they are doing so tonight I hope will be reflected in announcements tomorrow that they do recognize the importance of altering or identifying the cut-off point for exemption from the application of VAT provisions.

The third point I would like to make is that there certainly is one means whereby the small firm, the small entrepreneur, should be given recognition, and that is where fiscal and taxation policy is concerned. I am not suggesting — nor would our group suggest — that those who are engaged in business by way of small activities should be immune to the general provisions for taxation; they shouldn't. But the taxation structure should take their position very strongly into account.

A minor but painful point which I think does require to be commented upon is the universal feeling of the entrepreneur in the small business of perhaps two or three or four people working together. He has universally the feeling that he is deluged by bureaucratic paper and bureaucratic treatment. Whether that is true or not — it should not be the truth — it is a matter that we must press that Community funds can go — and I think should go — to small firms with far greater effect, as far as social conditions are concerned, compared with impersonal state and multinational

## Normanton

projects. It is, after all, by bringing individuals together that you make a community. It is by bringing those people together that you build up the life, the real and social and lasting life of a region, of an area — not by establishing giants in isolation from people.

Therefore, in this sense I think this debate ought to bear in mind, and never forget, the old proven adage: that it is from small acorns that giant oaks do grow. It is to the need to care for, welcome and encourage the development and growth of these small acorns that this debate — brought forward for inclusion in the agenda today by Mr Cousté — has been directed.

*(Applause)*

**President.** — I call Mr Noè.

**Mr Noè.** *(I)* Mr President, I too should like to say a few words in full support of Mr Cousté's initiative in favour of a category of citizens who, when considered in the context of our revolving society, possesses remarkable qualities — more than public opinion is generally gives them credit for. The qualities in question are intelligence, initiative and tenacity, and we are sometimes amazed to find — as I was during the last electoral campaign in Italy when I came into contact with them — that even in sectors of advanced technology, from which one would think them excluded, they are involved in larger-scale projects to which they often make a substantial contribution.

Craftsmen represent a force for freedom in society — as was said by my friend Mr Schwörer — worthy of the greatest respect. I am not going to elaborate on the sectoral requirements outlined by other colleagues, but will limit myself to some general views. Taxation, for example, which hits the craft trades hard, should be given further consideration as a matter of priority. Self-financing is frequently a necessary course for craftsmen and should be made possible by balanced taxation. In addition, the VAT rate on their products should be calculated by a simple procedure, in order to avoid pointless bureaucratic controls.

As regards social problems, I approve the request made by Mr Cousté and others for support from the Social Fund for professional training and further education measures in this sector. Furthermore, the Commission should make a detailed study of the situation of the craft trades in the various states, with a view to proposing the most suitable measures for professional training. I appreciate that this will have national and regional implications. But it should be remembered that an organization has recently been set up in Berlin with a department responsible for the specific problems of the craft trades and small undertakings. This service could also contribute to the professional training of craftsmen, above all in the sectors of advanced technology which I referred to previously, and which clearly require financial support.

There has been very little action by the Community in favour of craftsmen in recent years. Since the signing of the Treaty of Rome, the Council of Ministers has made only one attempt to tackle their problems, in 1959.

Once is hardly enough, Mr President. The Commission's Directorate-General for Industrial and Technological Affairs contains a division responsible for small and medium-sized undertakings, with a staff of only five. It could perhaps be increased to carry out the task we have suggested.

The Economic and Social Committee, for its part, waited until November 1971 before taking a general decision to make a study of this sector. Nothing more has been heard since then.

Parliament considered the subject in May of this year. But what is lacking most of all — and this is my final comment to the Commission is institutionalized contact between the craftsmen's organizations and the Commission. It will gradually become necessary to create this. If we all work together to this end, I believe that it will be a source of great satisfaction to the Members of this Parliament to experience once again, on weekend visits to their constituencies, the living reality represented by these craftsmen, who provide us with clear evidence that man's creative strength expresses itself better in a climate of freedom.

*(Applause)*

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

**Mr Spinelli.** — *(I)* Mr President, I too would like to support, on behalf of our group, the views expressed by Mr Cousté and those other colleagues who have spoken in favour of the craft trades and small and medium-sized undertakings. As a former member of the Commission with responsibility for this sector, I appreciate the limited number of opportunities at present open to the Community. All the measures which we have initiated have met with innumerable obstacles. It is true that the division responsible for craft trades is small in staff, but in fact it is difficult to increase its number. I recall the difficulties encountered by our institutions, the Commission and Parliament, in securing the introduction of the celebrated development contracts, which were designed to promote the activities of small and medium-sized undertaking which, contrary to what one might think, represent the sector most marked by continual innovations with, as a result, the greatest need for aid, including that from supra-national funds. Mr Cousté is aware of how much work we put into this question, but it was to no avail, as the matter failed to reach the Council. The Commission set up the famous 'marriage bureau', which was mainly to concern small businesses, but which, unfortunately, does not possess substantially greater means and has proved a less than effective instrument.

**Spinelli**

That being said, I should like to endorse the conclusions of my other colleagues, in the hope that what could not be achieved in the past may be achieved in the future, and that, in the development of the various activities connected with the regional policy and the various aid policies, account will also be taken of the importance of this sector for our countries' economies.

*(Applause)*

**President.** — I call Mr Thomson.

**Mr Thomson, Member of the Commission.** — Mr President, I join with others in thanking Mr Cousté for raising even at this hour of the evening this extremely important subject. It is a subject which I think deserves a better time of day and a fuller House to listen to the points that he and others have made. Perhaps I might be allowed to congratulate my old colleague, Mr Spinelli. I don't know whether this is actually his maiden speech in this Parliament, but it is the first time I have had the pleasure of listening to him. And indeed, if he had not departed from the Commission to take up his present political role in Italy, I have not doubt at all that it would be he who would be sitting here making this speech and not me, since the prime responsibility for these matters lies with his old Directorate-General. But I warn him that what he is going to hear will sound rather familiar in his ears, because in the course of my researches I have been looking at the speech he made when he stood in this place in answer to Mr Cousté and I have to confess, although Mr Cousté, as a very experienced parliamentarian, will not be too surprised, that it is not possible to report spectacular progress at the level of the Commission and the Community since Mr Cousté last raised this matter in this House. But that does not for a moment mean that the Commission does not attach — as Mr Spinelli has said — great importance to the sector of our economy occupied by small and medium-sized businesses. In terms of units, of course, it is a very substantial sector indeed, and in human terms it is an important sector. I think perhaps a debate of this kind raises a certain intellectual confusion which one must be clear about at the beginning.

Mr Cousté in his oral question was referring, I think, specifically to the handicrafts side of small and medium-sized businesses. The others — Mr Normanton for example — have widened this to the general problem of the small and medium-sized businesses. But certainly the Commission strives within the limits of its powers under the Treaty and the very modest manpower facilities at its disposal, to assist and take account of the interests of these smaller firms. The Commission does have, as has been mentioned, this modest division with a special responsibility for the craft trades industry and for small and medium-sized categories.

On the structural side, Mr President, the Commission is endeavouring to promote within the rules of competition the conclusion of cooperation agreements designed to make small firms more competitive. There was a communication as far back as 1968 which dealt with agreements and practices between firms which were compatible with the Community's rules. And this was followed by the 1970 communication on agreements, to which Mr Cousté made reference. The Commission will soon be updating this communication making it relevant to changing circumstances and, indeed, to the enlarged Community.

Mr Cousté also raised the question of the problem of sub-contracting. Here the Commission has contracted for a study in this field and now intends to work out the main points of a communication on sub-contracting agreements. One important problem which will be covered by this work will be that of sub-contracting as between one Member State of the Community and another.

Another aspect of transfrontier movement, which I think is of significance in this whole field is the freedom of movement for those engaged in the craft trades industry. The Commission welcomed the Court of Justice's judgment in 1974 which ruled that the Treaty's provision concerning the right of establishment were directly applicable. I believe, Mr President, that this significant step forward will have many consequences, not least the interchange of expertise and knowledge in the craft trades industry.

I find it very hard — and I certainly found it hard in the limited time I have had to prepare for this speech on a subject which is not directly within my responsibilities — to get an exact statistical picture of the situation of the handicrafts sector. But certainly I am bound to say, in my present role as Commissioner responsible for Regional Affairs, how much one is impressed, as one goes around the remoter regions of the Community, by the vitality of the handicrafts industry. It is paradoxically both one of the most traditional industries in Europe, and in many ways one of the most forwardlooking, modern and enterprising of small industries. There is a great revival, I think, in good taste in terms of handmade objects, which makes an important contribution to the whole tourist sector, that service sector of our economy.

But here I come to my own direct responsibility, as Mr Cousté was kind enough to talk about the Regional Development Fund and also about the Agricultural Fund and the Social Fund. The Commission has produced a publication for the craft trades industry, and indeed for small and medium-sized firms generally, seeking to provide a guide through the labyrinth of our various funds and to help to explain the conditions under which applications can be made.

### Thomson

I am sorry to disappoint Mr Normanton, who made some hopeful noises about what I might be able to say as Regional Commissioner in terms of the operations of the Regional Development Fund, and I think what I must tell the House is that the reaction of member governments to using the Regional Fund for small and medium-sized businesses, but particularly for the handicrafts sector, has been very disappointing. In connection with the review of the Regional Fund operations that we were debating at length earlier today, I think this is perhaps something that Mr Cousté and others might wish to follow up in Parliament next year. Certainly, with regard to the Regional Development Fund, I think one of the massive lessons in terms of promoting more balanced development is the folly of the so-called cathedrals in the desert. It was expected, when these great capital-intensive installations were put up, that there would be a spin-off in terms of the small and medium-sized businesses, but that was one of these fine theories, I think, that did not prove very realistic in practice, and I am happy to say that development operations now in the Mezzogiorno, for example, I think are learning the lesson of the past.

One of the problems about the Italian Mezzogiorno or about the West of Ireland or about some of the other peripheral regions of the Community, and indeed about some of the more central regions, is the problem of emigration. It is in many ways the youngest and the brightest and the best, the most enterprising who do emigrate. This leaves a problem about re-establishing small and medium-sized enterprises. It is for that reason that in the context of the review of the Regional Development Fund that will take place next year, we have been considering the possibility of getting a part of the fund deliberately set aside to provide risk capital for the regional development corporations. I was a little sorry to see Mr Normanton vote against this rather useful idea earlier this afternoon, because I think if one is going to re-establish small and medium-sized businesses, one needs some positive effort of that kind, and certainly what I had in mind was that the use of these resources should be associated with the provision of management know-how, accounting techniques and so on, and then, once the business was established, one could rotate the capital and move it on to something else. But I certainly think there is a real role in regional development in that direction. The Commission of course has always been in favour of a policy of loans to meet the requirements of small and medium-sized enterprises. In agreement with the European Investment Bank, the Commission considers that this type of lending is particularly effective from the point of view I have just been discussing of regional development in terms of promoting labour-intensive work, instead of these great capital-intensive enterprises. Since 1968 the European Investment Bank has supplemented lending by national financial institutions supporting smaller medium-sized enterprises. Global

loans from the bank are then lent onwards in appropriate amounts to the promoters of small and medium-sized industrial projects. In 1975 allocations from the bank's global loans totalled sum 63 m.u.a. shared out amongst 129 industrial projects.

Finally, the Commission is willing to encourage European fairs and exhibitions with particular emphasis on the handicraft trades held in the Community, and indeed held outside the Community in non-member countries, and a token entry has been made in the budget for this purpose. Again I do need to say to Mr Cousté that that might be an entry in the budget which it would be useful to follow up with some further questions during next year.

Mr Cousté, Mr Normanton and others have raised the question of the way fiscal measures bear hard on small businesses which are ill-equipped to deal with the mountain of forms that descends on them.

The principal taxation measure here, I suppose, is the Draft Sixth Directive on the uniform basis of assessment for VAT. This proposal does contain special provisions for small firms — as I think those who have spoken know — and, in particular, the possibility of waiving VAT liability altogether for taxpayers whose annual turnover, net of tax, does not exceed 3 000 u.a.

Moreover, Member States will be free to grant small firms a reduced VAT liability where annual turnover, net of tax, is below 12 500 u.a. The proposal also allows Member States to apply simplified methods for assessing and collecting the tax. As Mr Normanton mentioned, it is a fact that the Fiscal Council in Brussels is probably examining this proposal at this very moment — it certainly was due to do so today — and I think we must hope that the Council does take a positive attitude to the Commission proposals.

I turn for one moment, if the House will bear with me, to measures of a social nature. These include efforts to find a solution to the problems of self-employed persons not covered by the social security system. As laid down in the Social Action Programme, the Commission has prepared a draft recommendation which will extend welfare protection to the entire working population by the end of 1980. This would include health care, pensions rights, family allowances and disability allowances. Mr Schwörer mentioned the importance of vocational training. It is intended that a division of the new European Vocational Training Centre recently set up in Berlin should deal with the special problems of the craft trades industry and small firms in general. In addition, the Commission periodically subsidizes European competitions for the craft trades industry in the Community. The aim of these competitions is to compare and demonstrate the skills of master craftsmen, and I hope they produce a useful degree of cross-fertilization.

**Thomson**

In conclusion, Mr President, I would therefore say that the Commission will certainly continue to operate on a structural, physical and social level so as to promote the development of handicraft industry and of small and medium-sized industries generally within the Member States. We are always prepared to welcome and, if possible, to put into effect any suggestions which might improve the situation of the industry. I will therefore pass on carefully the points that have been made today to my colleagues in the Commission.

I think somebody asked whether we had useful links with the handicraft industry. We do in fact keep in close touch with the organizations on this field, particularly with the union of the Artisanat in the EEC, and in cooperation with them we have generated recently three separate studies.

Mr President, I am aware that although I have spoken a great deal, I have in one sense not said very much. I think there is some progress here, but nothing very spectacular and nothing commensurate with the seriousness of the problem as it has been put by Mr Cousté and others, but I should like to remind Mr Cousté that there is a new Commission taking office in a few weeks' time. It may be that the organization of that Commission will differ in some respects from the way the present Commission is organized. I am bound to say one of the messages I send to my successors is that I think there is need in the present economic situation for a great deal more weight to be attached to the industrial side of the Commission's activities generally and for ensuring a more equal balance of power, if I may put it that way, within the Community's operations, between our external trading operations and considerations of internal employment in industries of all sizes. It may very well be — I do not need to tell an old hand like Mr Cousté — that next year may offer some fruitful opportunities for carrying on, with his experience and authority, the persistent campaign on behalf of small and medium-sized enterprises for which he is famous in this House.

*(Applause)*

**President.** — I call Mr Cousté.

**Mr Cousté.** — *(F)* Mr President, I shall only make a brief statement. Firstly I should like to express my thanks for the speech which the Commissioner responsible has just made. He has understood very well the importance which we parliamentarians, whatever our political group, all attach to the type of undertaking represented by the craft-trade and small, medium-sized, industrial and commercial undertakings and those providing a service. I am grateful to him and I would add that he has grasped our line of thought when he states there is a link between the

debate of 11 May on small and medium-sized undertakings and today's debate. After his departure we intend to continue to urgently and if possible unanimously press our action in this Assembly *vis-à-vis* the new Commission.

I should like to say to him that we are concerned not only about the economic aspects but also the social and human aspects of this type of undertaking. What we have in mind is not the abstract notion of an undertaking but people who, in a craft-trade undertaking or a small or medium-sized undertaking, find a means of expressing their personality and originality and, as one of the speakers said just now, man's inventiveness. What is required in societies such as ours, which are consumer societies, are men capable of responding to and creating new needs. Nothing can be achieved unless the individual is involved in this action. The work of small and medium-sized craft-trade undertakings often simply derives from man's inventiveness and creativity: in other words these undertakings bear witness to the principle of free enterprise.

That is why I believe that, apart from the technical problems we have just mentioned, we must harmonize social security, and prevent undertakings based on workmanship — for these are all undertakings of this kind — from being crushed by taxes on salaries instead of added value, which is a much more modern idea and more worthy of our century and of the prospects for the year 2000. This I am sure is the import of your speech. We offer you our encouragement and our gratitude.

*(Applause)*

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

16. *Results of the meeting of the European Council*

**President.** — The next item is the motion for a resolution tabled by Mr Bertrand, on behalf of the Christian-Democratic Group, Mr Durieux, on behalf of the Liberal and Democratic Group, and Sir Peter Kirk, on behalf of the European Conservative Group, on the results of the meeting of the European Council in The Hague on 29 and 30 November 1976 (Doc. 482/76/ rev.2).

I call Mr Vernaschi, deputizing for Mr Bertrand.

**Mr Vernaschi.** — *(I)* Mr President, when we announced the tabling of this resolution the other day, we did so with the intention of proposing, at the close of the debate on the statements by the President of the Council, a text reflecting Parliament's position. Now that this resolution is to be voted this evening, with the entire debate being held yesterday, my speech clearly represents nothing more than a formality.

**Vernaschi**

However, I would not like to show a lack of respect for my parliamentary colleagues by refusing to say one or two words in presenting this resolution. On the other hand, I would be doing precisely that if I attempted to repeat all the speeches made yesterday on behalf of the various groups, many of which I agree with. I shall therefore merely point out that this resolution was intended to draw Parliament's attention to three points: the fact that the Council has affirmed its desire to achieve political union — but, if it is to be achieved, the institutions must ensure that the national parliaments ratify the convention on the direct election of the European Parliament; the fact that it did not wish, or was unable, to take measures to solve the social problems in the various countries caused by the present crisis in the Community; finally, the problem of the harmonization of economic policies, which is an essential step if we are to eliminate the causes of the crisis.

I would add that the political problem of the definition of a common policy with regard to the North-South Dialogue is a fundamental requirement for Europe. This problem is naturally related to that of the overall Mediterranean policy, on which we must take a genuinely united stand.

These are the points contained in the resolution which, in substance, merely reaffirms views which Parliament has supported on many occasions — not only yesterday. I have therefore limited myself to these considerations, and would refer the House to the discussions held yesterday.

**President.** — I call Mr Mascagni.

**Mr Mascagni.** — (I) We have nothing further to add to the views and judgments expressed yesterday by Mr Spinelli. I shall therefore merely confirm our intention to abstain on this motion for a resolution, referring the House to the reasons put forward by Mr Spinelli.

**President.** — Since no-one else wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

*17. Financial Regulation*

**President.** — The next item is the vote without debate on the interim report (Doc. 485/76) drawn up by Mr Shaw on behalf of the Committee on Budgets on the

proposal from the Commission of the European Communities to the Council for a financial regulation amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities

Since no-one wishes to speak I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

*18. Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Friday 17 December 1976, from 9 a.m. to 12 noon with the following agenda:

- Procedure without report;
- Vote on Spicer motion for a resolution on seizure of Community undertakings in Ghana;
- Scott-Hopkins report on agricultural holdings;
- Ney report on the veterinary field;
- Früh report on the market in hops;
- Liogier report on the wine sector;
- Liogier report on EAGGF aid for 1977;
- Joint debate on the Albers reports on transport by inland waterway;
- Seefeld report on social legislation relating to road transport;
- Oral question with debate to the Commission on water policy;
- E. Muller report on certain agricultural products originating in Turkey (without debate);
- Kaspereit report on preserved sardines from Tunisia and Morocco (without debate);
- Flesch report on agricultural products from the ACP states and the OCP;
- Notenboom interim report on own resources;
- Krieg report on coal and coke (without debate);
- Springorum motion for a resolution on the Council of Research Ministers (without debate).

The sitting is closed.

(The sitting was closed at 9.25 p.m.)

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**A N N E X**

**AMENDMENTS  
TO COUNCIL MODIFICATIONS**

relating to the draft general budget  
of the European Communities  
for the financial year 1977

**COUNCIL MODIFICATIONS  
TO THE AMENDMENTS TO THE DRAFT  
BUDGET  
OF THE EUROPEAN COMMUNITIES  
FOR THE FINANCIAL YEAR 1977**

(Doc. 457/76)

Amendment No 1

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's amendment No 52

Section III — Commission

(A) *Expenditure*

Title 1

Chapter 14 — Expenditure on social welfare

Article 145 — Building loans

Enter an appropriation of 1 m u.a.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

This appropriation is to cover the grant of mortgage loans to Community officials at subsidized rates.

(Text of preliminary draft)

**JUSTIFICATION**

As early as 1974 Parliament presented an amendment to this effect without, however, confirming it during the second reading, pending discussion in the Council on certain matters of principle. In 1975, on final reading, Parliament reduced its amendment from 2 to 1 m u.a. in the interests of economy. It was aware that this reduction would mean that applications for loans already received at that time (450) would not be met. The Council discussed the matter on 23 November 1976 and decided that this sum should not be entered, on the following grounds :

1. The ECSC Fund had been used to finance building loans with the express proviso that it should operate in a closed circuit. Sixty to eighty loans a year are currently being financed from repayments.



2. In 1976 the ECSC Fund was increased by 2.8 m u.a. from revenue contributed by the new Member States.

These arguments are to be rejected for the following reasons :

The 'closed circuit' only covers 60 to 80 loans a year. The increase in the ECSC Fund through the revenue contributed by the new Member States does not mean an automatic increase in the amounts taken from the ECSC pension fund.

The Council appears to have overlooked the fact that from the beginning only part of the ECSC pension fund has been earmarked for these loans. Therefore, in view of the applications already received and the need to enable officials from the three Member States which acceded in 1973, to benefit from these loans, Amendment No 52, passed unanimously by Parliament on 27 October 1976, should be reinstated.

\* \* \*

#### Amendment No 2

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification to Parliament's amendment No 66

#### Section III — Commission

##### (A) Expenditure

Title 2 — Buildings, equipment and miscellaneous administrative expenditure

Chapter 25 — Expenditure for formal and other meetings

Article 254 — Campaign on behalf of young people

Increase appropriations by 60 000 u.a.

##### (B) Revenue

Increase revenue accordingly

##### (C) Remarks

The legal basis for this appropriation is the proposal (COM (75) 27 final) forwarded to the Council on 7 March 1975, taking account of the opinion of the European Parliament of 11 June 1974.

The appropriation is intended to cover all expenditure relating to the Forum for youth affairs, the creation of which is proposed in the document referred to above :

- Operating costs of the permanent secretariat (Staff, rental of offices, and of meeting hall, miscellaneous costs) ;
- Travel, subsistence and incidental costs of delegates to the meetings of the Forum ;
- Costs associated with the meetings if not covered by the existing services and facilities available to the permanent secretariat.

(Text of preliminary draft).

#### JUSTIFICATION

After the first reading of the Draft General Budget in which Parliament proposed to increase appropriations by 90 000 u.a., the Council agreed to this amendment but modified it proposing an increase of only 30 000 u.a.

It is proposed to reinstate the amount because the arguments put forward by Council notably that the setting up of a temporary secretariat for youth organizations (before 1976) and that this temporary secretariat should study the possibility of creating a European Youth Forum, did not take into account the exasperation with which the details for establishing such a Forum were viewed by young people and youth organizations. It should be recalled that the original proposal was launched as a result of point 16 of the communiqué of the The Hague Summit of 1969 : it is an indictment of Council that it has taken seven years to honour in part an undertaking given by the European Council.

\* \* \*

## Amendment No 3

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification of Parliament's amendment No 22

## Section III — Commission

(A) *Expenditure*

- Title 2 — Buildings, Equipment and Miscellaneous administrative expenditure
- Chapter 26 — Expenditure on Studies, Surveys and Consultations
- Article 265 — Studies in the field of Nuclear Energy, etc.
- Item 2653 — Studies on the Nuclear Fuel Cycle

Increase appropriations by 60 000 u.a. in payment appropriations.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Unchanged

## JUSTIFICATION

The European Parliament proposed after the first reading of the Draft General Budget for 1977 an increase in expenditure for this item of 60 000 u.a. Council deleted this amendment and argued that the setting up of these studies did not necessitate an increase in appropriations beyond 1976.

In proposing the restoration of these amendments, it is felt that the increased appropriations requested by the Commission in the Preliminary Draft General Budget were justified, particularly in view of the Resolution of the European Parliament on the need for a Community policy on the reprocessing of irradiated fuels and materials. This subject has become one of major interest in practically all of the Member States of the Community and new Community action is expected.

\* \* \*

## Amendment No 4

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's amendment No 123

## Section III — Commission

(A) *Expenditure*

- Title 2 — Buildings, equipment and miscellaneous administrative expenditure
- Chapter 27 — Expenditure on publishing and information
- Article 272 — Expenditure on the dissemination of information and on participation in public events
- Item 2729 — Information projects relating to direct elections to the European Parliament

Increase appropriations by 600 000 u.a.

The full amount entered under this Item (1 million u.a.) is to be frozen until the European Parliament has approved the detailed programme of projects which the Commission intends to carry out and until this programme has been coordinated with Parliament's programmes in this field.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Unchanged.

## JUSTIFICATION

It will be recalled that the European Parliament's Political Affairs Committee proposed an increase of 600 000 u.a. and the freezing of all appropriations (1 000 000 u.a.) until the European Parliament has approved the programme of projects during the first reading of the Draft General Budget for 1977. Council deleted the increase and unfroze the appropriations believing that 400 000 u.a. would enable the starting up of an action programme for information in 1977 leading to its full development in 1978.

In proposing the restoration of this amendment it is felt that Parliament is perhaps in a better position than Council to judge as to the need of informing public opinion of the significance of direct elections to it. It is felt that 1977 is a year in which the programme should reach its climax since from the beginning of 1978 it is clear that non-partisan information will be difficult to assure in view of the expected party political battles. Furthermore it is felt that to guarantee Parliament's rights in examining the programme the device of freezing appropriations, over which Parliament has the last word in any case, is most appropriate. The Committee on Budgets feels, moreover, that these appropriations should not be unfrozen until the Commission's programme has been coordinated with those of Parliament in this field.

The Council has pointed out that the current Financial Regulation does not provide for the freezing of appropriations under a heading. The views of the Committee on Budgets in this connection are as follows :

- The Financial Regulation does not exclude the possibility of freezing appropriations under a heading ;
- The institutions accepted the freezing procedure by joint agreement in the case of the 1976 budget ;
- Parliament's power of final decision on certain types of expenditure entails the possibility not only of increasing and reducing appropriations but also of freezing them.

\* \* \*

## Amendment No 5

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 21

## Section III — Commission

(A) *Expenditure*

- Title 2 — Buildings, equipment and miscellaneous administrative expenditure
  - Chapter 28 — Subsidies for balancing budgets
  - Article 282 — European Communities' Institute for Economic Analysis and Research
- Re-instate appropriations of 1 000 000 u.a.

(B) *Revenue*

Increase revenue by 800 000 u.a.

(C) *Compensation*

Transfer 200 000 u.a. from Chapter 100 'Provisional appropriations' to Article 282 'European Communities' Institute for Economic Analysis and Research.

## JUSTIFICATION

It will be recalled that at the first reading of the Draft General Budget for 1977 Parliament adopted an amendment increasing appropriations by 1 000 000 u.a. for the purpose of setting up this Institute which it was felt would meet a real need in providing for the analysis of economic, monetary, industrial and social questions currently arising from the process of European integration, and for research into longer term issues affecting the development and policies of the European Community.

It will however be recalled that the Commission presented this proposal to the Council on 10 October 1975. Parliament was consulted and gave a favourable opinion on the financial statement provided : the present appropriations correspond to that statement.

Council in partially accepting the amendment believed that the 200 000 u.a. balance in Chapter 100 would be sufficient to cover expenditure for the Institute in 1977. This seems to indicate that Council's dilatory examination of this proposal will cause further delays in establishing the Institute. This is not to be accepted by the European Parliament, which is therefore proposing the reinstatement of the full amount.

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Amendment No 6

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 76/rev/II

Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
  - Chapter 30 — Expenditure in the social sector
  - Article 303 — Community measures to improve workers' living conditions
  - Item 3031 — Contribution to pilot projects on better housing for migrant workers
- Increase appropriations by 500 000 u.a.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Council Resolution of 9 February 1976 concerning an action programme for migrant workers and their families (OJ C 34 of 14 February 1976).

The Commission intends to make a contribution towards the financing of work to modernize multi-household or single-household dwellings rented to migrant workers.

JUSTIFICATION

Council refused to create commitment appropriations for this budgetary line and increases in payment appropriations. It is therefore proposed to increase payment appropriations to the amount originally proposed for commitment appropriations in order that the Community may, in 1977, make some impact on the problem of housing migrant workers which, in many of our large cities, has become an extremely severe one. Shanty towns which still exist, often in close proximity to areas displaying conspicuous wealth, are a disgrace to the Community's name. Therefore Council's explanation with the justification provided previously seems to indicate that that institution has little understanding of one of the major social problems of the time.

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Draft amendment No 7

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 30

Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
  - Chapter 30 — Expenditure in the social sector
  - Article 305 — Community measures under the employment policy
  - Item 3050 — Research and action programme on labour market trends
- Increase appropriations by 130 000 u.a.

**(B) Revenue**

Increase revenue accordingly.

**(C) Remarks**

Unchanged.

**JUSTIFICATION**

Council rejected the amendment proposed by the Parliament for this amount during the first reading of the Draft General Budget for 1977, and pointed out that an increase was already proposed beyond 1976 levels. In the view of Council a new increase did not seem justified. That it seemed to Council unjustified to propose an increase in appropriations in a programme of research and actions on the evolution of the employment market in 1977 when the chronic level of unemployment throughout the Community has reached crisis proportions would indicate the insensitivity of the Budgetary Council when examining social and economic problems. It is therefore proposed to restore in full the amount as a minimal means of maintaining some Community activity in confronting this, the worst problem for the Community at the moment.

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**Amendment No 8**

tabled by Lord Bruce of Donington, on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No IH

**Section III — Commission****(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 31 — Expenditure in the agricultural sector

Article 316 — Community action relating to the vocational training of farmers

Increase appropriations by 60 000 u.a.

**(B) Revenue**

Increase revenue accordingly

**(C) Remarks**

Unchanged.

**JUSTIFICATION**

It will be recalled that it was the view of the European Parliament that the European Training and Promotion Centre for Farming and Rural Life (CEPFAR) plays a very useful information role in rural circles, particularly for women and young people.

The Committee on Agriculture estimates the value of appropriations scattered in previous financial years over various budget entries as follows :

1975 financial year :	125 000 u.a.
1976 financial year :	78 000 u.a.
Commission proposal for the 1977 financial year :	50 000 u.a.
Council draft budget :	40 000 u.a.

To enable this Centre to continue its useful activities, an appropriation of 100 000 u.a. was entered. Council rejected this amendment on the lines that the Commission believed that the subsidy to CEPFAR should be reduced. This is not the view of Parliament's Committee on Agriculture nor is it a view which the Commission has clearly explained to the European Parliament. In the absence of clear justification for such a reduction it is proposed to re-instate the full amount. It should also be pointed out that there has been a reduction even taking into account the new level of appropriations proposed from the 1975 financial year.

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## Amendment No 9

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 121

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 320 — Projects in the hydrocarbon sector

Item 3200 — Community technological development projects in the hydrocarbons sector

Increase appropriations by 15 m u.a., 12 m u.a. to remain frozen.

(B) *Revenue*

Increase revenue by 3 m u.a.

(C) *Compensation*

Transfer 12 m u.a. from Chapter 100 to Item 3 200.

(D) *Remarks*

Add the following remarks :

(a) The 12 000 000 u.a. frozen under this entry are to be released with the agreement of Parliament.

(b) — Regulation No 3056/73 of 9 November 1973 (OJ L 312, 13 November 1973) on the support of Community projects in the hydrocarbons sector :

— Council Decision of 19 December 1974 :

— Council Decision of 25 March 1976.

These appropriations are intended to stimulate technological development activities directly connected with prospection, exploitation, storage and transport of hydrocarbons.

This is a programme of support by development companies by the grant of loans, loan-guarantees or subsidies repayable under certain conditions, to help them to develop new techniques in prospection for and storage and transport of hydrocarbons. The programme calls for a Community contribution to approved projects of a maximum of 49.9 %.

The associated costs of technical and financial expertise occasioned by these operations are also charged to this item. (Text of preliminary draft).

## JUSTIFICATION

Council modified this amendment from Parliament increasing payment appropriations by 4 m u.a. instead of the 15 m u.a. proposed by Parliament.

It would seem to the proposer of the amendment that full restoration of the Commission's preliminary draft budget totals is justified.

Parliament's emphasis on the need for increasing appropriations in the energy sector remains justified, particularly in view of the extra difficulties that will confront Community energy supplies from the likely increases in oil prices soon to be decided.

The Council has pointed out that the current Financial Regulation does not provide for the freezing of appropriations under a heading. The views of the Committee on Budgets in this connection are as follows :

— The Financial Regulation does not exclude the possibility of freezing appropriations under a heading ;

— The institutions accepted the freezing procedure by joint agreement in the case of the 1976 budget ;

— Parliament's power of final decision on certain types of expenditure entails the possibility not only of increasing and reducing appropriations but also of freezing them.

\* \* \*

## Amendment No 10

tabled by Lord Bruce of Donington on behalf on the Committee on Budgets to the Council modification to Parliament's amendment No 122

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 32 — Expenditure under the Energy Policy
- Article 320 — Projects in the hydrocarbons sector
- Item 3200 — Community technological development projects in the hydrocarbon sector

(B) *Revenue*

Unchanged

(C) *Compensation*

Transfer to the remarks column of item 3200 the 35 m u.a. in commitment appropriations entered under chapter 100.

(D) *Remarks*

Modify the remarks as follows :

The commitment authorization for 1977 amounts to 50 m u.a. The schedule of dates and payments relating to the commitments is as follows :

Commitments	Payments		
	1977	1978	1979
50	23	15	12

*in m u.a.*

## JUSTIFICATION

The Council modified Parliament's amendment accepting an increase in the commitment authorization for 7 m u.a., thus arriving at a total of 35 m u.a. in commitments for 1977 instead of the 50 m u.a. requested by the Commission and supported by the European Parliament.

In view of the increase in oil prices that is likely, the increase supported by the European Parliament seems justified and the full amount proposed originally by the Commission in the preliminary draft budget should be restored.

The presentation of commitment appropriations as shown in these amendments corresponds to that in the draft budget and in no way precludes the possibility of agreements via the conciliation procedure provided for between the three institutions as regards the presentation of commitment and payment, appropriations. This conciliation is due to take place within the next few months, before the beginning of the budgetary procedure for 1978.

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## Amendment No 11/rectified/rev.

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 46

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 32 — Expenditure under the energy policy  
 Article 320 — Projects in the hydrocarbons sector  
 Item 3201 — Joint projects in prospecting for hydrocarbons

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Enter the following remarks :

In its proposal of 29 November 1974 (OJ C 18 of 25 January 1975), the Commission submitted to the Council a draft regulation granting financial support to the oil industry under the Community's energy supply policy. This operation will encourage prospection for oil in particularly difficult conditions.

The associated costs for technical and financial expertise occasioned by these operations are also charged to this item.

The commitment appropriation authorized for 1977 amounts to 25 000 000 u.a.

The schedule of dates and payments relating to the commitments is as follows :

*in u.a.*

Commitments	Payments		
	1977	1978	1979 and subs. finan. years
1977 : 25 000 000	9 000 000	10 000 000	6 000 000

## JUSTIFICATION

Council rejected entirely the appropriations for payment and authorizations for commitment included in this amendment adopted by Parliament during the first reading of the draft budget. Council maintains that it is impossible to include appropriations for this item whilst Council has yet to take an action on the regulation submitted by the Commission. Council says that a token entry will be sufficient if a decision from Council were taken before the end of 1977.

In view of the fact that payment appropriations were entered for this item in the 1976 budget, and in view of the necessity to encourage Council to react to the Commission's proposals as a matter of urgency, and in view of the importance which Parliament attaches to appropriations in this sector, it is proposed to restore in part this amendment.

It had originally been intended to reinstate the full amount, in both commitment and payment appropriations, but after the concertation meeting of 15 December with the Council, it was agreed to reduce the level of commitment appropriations by 5 million u.a. from the level of commitment appropriations by 5 million u.a. from the level originally adopted by the European Parliament during the first reading. This, it was felt, would not prejudice the future of this policy which both the competent parliamentary committees and the Commission consider vital for the future of the Community's energy supplies.

The presentation of commitment appropriations as shown in these amendments corresponds to that in the draft budget and in no way precludes the possibility of agreement via the conciliation procedure provided for between the three institutions as regards the presentation of commitment and payment appropriations. This conciliation is due to take place within the next few months, before the beginning of the budgetary procedure for 1978.

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## Amendment No 12

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 48

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 32 — Expenditure under the energy policy  
 Article 321 — Prospecting for uranium deposits

Increase appropriations by 1 m u.a.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Enter the following remarks :

- EAEC Treaty (Articles 70 (1) and (2).
- Council Resolution of 17 December 1974 (OJ C 153 of 9. 7. 1975);
- Council Decision of 13 February 1975 (OJ C 153 of 9. 7. 1975).

The operation consists in promoting prospection for uranium resources on Community territory and thereby ensuring adequate supplies of uranium for Community use. In view of the energy objectives to be achieved by 1985, Community financial support for uranium prospection projects must be made available immediately in order to reduce the Community's dependence on the producer countries (COM (76) 20 of 16 January 1976 'implementation of the energy policy guidelines' drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975).

The commitment appropriation authorized for 1977 amounts to 5 000 000 u.a.

The schedule of dates and payments relating to the commitments is as follows :

*in u.a.*

Commitments	Payments		
	1977	1978	1979 and subs. finan. years
1977 : 5 000 000	2 000 000	2 000 000	1 000 000

## JUSTIFICATION

Council modified Parliament's amendment number 48 by including payment appropriations of 1 m u.a. (instead of 2 m u.a.) and commitment appropriations of 2 m u.a. (instead of 5 m u.a.). This reduction was in no way adequately explained by Council, nor were the reasons why it originally did not accept the Commission's proposals in the preliminary draft budget.

In view of the importance of a Community initiative in the field of uranium prospection, it is proposed to restore the full amount.

The presentation of commitment appropriations as shown in these amendments corresponds to that in the draft budget and in no way precludes the possibility of agreement via the conciliation procedure provided for between the three institutions as regards the presentation of commitment and payment appropriations. This conciliation is due to take place within the next few months, before the beginning of the budgetary procedure for 1978.

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## Amendment No 13

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 95

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

— Heading of Article 329 to read: 'Euratom loans'

(This change does not apply to the English text)

(B) *Revenue*

Unchanged

(C) *Remarks*

Enter the following remarks:

— EAEC Treaty (Article 172 (4))

— Draft Council Decision of 18 December 1974 (COM (74) 2070 fin.)

This entry represents the authorization given to the Commission by the budgetary authority for the financial year under consideration to grant loans to finance nuclear power stations.

The maximum amount authorized for such loans for that financial year has been fixed at 500 m u.a.

*Community liability*

If the recipient of a loan defaults and the guarantees relating to the loan cannot be brought into play in time in view of the expiry dates laid down, the Commission will temporarily, out of its funds, service the debt incurred by the Community by virtue of its direct legal commitment to the lenders.

Any expenditure which the Community may finally have to bear if the abovementioned guarantees fail will be charged to this article. The Community will then have to exercise its right to bring proceedings against the defaulters.

Annex III to the 'Commission' section of the general budget contains a statement of capital operations and management of the current debt transaction.

This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

## JUSTIFICATION

In its resolution of 13 May 1976,<sup>1</sup> Parliament came out firmly in favour of the budgetization of borrowing operations in order to:

— bring these operations within the normal process for authorizing Community revenue and expenditure;

— allow the budgetary authority to set an annual ceiling on capital transactions;

— make Community loan policy fully and clearly comprehensible by introducing a capital budget.

The budgetization system applied in the draft budget corresponds only to a very limited extent to these objectives, particularly as regards the annex concerned with capital operations; the only purpose of this amendment is to introduce an interim improvement in this presentation which must be re-examined in an inter-institutional framework before it is finalized.

The Commission's proposal for a regulation on the creation of Euratom loans was dated 18. 12. 1974; Parliament came out in favour of the budgetization of such loans on 14. 5. 1975 and 19. 6. 1975 and asked the Council to open a conciliation procedure on the Commission's proposal.

These loans appeared in the budget of the Communities for the financial year 1976.

This draft amendment and those on budget headings 944 (revenue), 945 (revenue), 32, 42, 90, 91, 962 and 251 were drawn up by the *ad hoc* working party of the Committee on Budgets chaired by Mr Cointat; they were subsequently taken up by the rapporteur on the budget on behalf of the Committee on Budgets.

<sup>1</sup> OJ C 125 of 8. 6. 1976.

## Amendment No 14

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council  
Modification to Parliament's amendment No 126

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 33 — Expenditure on research and investment

Article 330 — Expenditure on research and investment

This article to be broken down into Articles 330 to 339 and into items as shown below :

<i>Chap. Art.</i>	<i>Item</i>	<i>Heading</i>
33		<i>Expenditure on research and investment</i>
	330)	<i>Joint Research Centre — joint programme</i>
	331)	
	3300	Reactor safety
	3301	Plutonium fuel and actinide research
	3302	Nuclear materials and radioactive waste management
	3303	Solar energy
	3304	Hydrogen
	3305	High-temperature materials
	3306	Design studies on thermonuclear fusion reactors
	3307	Environment and resources
	3308	Measurements, standards and reference techniques
	3309	Data processing
	3310	Training
	3311	Safeguards
	3312	High-flux reactors
	332	<i>Joint Research Centre — complementary programmes</i>
	333)	<i>Headquarters and indirect action — joint programme</i>
	334)	
	3330	Training
	3331	Fusion and plasma physics
	3332	Fusion and plasma physics — JET project
	3333	Biology and health protection
	3334	Reference materials and methods
	3335	Protection of the environment
	3336	Plutonium recycling in light-water reactors
	3337	Management and storage of radioactive waste
	3338	Nuclear plant safety
	3339	Fast reactors
	3340	Energy economy
	3341	Production and use of hydrogen
	3342	Solar energy
	3343	Geothermal energy
	3344	Systems analysis
	335	<i>Headquarters and indirect action — complementary programmes</i>
	336	<i>Completion of projects authorized under preceding programmes</i>
	3360	Joint programme JRC
	3361	Complementary programme JRC
	3362	Joint programme — headquarters and indirect action
	3363	Complementary programme — headquarters and indirect action
	337	<i>Eximbank</i>
	338	<i>Other activities</i>
	3380	Expenditure on the project on 'Training'
	3381	Implementation of the Council Resolution of 22.7.1975 on nuclear plant safety
	3382	JRC operating expenditure
	3383	Possible JRC operating expenditure
	339	<i>Provisional appropriations</i>
	3390	Provisional appropriations for certain JRC expenditure adjustments
	3391	Provisional appropriations for certain expenditure adjustments (headquarters and indirect action)
	3392	Provisional appropriations for the new JRC programme
	3393	Provisional appropriations for the new programme on training
	3394	Provisional appropriations for the JET project

## JUSTIFICATION

Chiefly in the interest of budgetary clarity, the Committee on Budgets and Parliament passed this amendment at the sitting of 27 October 1976. The breakdown in Volume 5, showing research and investment appropriations, does not lend itself to easy reading and hence control of the allocation of EURATOM appropriations. Unlike the Council which has asked that this amendment be deleted, the Committee on Budgets feels that the breakdown it is proposing is the only way of avoiding the confusion created until now by the lay-out of Volume 5.

It feels that, pending its incorporation in the new Financial Regulation currently being considered by the Community institutions, there is an urgent need to adopt the new presentation of Euratom appropriations from the 1977 budget onwards.

Finally, it takes the view that — as Parliament's delegation to the Council stated — the operational budget and Volume 5 should be retained for the 1977 financial year but, at the same time, the needs of budgetary control and clarity require further consultations among the institutions when the 1978 budget is drawn up, taking into account the lessons learned in 1977 from the new nomenclature proposed by Parliament on 27 October 1976.

For these reasons the Committee on Budgets proposes that Parliament should retain this amendment.

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## Amendment No 15

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 127

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the institution  
 Chapter 33 — Expenditure on research and investment  
 Article 330 — Expenditure on research and investment

Break down the 180 319 157 u.a. in payment appropriations and the 210 241 966 u.a. in commitment appropriations entered in the 1977 budget as follows :

<i>Chap. Art. Item</i>	<i>Heading</i>	<i>Commitment appropriations</i>	<i>Payment appropriations</i>
33	<i>Expenditure on research and investment</i>		
330)	<i>Joint Research Centre — joint programme</i>		
331)			
3300	Reactor safety . . . . .	token entry	token entry
3301	Plutonium fuel and actinide research	token entry	token entry
3302	Nuclear materials and radioactive waste . . . . .	token entry	token entry
3303	Solar energy . . . . .	token entry	token entry
3304	Hydrogen . . . . .	token entry	token entry
3305	High-temperature materials . . . . .	token entry	token entry
3306	Design studies on thermonuclear fusion reactors . . . . .	token entry	token entry
3307	Environment and resources	token entry	token entry
3308	Measurements, standards and reference techniques . . . . .	token entry	token entry
3309	Data processing . . . . .	token entry	token entry
3310	Training . . . . .	token entry	token entry
3311	Safeguards . . . . .	token entry	token entry
3312	High-flux reactors	token entry	token entry
332	<i>Joint Research Centre — complementary programmes</i>		
333)	<i>Headquarters and indirect action — joint programme</i>		
334)			
3330	Training . . . . .	token entry	token entry
3331	Fusion and plasma physics . . . . .	16 029 292	22 939 054

3332	Fusion and plasma plastics —		
	JET project . . . . .	token entry	token entry
3333	Biology and health protection . . . .	5 827 867	7 344 294
3334	Reference materials and methods . . .	908 233	955 118
3335	Protection of the environment . . . .	5 470 000	3 786 017
3336	Plutonium recycling in light-water reactors . . . . .	1 421 600	1 031 600
3337	Management and storage of radioactive waste . . . . .	6 511 200	4 635 200
3338	Nuclear plant safety . . . . .	token entry	token entry
3339	Fast reactors . . . . .	token entry	token entry
3340	Energy economy . . . . .	4 503 076	3 005 376
3341	Production and use of hydrogen . . .	5 402 295	3 648 095
3342	Solar energy . . . . .	7 003 076	5 731 758
3343	Geothermal energy . . . . .	5 202 178	3 563 978
3344	Systems analysis . . . . .	1 603 876	1 388 707
335	<i>Headquarters and indirect action — complementary programmes . . . . .</i>	—	—
336	<i>Completion of projects authorized under preceding programmes . . . . .</i>	—	—
3360	Joint programme JRC . . . . .	—	502 103
3361	Complementary programme JRC . . .	—	182 722
3362	Joint programme — headquarters and indirect action . . . . .	—	1 139 097
3363	Complementary programme — head-quarters and indirect action . .	—	—
337	<i>Eximbank . . . . .</i>	3 400 000	3 400 000
338	<i>Other activities</i>		
3380	Expenditure on the project on 'Training' . . . . .	62 000	62 000
3381	Implementation of the Council Resolution of 22.7.1975 on nuclear plant safety . . . . .	273 500	273 500
3382	JRC operating expenditure . . . . .	—	3 068 497
3383	Possible JRC operating expenditure	14 938 000	14 938 000
339	<i>Provisional appropriations</i>		
3390	Provisional appropriations for certain JRC expenditure adjustments . . . .	5 030 000	5 030 000
3391	Provisional appropriations for certain expenditure adjustments (headquar- ters and indirect action) . . . . .	883 000	883 000
3392	Provisional appropriations for the new JRC programme . . . . .	85 013 090	71 701 241
3393	Provisional appropriations for the new programme on training . . . . .	1 139 683	159 800
3394	Provisional appropriations for the JET project . . . . .	39 620 000	20 950 000
<b>TOTALS</b>		<b>210 241 966</b>	<b>180 319 157</b>

**(B) Revenue**

unchanged

**(C) Remarks**

Insert the following in front of the remarks in the draft budget:

1. Volume 5 of the draft budget continues to represent for the financial year 1977 that section of the general budget of the Communities which relates to research and investment expenditure.
2. Before the end of the financial year 1977, the Commission will report to Parliament on the results of the application to the research and investment budget of the new nomenclature approved by Parliament.
3. It is on the basis of this report that the institutions will formulate the final modifications to the budgetary nomenclature and to the presentation of research and investment appropriations, as well as any modifications to the financial regulation which may result therefrom.

## JUSTIFICATION

The reintroduction of this draft amendment is justified for the reasons explained in the draft amendment introducing the new breakdown of Article 330, supplemented by the changes to the 'remarks' referred to above. The proposed 'remarks' should — if the need arises — overcome the reticence expressed by the Council during its discussion on 23 November 1976.

This draft amendment does not of course increase the appropriations entered by the Council in the draft budget.

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## Amendment No 16

tabled by Lord Bruce of Donington, on behalf of the Council modification to Parliament's Amendment No 135

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 33 — Expenditure on research and investment

Enter a new Article 338 : Other activities

and a new item 3380 : Expenditure on the project on 'Training'

Increase the appropriations provided for this project in Volume 5 by 139 800 u.a. in commitment and payment appropriations.

(B) *Compensation*

Title 3, Chapter 33, Article 339 (news), Item 3393 (new).

Reduce the appropriations provided for this project in Volume 5 by 139 800 u.a. in commitment and payment appropriations.

## JUSTIFICATION

It will be recalled that the Committee on Budgets proposed this amendment following advice from the Committee on Energy and Research during the first reading of the Draft General Budget for 1977, but amended it to take account of changes in nomenclature for Chapter III.

Council has rejected this amendment because it wishes to unfreeze appropriations during 1977 as a result of decisions on the programme the Council will take.

In view of the dilatoriness of the Research Council as regards the taking of decisions the European Parliament could not regard this as a sufficient explanation to discourage it from re-stating this amendment. The changes in nomenclature implicit in amendments 126 and 127 to be re-instated by the European Parliament have been taken into account.

\* \* \*

## Amendment No 17

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 132

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 33 — Expenditure on research and investment

Enter a new Article 338 : Other activities

and a new Item 3383 : Possible JCR operating expenditure

Increase the appropriations provided for this project in Volume 5 by 674 231 u.a. in both payment and commitment appropriations.

*(B) Revenue*

Increase revenue accordingly

*(C) Remarks*

None

## JUSTIFICATION

In the course of its deliberations on 23 November, the Council, while accepting this amendment, did not classify it according to the nomenclature proposed by Parliament but according to that used in its own draft budget drawn up on 5 October.

The Committee on Budgets feels obliged to introduce this amendment since it results from the new breakdown of the appropriations already adopted by Parliament on 27 October 1976 and which the Committee proposes to reintroduce because — despite the Council's position — it regards its arguments as valid. This amendment has already been justified by Amendment No 71 submitted to Parliament on 27 October 1976, which, pending new multiannual research programmes, was intended to protect in a general way the JCR as a permanent element of the Community and to meet a number of obligations which the Centre is, in any event, obliged to fulfil.

\* \* \*

## Amendment no 18

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 136.

## Section III — Commission

*(A) Expenditure*

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 33 — Expenditure on research and investment

Enter a new Article 338 — Other activities

and a new Item 3383 — Possible JRC operating expenditure

Increase the appropriations provided for this project in Volume 5 by 59 442 090 u.a. in commitment appropriations and 53 746 241 u.a. in payment appropriations.

*(B) Compensation*

Title 3, Chapter 33, Article 339 (new), Item 3392 (new).

Reduce the appropriations provided for this project in Volume 5 by 59 442 090 u.a. in commitment appropriations and 53 746 241 u.a. in payment appropriations.

## JUSTIFICATION

In the course of its deliberations on 23 November, the Council, while accepting this amendment, did not classify it according to the nomenclature proposed by Parliament but according to that used in its own draft budget drawn up on 5 October.

The Committee on Budgets feels obliged to introduce this amendment since it is a result of the new breakdown of appropriations already adopted by Parliament on 27 October 1976 and which the committee proposes to reintroduce because — despite the Council's position — it regards its arguments as valid. The following justification was given in draft amendment No. 71, submitted to Parliament by the Committee on Energy and Research on 27 October 1976 and incorporated by Parliament in Amendment No. 136 :

1. The current multiannual programme of the Joint Research Centre ends on 31 December 1976.

The Commission's proposal concerning the new programme for the period 1977-1980 is at present being examined by the Council, which could take a decision on it at its meeting of 21 October next. The European Parliament, having been consulted by the Council, considered the Commission proposal (WALZ report — Doc. 283/76) and delivered a favourable opinion on the matter in its resolution of 14 September 1976.

2. Pending its decision on the new JRC programme mentioned above, the Council decided during its examination of the preliminary draft budget for 1977 to enter on a hypothetical basis under Title 9 (Provisional appropriations) the amounts proposed by the Commission, with the exception of a standard amount of 14 938 m u.a. entered under Title 8 (Miscellaneous activities — in fact : appropriations not covered by a programme decision) of the statement of expenditure relating to research and investment activities. The Council felt that, in the event of the programme decision being delayed, this would enable the JRC to continue to function at least in some measure for the first 2 or 3 months of 1977.
3. In fact, the actual effect of this measure is much reduced as a result of staff commitments (wage costs), contractual obligations (major installations : reactors, computers, services) etc., which require considerable provisional commitments at the beginning of each financial year.

The obligation to maintain the JRC as a permanent element of the Community means it is necessary to enter under Title 8 of the statement of expenditure relating to research and investment activities the amounts needed for the normal functioning of the JRC and not strictly connected with implementation of a new programme. It is only under that heading that the appropriations in question could be directly used if no decision were taken by 1 January 1977 on the new JRC programme. To keep them under Title 9 would mean in this particular case that they would first have to be transferred from Title 9, where they are frozen, to Title 8. Such a situation would seriously hamper the financial management of the JRC at the beginning of the 1977 financial year, and steps should therefore be taken to avoid such problems.

\* \* \*

#### Amendment No 19

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 133

#### Section III — Commission

##### (A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 33 — Expenditure on research and investment

Enter a new Article 339 : Provisional appropriations

and a new Item 3390 : Provisional appropriations for certain JRC expenditure adjustments

Increase the appropriations provided for this project in Volume 5 by 2 344 000 u.a. in both payment and commitment appropriations.

##### (B) *Revenue*

Increase revenue accordingly.

##### (C) *Remarks*

None

#### JUSTIFICATION

The Council accepted the purpose of this amendment and the increase in appropriations. However, it is proposed to re-introduce the amendment in this form which takes account of the new breakdown of appropriations by Parliament for Chapter 33 and which was adopted by Parliament during the first reading of the budget on 27 October.

This breakdown of appropriations and of budgetary headings is designed to improve the budgetary transparency of Chapter 33, research and investment expenditure.

\* \* \*

#### Amendment No 20

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 50



## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 36 — Expenditure on scientific and technical information and Information Management  
 Article 362 — Documentary research scientific and technical information and documentation  
 Item 3621 — Activities supplementary to the three-year project  
 Enter an appropriation of 500 000 u.a. in payment appropriations

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Enter following remarks :

## 'New Item

- Council Decision of 18 March 1975 (OJ L 100 of 21 April 1975). This appropriation is intended to cover expenditure on activities supplementary to the three-year project ; particularly ;
- the application and adaptation of multilingual and computer translation systems with a view to a systematic removal of language barriers,
  - conversion to the norms and features of the Euronet network of the various bodies of data now in existence or being developed in the Community Institutions,
  - computerization of some Community card indexes.

The appropriation for commitment authorized for 1977 amounts to 650 000 u.a.

## JUSTIFICATION

It will be recalled Parliament proposed at the time of the first reading an appropriation of 260 000 and commitment authorization of 650 000 u.a. Council did not accept the view that commitment authorization should be created here nor did it agree to include any appropriations leaving a token entry on the line. This seems amazingly shortsighted in view of the fact that the possible setting up of a system of automatic translation could represent a major breakthrough in the reform of the administration of the institutions which is currently impeded by the heavy preponderance of administrative expenditure in linguistic services.

It is proposed to restore the amendment compensating for the removal of commitment authorizations by increases in payment appropriations.

\* \* \*

## Amendment No 21

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 59/rev

## Section III — Commission

(A) *Expenditure*

- Title 3  
 Chapter 37 — Expenditure in the industrial and transport sectors  
 Article 370 — Projects in the data-processing sector  
 Enter the following item :  
 Item 3701 — Second Programme  
 Enter an appropriation of 2 835 800 u.a.

(B) *Revenue*

Increase revenue accordingly.

*(C) Remarks**New item*

— Council Resolution of 15 July 1974 on the improvement of conditions of competition in the data-processing sector.

— EEC Treaty (Article 235).

This appropriation is intended to cover expenditure under the proposal presented to the Council by the Commission on 22 September 1975 (OJ C 14 of 21 January 1976) relating to:

— a project for the development of a common real-time programming language (LTPL project);

— a group of data-processing projects on software portability;

— a number of projects relating to computer applications and studies in the data-processing sector.

The commitment authorization for 1977 is 9 000 000 u.a.

## JUSTIFICATION

It will be recalled that following Parliament's amendment during the first reading of the Draft General Budget Council agreed to create commitment appropriations on this line and set them at 2 000 000 u.a., leaving a token entry for payment appropriations.

In proposing the complete restoration of this amendment it is felt that this important new activity of the Community in the data-processing field should have sufficient appropriations voted to it in 1977 so that the Communities' contribution can be adequate where lack of Community activity in the past has meant a decline in European competitiveness.

\* \* \*

## Amendment No 22

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 102/rev.

## Section III — Commission

*(A) Expenditure*

Title 10 — Other expenditure

Chapter 100 — Provisional appropriations

Enter an appropriation of 8 million u.a.

*(B) Revenue*

Increase revenue accordingly.

*(C) Remarks*

Add the following remarks under Article 100:

'This appropriation is to be transferred in due course to Article 371 for basic research in the aerospace sector'.

## JUSTIFICATION

It will be recalled that the European Parliament adopted this amendment during the first reading of the Draft General Budget. It has been rejected by Council in view of what Council calls the 'importance' of this subject which merits very careful examination before budgetization. In view of the fact that the European Parliament would in any case insist on the budgetization of appropriations, and in view of the fact that Parliament's opinion has been available since July, it is felt reasonable to expect that Council can agree to adopt the programme sufficiently early in 1977 to enable an effective beginning to be made in this vitally important area of new activity.

\* \* \*

## Amendment No 23

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 38

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 37 — Expenditure in the industrial and transport sectors

Article 371 — Operations in the aerospace sector

Enter a new Item 3711 — aids to the aerospace industry — token entry

(B) *Revenue*

Unchanged

(C) *Remarks**New Item*

The Commission informed the Council and Parliament of its initial proposals with regard to the aerospace policy in document COM (75) 475 final. A Commission proposal is being drawn up on the basis of this document on the joint financing of an aircraft optimization programme based on criteria of economy and aiming at the reduction of nuisances; this scheme is to replace the national systems of financing, research and development (including production tooling) in connection with programmes for large civil transport aircraft.

## JUSTIFICATION

It will be recalled that the European Parliament proposed a token entry for this item in the 1977 Draft General Budget. Council rejected even this minimal proposal for the same reasons as in its rejection of amendment 102.

This negative approach seems not justified and would automatically lead to the presentation of a supplementary budget were Council's agreement to the programme to be arrived at in 1977.

\* \* \*

## Amendment No 24

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 75

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 37 — Expenditure in the Industrial and transport sectors

Article 372 — Special research operations

Item 3721 — Operations in the footwear sector

Increase expenditure by 200 0000 u.a.

(B) *Compensation*

Reduce by 200 000 u.a. the appropriations proposed under Chapter 100.

(C) *Remarks**New Item*

— EEC Treaty (Article 235)

This appropriation is intended to cover expenditure for joint research, the purpose of which is to adapt the production techniques of this sector to the latest technological advances, to more exacting consumer requirements, and above all to the exigencies of international competition.

## JUSTIFICATION

The European Parliament proposed the creation of commitment appropriations for this activity. This was not accepted by Council, therefore it is proposed to compensate by increasing payment appropriations to 200 000 u.a. for 1977.

The allocation of 100 000 u.a. to Item 3721 does not entail any increase in revenue for the following reasons :

- The draft budget drawn up by the Council on 5 October already features an amount, of 100 000 u.a. under Chapter 100 ;
- In the course of its deliberations on 23 November, the Council added a further 100 000 u.a. to Chapter 100 as a consequence of a draft amendment (75) adopted by Parliament ;
- The Committee on Budgets is retabing this amendment because it feels that the economic situation in this sector requires these appropriations to be made available immediately.

\* \* \*

## Amendment No 25

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 174

## Section III — Commission

(A) *Expenditure*

Title 3 — Chapter 39 — Other expenditure on specific projects undertaken by the Institution  
Article 393 (amended) — Expenditure on the preservation of the architectural heritage and the development of cultural exchanges

Enter an appropriation of 100 000 u.a. against this item.

(B) *Revenue*

Increase revenue by 40 000 u.a.

*Compensation*

Transfer 60 000 u.a. from Chapter 100 to Article 393.

(C) *Remarks*

This appropriation is intended to finance the implementation of two priority projects, namely :

- preservation of the architectural heritage by means of grants and subsidies ;
- promotion of cultural exchanges.

## JUSTIFICATION

The European Parliament adopted an amendment of 100 000 u.a. for Article 393 for the purposes described in the budgetary heading. Council in its examination of Parliament's amendments proposed an appropriation of 60 000 u.a. for Chapter 100 permitting priority activities to be accomplished by the Commission.

In view however of the menace to much of the Community's cultural heritage through environmental factors it is felt that the larger appropriation would be justified. Even that would not be sufficient to solve some of the problems confronting, for example, Venice and other places in the Community particularly threatened.

\* \* \*

**Amendment No 26**

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 96

**Section III — Commission****(A) Expenditure**

Title 4 — Repayment of aid to Member States and other aid

— Heading of Chapter 42 to read: 'Community loans'

(This change does not apply to the English text)

**(B) Revenue**

Unchanged.

**(C) Remarks**

Enter the following remarks:

— Council Regulation EEC No 397/75 of 17. 2. 1975

This entry represents the authorization given to the Commission by the budgetary authority for the financial year under consideration to grant loans to provide aid for Member States experiencing balance of payments difficulties as a result of the rise in the price of petroleum products.

The maximum amount authorized for such loans for that financial year has been fixed at US \$ 3 000 million.

*Community liability*

If the other operations provided for by the financial mechanism for these loans cannot be brought into play in time in view of the expiry date laid down, the Commission will temporarily, out of its funds, service the debt incurred by the Community by virtue of its direct legal commitment to the lenders.

Any expenditure which the Community may finally have to bear if the other operations provided for by the financial mechanism for these loans fail will be charged to this chapter. The Community will then have to exercise its right to bring proceedings against the defaulters.

Annex III to the 'Commission' section of the general budget contains a statement of capital operations and management of the current debt transaction.

This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

**JUSTIFICATION**

In its resolution of 13 May 1976<sup>1</sup>, Parliament came out firmly in favour of the budgetization of borrowing operations in order to:

- bring these operations within the normal process for authorizing Community revenue and expenditure;
- allow the budgetary authority to set an annual ceiling on capital transactions;
- make Community loan policy fully and clearly comprehensible by introducing a capital budget.

The budgetization system applied in the draft budget corresponds only to a very limited extent to these objectives, particularly as regards the annex concerned with capital operations; the sole purpose of this amendment is to introduce an interim improvement in this presentation which must be re-examined in an interinstitutional framework before it is finalized.

These loans appeared in the budget of the Communities for the financial year 1976; the budgetization system provisionally applied conforms with the basic regulation on Community loans.

<sup>1</sup> OJ C 125 of 8. 6. 1976

## Amendment No 27

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 84

## Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds

Chapter 50 — New Social Funds — Expenditure provided for under Article 4 of the Council Decision of 1 February 1971

Article 504 — Aid to sectors and regions affected by the crisis

Token entry

(B) *Revenue*

Unchanged

(C) *Remarks*

Unchanged

## JUSTIFICATION

After much debate the European Parliament proposed a token entry on this line, to keep the line open, thus enabling action to be undertaken in 1977 without having recourse to a supplementary budget. Council rejected this amendment. In its view a supplementary budget should be adopted if activities in favour of certain regions affected by the crisis were decided upon.

This attitude represents few positive hopes that the Community will undertake such action even though it has been proven to be vitally necessary. Parliament should not seem to accept this paralysis of will demonstrated by Council when it comes to considering matters which might lead to a genuine Community participation in the fight against unemployment. Therefore the amendment should be maintained.

\* \* \*

## Amendment No 28/rectified/rev.

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to Council modification to Parliament's Amendment No 128

## Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds

Chapter 59 — Aid to disaster victims in the Community

Enter an appropriation of 5 000 000 u.a.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Unchanged.

## JUSTIFICATION

Council decided to delete an amendment for 30 million u.a. tabled by Parliament during the first reading of the Draft General Budget.

Council argued that it would be impossible to provide figures in advance and that a token entry could permit transfer of appropriations during the budgetary period. In Council's view this would merit a supplementary budget even according to the criteria laid down by the European Parliament. It is clear from this justification that Council has not understood the significance of the amendment which is not of a technical, but a political nature.

Firstly, by an inclusion of appropriations on the line the Community will be able to react in days rather than months as would be the case were a supplementary budget to be introduced. Secondly, it is clear that a supplementary budget could still be justified for further amounts. Thirdly, the importance of this amendment is that it is a sign to those in areas already suffering from disaster, such as the Friuli area, such as those areas worst hit by the drought, that Community solidarity is going to play some part in helping them confront the problems they face.

After the meeting of consultation with the Council on 15 December 1976, and in view of the representations made by the Commission, it was decided to table an amendment for 5 million u.a. This would be sufficient to permit immediate recourse to Community funds should a disaster occur, without prejudice to a possible supplementary budget should the circumstances indicate its necessity.

\* \* \*

#### Amendment No 29

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 98

#### Section III — Commission

##### (A) *Expenditure*

Title 9 — Cooperation with developing countries and non-member States

##### (B) *Revenue*

Unchanged

##### (C) *Remarks*

Enter the following remark :

'Chapters 90 and 91 are set aside for European Development Fund (EDF) appropriations'

#### JUSTIFICATION

In its resolution of 13 May 1976 Parliament came out firmly in favour of the budgetization of the EDF.

Parliament believes, like the Commission, that a place in the budget should be set aside for the EDF already at this stage by the entry of a remark under Title 9, since the EDF should be budgetized before the present Convention expires.

It seems that annual appropriations such as the EDF appropriations are not compulsory expenditure as laid down in Article 203 (4) of the EEC Treaty.

\* \* \*

#### Amendment No 30/rectified/rev.

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 139

#### Section III — Commission

##### (A) *Expenditure*

Title 9 — Cooperation with developing countries and non-member States

Chapter 93 — Financial and technical cooperation with the non-associated developing countries

Article 930 — Financial cooperation with non-associated developing countries

Increase appropriations by 45 000 000 u.a. and freeze them.

These appropriations to be unfrozen by the European Parliament after the appropriate contacts have been established with the Commission and the Council.

(B) *Revenue*

Increase revenue by 15 000 000 u.a.

(C) *Compensation*

Transfer 30 000 000 u.a. from Chapter 100 to Article 930.

(D) *Remarks*

Add the following remarks :

'Operation based on the Council Resolution of 16 July 1974 on financial and technical aid to the non-associated developing countries (Doc. T/411/74 of 25 July 1974) and the Commission communication to the Council on financial and technical aid from the Community to the non-associated developing countries 1976-1980 (Doc. COM (75) 95 final of 5 March 1975). The Council decided that this project should be financed under the 1976 budget after the proposal had been amended by the European Parliament.

Financial aid is firstly to finance projects for agricultural and food development in the non-associated developing countries, in particular the poorest in Latin America and Asia. Secondly, these appropriations could be used to promote economic cooperation between the Community and the developing countries, and for emergency aid.

#### JUSTIFICATION

It will be recalled that the European Parliament during the first reading of the Draft General Budget of the Communities proposed the creation of commitment authorizations for this budgetary line with 60 000 000 u.a. included. For payment appropriations it then accepted as part of the general financing an entry of 30 000 000 under Chapter 100.

In view of the fact that Council has not agreed to the creation of commitment authorizations and in view of the fact that 30 000 000 u.a. removed to Chapter 100 is insufficient for the establishment of a policy for financial and technical aid to non-associated developing countries, it is proposed to increase appropriations and enter them on the line. This should encourage Council to take a speedy decision and should be an indication of the Community's determination to make an impact in helping those developing countries with very large populations who are not associated at present with the Community.

It had originally been decided to table an amendment doubling appropriations. In view of the meeting of concertation with the Council on 15 December, and in view of the various declarations made by representatives of the Commission, it was agreed that an appropriation of 45 000 000 u.a. frozen on the line would be sufficient to finance activities in 1977.

The Council has pointed out that the current Financial Regulation does not provide for the freezing of appropriations under a heading. The views of the Committee on Budgets in this connection are as follows :

- The Financial Regulation does not exclude the possibility of freezing appropriations under a heading ;
- The institutions accepted the freezing procedure by joint agreement in the case of the 1976 budget ;
- Parliament's power of final decision on certain types of expenditure entails the possibility not only of increasing and reducing appropriations but also of freezing them.

\* \* \*

Amendment No 31

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 16

Section III — Commission

(A) *Expenditure*



- Title 9 — Cooperation with developing countries  
 Chapter 93 — Financial and technical cooperation with the non-associated developing countries  
 Article 931 — Promotion of trade relations between the Community and non-associated developing countries

Increase appropriations by 1 500 000 u.a.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Enter the following remarks :

'The operation is based on the Council Resolution of 30 April 1974 on promotion of exports from non-associated developing countries (Doc. No T/230/74 of 6 May 1974) and the Commission Communication to the Council on financial and technical aid from the Community to the non-associated developing countries, 1976—80 (Doc. No COM (75) 95 final of 5 March 1975).

These appropriations are intended to finance all operations divided in the 1976 Budget between Article 901 'Promotion of trade relations between the Community and non-associated developing countries', given an appropriation of 3.5 million u.a. and Article 933 'Measures to encourage the commercial promotion of exports from non-associated developing countries on Community markets', with an appropriation of 840 000 u.a.

This regrouping covers a number of activities, with two objectives :

- to facilitate the marketing of products from the developing countries on the Community market ;
- to encourage the developing countries to extend their production of exportable goods.'

#### JUSTIFICATION

It should be recalled that Parliament proposed the creation of commitment appropriations for this budgetary line for 1977. Council did not accept this amendment (neither the increase in payment appropriations nor the creation of commitment authorizations).

It is therefore proposed to re-enter an amount of 1 500 000 u.a. which will make it possible to reinstate the 5 million u.a. voted by Parliament during its first reading of the budget. As appropriations on a budgetary line, these are, of course, payment appropriations.

It should be underlined that the purposes of this amendment and of this budgetary article are to create a new possibility for the developing countries to stimulate their exports and thus lay some solid foundations for the future prosperity of these countries. In many ways this is complementary with amendment No 139. The Council has provided no political reason for not proceeding with this amendment.

\* \* \*

Amendment No 32

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 18

Section III — Commission

(A) *Expenditure*

- Title 9 — Cooperation with developing countries  
 Chapter 94 — Special measures for financial and technical cooperation with the developing countries

Enter the following new article :

- Article 947 — Community contribution to the International Fund for Agricultural Development

Make a token entry.

*(B) Revenue*

Unchanged.

*(C) Remarks*

Enter the following remarks:

'Operation based on the Commission communication to the Council of 4 June 1975 on the preparation of the first World Food Council (Rome, 23—27 June 1975).

The aim is to finance the Community contribution to the International Fund for Agricultural Development, a special United Nations agency set up to promote food production in the countries of the Third World.'

## JUSTIFICATION

This measure represents a Community contribution to international operations in the United Nations' fight against underdevelopment. It is a corollary to cooperation projects existing already between these two organizations such as the EEC-UNRWA Convention and United Nations emergency action.

Member States' participation in such a project must take the form of Community action and the EEC's financial contribution must figure in its budget.

\* \* \*

## Amendment No 33

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 100

## Section III — Commission

*(A) Expenditure*

Title 9 — Cooperation with developing countries and non-member States

Chapter 96 — Cooperation with non-member countries

Article 962 — Financial cooperation with certain non-member countries

Enter an appropriation of 1 000 000 u.a.

*(B) Revenue*

Increase revenue accordingly.

## JUSTIFICATION

In its resolution of 13 May 1976, the European Parliament unequivocally approved the budgetization of appropriations for financial cooperation with non-member countries with which the Community has concluded cooperation agreements making provision for:

(a) EIB loans, and

(b) grants and special loans.

Parliament took the view that these grants and special loans should be financed by the Community budget and not by national budgets, as is still the case with the EDF.

For the sake of budgetary transparency, Article 962 should be divided into several items covering the various financial protocols concluded or due to be concluded with some 15 non-member countries. Since most of these agreements are still under negotiation, it is preferable to group them under a single entry for the financial year 1977. However, the Commission is recommended to itemize them separately for the financial year 1978.

In view of the time needed for the ratification and implementation of the various cooperation agreements, it is unlikely that any payment will be made under Article 962 in the financial year 1977. However, an appropriation of 1 million u.a. must be entered to meet any outlay that might be necessary.

It seems that annual expenditure such as that provided for in the financial protocols is not compulsory expenditure laid down in Article 203 (4) of the EEC Treaty.

\* \* \*

## Amendment No 34

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 97

## Section III — Commission

## Annex III

— Amend the title of Annex III as follows :

'Borrowing and lending operations'

— Community borrowing operations

Delete the following phrase :

'and stipulates a total sum equivalent to US \$ 3 000 million expressed in European Units of Account'

— Euratom loans

After 'submitted to the Council for approval' add :

'since 18 December 1974'

Delete the following sentence :

'The decision implementing the basic decision provides an initial limit of 500 million EUA for these operations'.

## JUSTIFICATION

In its resolution of 13 May 1976, Parliament clearly states its views on the nature and characteristics of the budget annex on capital operations. The presentation proposed by the Commission and adopted by the Council corresponds only to a very limited extent to the objectives of budgetization as conceived by Parliament, and the inter-institutional dialogue should therefore be continued on this point.

In the meantime, some changes should be made to the wording used in the draft budget :

— since this is a genuine 'annex' to the budget, the term 'document' appears inappropriate and should be deleted.\*

— similarly, there should be no reference in a budgetary text to any ceiling laid down by regulation.

\* This change does not apply to the English text of the draft budget

\* \* \*

## Amendment No 35

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 93

## Section III — Commission

(A) *Expenditure*

—

(B) *Revenue*

Title 9 — Cooperation with developing countries and non-member States

Chapter 94 — Borrowing and lending

Article 944 — Euratom borrowings

(C) *Remarks*

Enter the following remarks :

— EAEC Treaty (Article 172(4))

— Draft Council decision of 18 December 1974 (COM(74) 2070 fin.)

This entry represents the authorization given to the Commission by the budgetary authority for the financial year under consideration to contract loans to help finance nuclear power stations.

The maximum amount authorized for such loans for that financial year has been fixed at 500m u.a.

This entry also covers any revenue arising from the EAEC's right to recover expenditure from borrowers in receipt of Euratom loans.

Annex III to the 'Commission' section of the general budget contains a statement of capital operations and management of the current debt transaction.

This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

#### JUSTIFICATION

In its resolution of 13 May 1976<sup>1</sup>, Parliament came out firmly in favour of the budgetization of borrowing operations in order to :

- bring these operations within the normal process for authorizing Community revenue and expenditure ;
- allow the budgetary authority to set an annual ceiling on capital transactions ;
- make Community loan policy fully and clearly comprehensible by introducing a capital budget.

The budgetization system applied in the draft budget corresponds only to a very limited extent to these objectives, particularly as regards the annex concerned with capital operations ; the only purpose of this amendment is to introduce an interim improvement in this presentation which must be re-examined in an inter-institutional framework before it is finalized.

The Commission's proposal for a regulation on the creation of Euratom loans was dated 18.12.1974 ; Parliament came out in favour of the budgetization of such loans on 14.5.1975 and 19.6.1975 and asked the Council to open a conciliation procedure on the Commission's proposal.

These loans appeared in the budget of the Communities for the financial year 1976.

<sup>1</sup> OJ C 125 of 8. 6 1976

\* \* \*

#### Amendment No 36

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 94

#### Section III — Commission

##### (A) *Expenditure*

##### (B) *Revenue*

- Title 9 — Cooperation with developing countries and non-member States
- Chapter 94 — Borrowing and lending
- Article 945 — Community borrowing

##### (C) *Remarks*

Enter the following remarks :

- Council Regulation EEC No 397/75 of 17. 2. 1975

This entry represents the authorization given to the Commission by the budgetary authority for the financial year under consideration to contract loans to aid Member States with balance of payments difficulties caused by the increase in the price of petroleum products.

The maximum amount authorized for such loans for that financial year has been fixed at US \$ 3 000 million.

This entry also covers any revenue arising from the EEC's right to recover expenditure from borrowers in receipt of Community loans.

Annex III to the 'Commission' section of the general budget contains a statement of capital operations and management of the current debt transaction.

This text is binding within the meaning of Article 16(c) of the Financial Regulation of 25 April 1973.

#### JUSTIFICATION

In its resolution of 13 May 1976, Parliament came out firmly in favour of the budgetization of borrowing operations in order to :

- bring these operations within the normal process for authorizing Community revenue and expenditure ;

- allow the budgetary authority to set an annual ceiling on capital transactions ;
  - make Community loan policy fully and clearly comprehensible by introducing a capital budget.
- The budgetization system applied in the draft budget corresponds only to a very limited extent to these objectives, particularly as regards the annex concerned with capital operations : the only purpose of this amendment is to introduce an interim improvement in this presentation which must be re-examined in an inter-institutional framework before it is finalized.

These loans appeared in the budget of the Communities for the financial year 1976 ; the budgetization system provisionally applied conforms with the basic regulation on Community loans.

\* \* \*

#### Amendment No 37

tabled by Lord Bruce of Donington on behalf of the Committee on Budgets to the Council modification to Parliament's Amendment No 102/rev.

#### Section III — Commission

##### (A) *Expenditure*

Title 3 — Expenditure on scientific projects undertaken by the Institution

Chapter 37 — Expenditure in the industrial and transport sectors

Enter a new Article 371 'Operations in the aerospace sector' and a new Item 3710 'Basic research'

Make a token entry.

##### (B) *Revenue*

Unchanged

##### (C) *Remarks*

*New Item* Add the following :

The Commission informed the Council and Parliament of its initial proposals with regard to the aerospace policy in document COM(75) 475 final. A Commission proposal is being drawn up on the basis of this document on research and basic technology projects relating to :

- short-term applications, where the existing technologies have to be extended and improved with a view to the optimization of specified products ;
- medium-term applications, where the objectives can be determined only by market trends ;
- long-term applications, where the opposite is the case : here it is the evaluation of current scientific and technological research that gives a pointer to the long-term trends.

#### JUSTIFICATION

The Committee on Budgets decided by a majority vote to set aside 8 000 000 u.a. for this project but to enter this appropriation under Chapter 100. This amount, which is intended to avoid a supplementary budget, is to be used to finance basic research in the aerospace sector. The creation of this new article and item, with a token entry, is indispensable under the Financial Regulation to allow the transfer when the time comes of the 8 000 000 u.a. entered by the Committee on Budgets under Chapter 100.

\* \* \*

#### Amendment No 38/rev.

tabled by Mr Aigner on behalf of the Christian-Democratic Group to the Council Modification to Parliament's Amendment No 125

#### Section III — Commission

*(A) Expenditure*

Title 2 — Buildings, equipment, and miscellaneous operating expenditure

Chapter 28 — Subsidies for balancing budgets

Article 289 — European schools

20 %, i.e. 3 634 200 u.a., of the proposed appropriation of 18 171 000 u.a. to be frozen

*(B) Revenue*

Unchanged

*(C) Remarks*

The appropriations for this item may not be released without the agreement of the European Parliament.

## JUSTIFICATION

On 27 October 1976 Parliament unanimously adopted a draft amendment submitted by the Committee on Budgets. This draft amendment was based mainly on the following arguments.

At the time of establishing the budget, the budgetary authority must receive an estimate of revenue and expenditure and a justification of this estimate not only from all the Community institutions but also from bodies financed by the Community.

This is particularly relevant in the case of the European schools. The budget of these schools for 1977 amounts to about 23 000 000 u.a. 18 171 000 u.a. are subsidized by the Commission. This is roughly 77 % of the budget concerned.

No justification to support the requests for appropriations had been received from the European schools at the time of the adoption of the amendment.

After 27 October the European schools forwarded to the Committee on Budgets :

- the report on European schools' supplementary budgets for the financial year 1976 and the 1977 budget drawn up for the Board of Governors of the European schools ;
- additional information on the budget of the European schools for the financial year 1977 ;
- the Board of Governors' report on the European Parliament's resolution of 22 September 1975 on the European schools system ; and
- a note on the budgets of the European schools for the financial year 1977.

For this year these documents can, to some extent, replace the introduction to the request for appropriations to be entered in the budget. They will provide Parliament and its appropriate committees with sufficient information on the current and future activities of the European schools.

However, the Committee on Budgets has not had time to study these documents, especially since the latter two were not available until the last meeting of the Committee on Budgets. The Committee on Budgets must therefore first make an adequate study of the relevant documents in order to assess whether enough information is available to unfreeze the appropriations. The Committee on Budgets must have the right to make remarks which may lead to a change in the budget for the European schools. 20 % of the appropriations must therefore be provisionally frozen.

The appropriation could already be released in the first quarter of 1977 following a meeting of Parliament's interested bodies, representatives of the Board of Governors of the European schools and of the Commission of the European Communities.

As the Council has stressed, it is now clear that the problems which justified the amendment adopted on 27 October 1976 can be settled quickly. As the Council pointed out, the Board of Governors of the European schools has decided to apply henceforward the following measures.

A representative of the Board of Governors' secretariat could give technical advice to the Commission's representative when the Commission's subsidy to the European schools is being discussed in Parliament's Committee on Budgets.

The report of the Administrative and Financial Committee, the draft budgets of the European schools and the budgets approved by the Board of Governors will be forwarded to Parliament.

\* \* \*

## Amendment No 39

tabled by Aigner on behalf of the Christian-Democratic Group to the Council Modification to Parliament's Amendment No 102/rev.

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 37 — Expenditure in the industrial and transport sectors

Enter a new Article 'Operations in the aerospace sector' and a new Item 3710 'Basic research'

Insert appropriations of 8 000 000 u.a. and freeze them.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

*New Item* Add the following :

The Commission informed the Council and Parliament of its initial proposals with regard to the aerospace policy in document COM(75) 475 final. A Commission proposal is being drawn up on the basis of this document on research and technology projects relating to :

- short-term applications, where the existing technologies have to be extended and improved with a view to the optimization of specified products ;
- medium-term applications, where the objectives can be determined only by market trends ;
- long-term applications, where the opposite is the case : here it is the evaluation of current scientific and technological research that gives a pointer to the long-term trends.

(The first two paragraphs of the text of the preliminary Draft General Budget)

## JUSTIFICATION

The European Parliament adopted the Commission's proposal for an action programme in the aeronautical sector on 6 July 1976.

In view of the fact that the Commission is drawing up concrete proposals on research in and support for the aeronautical industry, the Committee on Economic and Monetary Affairs believes that the necessary items should be included in the 1977 Budget so that a concrete policy can be formulated and implemented in the course of 1977. The Committee on Economic and Monetary Affairs draws attention to the fact that in its Resolution of 6 July 1976 the European Parliament reserved its final opinion on the nature and amount of expenditure for this.

\* \* \*

## Amendment No 40

tabled by Mr Aigner on behalf of the Christian-Democratic Group to the Council Modification to Parliament's Amendment No 103

## Section III — Commission

(A) *Expenditure*

Title 10 — Other expenditure

Chapter 100 — Provisional appropriations

Increase appropriations by 50 000 000 u.a.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Add a new paragraph 8a to the remarks.

Provisional appropriation for aids to coal stocks (Article 322) 50 000 000 u.a.

JUSTIFICATION

The Commission is currently studying methods of financing this action. It is proposed in draft amendment No 25 to make a token entry in the budget (Article 322) so that when a decision has been taken on the financing of this project the Commission may request the entry of the necessary appropriations.

The chairman of the committee responsible (the Committee on Energy and Research) states in his letter to the Chairman of the Committee on Budgets that about 50 000 000 u.a. would be needed to initiate the programme.

In view of this and in view of the desirability of avoiding supplementary budgets except where unforeseeable expenditure is involved, it is proposed that an appropriation of 50 000 000 u.a. should be entered under Chapter 100 'Provisional appropriations' so that a transfer may be made when the methods for financing this action have been decided upon.

Moreover, in the light of the Commission's proposals (Doc. COM(76) 20) on the implementation of the energy guidelines drawn up by the European Council at its meeting on 1 and 2 December 1975, and in view of the Community action in this sphere, which parallels the ECSC action, the author of this draft amendment believes that the Commission should, on its own initiative, continue with the action initiated under this policy without waiting for the Council to adopt a final position.

\* \* \*



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## IN THE CHAIR : MR BERKHOUWER

*Vice-President*

*(The sitting was opened at 9 a.m.)*

**President.** — The sitting is open.

For technical reasons it has not yet been possible to distribute the minutes for yesterday's sitting.

I will submit them later for approval by Parliament.

1. *Documents received*

**President.** — I have received

(a) from the Council, requests for an opinion on the following Commission proposals :

- directive on the elimination of double taxation in connection with the adjustment of transfers of profits between associated enterprises (arbitration procedure) — (Doc. 490/76)

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.

- decision amending the Decision on the harmonization of certain provisions affecting competition in transport by rail, road and inland waterway (Doc. 491/76)

This document has been referred to the Committee on Regional Policy, Regional Planning and Transport.

- directive modifying Directive of 20 July 1976 concerning the statistical surveys to be carried out by the Member States in order to determine the production potential of plantations of certain species of fruit trees (Doc. 492/76)

This document has been referred to the Committee on Agriculture.

- regulation on the advance implementation of certain provisions of the ACP-EEC Convention of Lomé relating to trade in respect of certain States that have signed Agreements of Accession to the Convention (Doc. 493/76)

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

(b) from the parliamentary committees the following report :

- report by Mr Osborn on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the proposal from the Commission to the Council for a regulation on the harmonization of certain social provisions relating to goods transport by inland waterway (Doc. 484/76).

(c) the following motions for resolutions :

- motion for a resolution by Mr Berkhouwer, on behalf of the Liberal and Democratic Group on cooperation in the armaments sector (Doc. 481/76);

This document has been referred to the Political Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on Energy and Research for their opinions ;

- motion for a resolution by Mr Klepsch on behalf of the Christian-Democratic Group on trade between the EEC and Japan (Doc. 483/76)

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

- motion for a resolution by Mr Hamilton, pursuant to Rule 54 of the Rules of Procedure, on the addition of Rule 20A (debates on the state of the Community) to the Rules of Procedure (Doc. 487/76)

This document has been referred to the Committee on the Rules of Procedure and Petitions ;

- motion for a resolution by Mr Suck on the crisis in the iron and steel industry (Doc. 489/76).

This been referred to the Committee on Economic and Monetary Affairs.

- motion for a resolution tabled by Mr Guldberg pursuant to Rule 25 of the Rules of Procedure on sectoral structural policy (Doc. 496/76).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Regional Policy, Regional Planning and Transport for its opinion.

- motion for a resolution tabled by Mr van der Hek and Mr van der Gun pursuant to Rule 25 of the Rules of Procedure on the crisis in the textile industry (Doc. 497/76)

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Development and Cooperation, the Committee on External Economic Affairs and the Committee on Social Affairs, Employment and Education for their opinions.

2. *Text of Treaty forwarded by the Council*

**President.** — I have received a certified true copy of the 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 People's Republic of Bangladesh.

This document will be placed in Parliament's archives.

3. *Procedure without report*

**President.** — During the sitting of Monday, 13 December 1976 you were notified of the titles of the Commission proposals for which the *procedure without report* pursuant to Rule 27A of the Rules of Procedure has been proposed. Since no one has asked to speak and no amendments have been tabled on these matters, I declare these documents approved.

**President**

The documents concerned are the following :

- regulation concerning the import of certain viticultural products originating in Greece into the three new Member States (Doc. 394/76)
- regulation amending Regulations (EEC) No 2682/72, 2727/75, 765/68 and 3330/74 concerning the description of certain chemicals falling within sub-heading 29.16 A VIII of the Common Customs Tariff (Doc. 422/76)
- regulation amending Regulation (EEC) No 97/69 on measures to be taken for uniform application of the nomenclature of the Common Customs Tariff (Doc. 423/76).

#### 4. Authorization of reports

**President.** — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on External Economic Relations to draw up a report on the state of economic and commercial relations between the EEC and Portugal. The Committee on Agriculture has been asked for its opinion.

#### 5. Decision on urgent procedure for the motion for a resolution on the common fishery policy

**President.** — I now consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by the Socialist Group on the common fishery policy (Doc. 495/76).

I call Mr Liogier.

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, it was agreed that the important debate on fishing should take place on the most favourable day of the next part-session, namely Wednesday. There is therefore no valid reason for discussing it this morning, especially as most of our colleagues, in particular the French, are absent.

Moreover, the agenda is already very crowded and it will be very difficult to examine all the items in three hours. The rapporteurs, of whom I am one, have made arrangements for departure, which cannot be deferred, on the basis of the order in which they will be called. I therefore feel that the motion should be rejected. However, if the urgent procedure is adopted, then the discussion must clearly take place at the end of the sitting.

**President.** — I call Mr Hughes.

**Mr Hughes.** — Mr President, I believe there is a strong case that this Parliament should debate this today given that the Council of Ministers are meeting on Monday in order to arrive at a conclusion on the interim policy. I have never believed that Friday is a non-working day in this Parliament. I regret deeply that many of my colleagues cannot be present but I see no reason whatsoever why this debate should not take place this morning. I would request and hope that — if it does take place — all our colleagues

should exercise a degree of self-restraint and I would ask that, if we accept emergency procedure, the debate should take precedence over all other business this morning and take place forthwith.

**President.** — I put the request for the adoption of urgent procedure to the vote.

The adoption of urgent procedure is agreed.

We must now decide when this debate will take place.

I call Sir Peter Kirk.

**Sir Peter Kirk.** — Mr President, I think as we have decided to have the debate the most sensible thing to do is to have it straightaway in order that Members can express themselves in advance of the meeting of the Council of Ministers. I would propose one very slight modification however which I hope Mr Hughes might agree to; namely that we could first have the vote on the Ghana resolution. The Chamber is fairly full. This is only a vote. There is no debate on it. And then we can go ahead with the fisheries debate.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, I voted against urgent procedure just now because the House recently discussed this question at some considerable length. We have a heavy agenda before us, and I understood Mr Liogier to say just now that if the House decides to adopt urgent procedure, this motion for a resolution should at least be dealt with as the last item on the agenda. Otherwise there is a danger that many items on the agenda will not be dealt with today. Now that it has been decided to deal with this item by urgent procedure, I would oppose it being placed high on the agenda. We have the debate on the Kofoed report in January. Why a debate has to take place now, I find hard to understand, but if this is what the majority of the House wants, then the agenda should at least be completed. We therefore propose that this item be placed at the end of the agenda.

**President.** — I put to the vote the proposal by Sir Peter Kirk that we should consider this item after the motion for a resolution on the seizure of Community undertakings in Ghana.

That is agreed.

#### 6. Seizure of Community undertakings in Ghana

**President.** — The next item is the vote on the motion for a resolution (Doc. 494/76) tabled by Mr Spicer on behalf of the European Conservative Group to wind up the debate on the oral question on the seizure of Community undertakings in Ghana.

I call Mr Espersen for an explanation of vote.

**Mr Espersen.** — (DK) The Socialist Group shares the views that have prompted Mr Kofoed's oral question. We also share the anxiety expressed in the resolution tabled by the Conservative Group.

**Espersen**

We do not think we can pass final judgment on the action of the Ghanaian authorities, but we do think that it should at least be noted that the Danish company has not been fairly treated. Parliament should therefore express the view that industrial cooperation should be based on mutual trust.

We cannot vote in favour of the resolution for two reasons. Firstly, the Ghana incident has been used for what is more or less a general warning to all ACP countries. We could have agreed to a resolution on Ghana alone. But we find it unfortunate that the wrong behaviour of one country should have been taken as a reason for warning all ACP countries; they do not deserve such treatment. Secondly, the resolution seems to lack balance. It mentions only the need for legal security for multinational companies and private investments in, for instance, the event of nationalization, and says nothing about the obligations of those companies to the country which they are operating. The Socialist Group feels that they do have such obligations. We would have preferred the various parliamentary groups merely to have expressed an opinion and I think they would have been unanimous in saying that what happened is wrong, but as the resolution now stands we must recommend that Parliament vote against it.

**President.** — I call Mr Sandri for a procedural motion.

**Mr Sandri.** — (*I*) As was already requested yesterday evening, we are asking for the various points in this text to be voted separately. We are able to say here and now, Mr President, that we cannot accept the justification for this motion for a resolution, although we are prepared to vote in favour of the request made to the Commission for concrete provisions, to be laid down within the framework of the Committee on Industrial Cooperation, in application of Article 38 of the Convention.

We therefore request the group which has tabled this motion for a resolution to amend the justification, which we consider inapposite and unlikely to strengthen the first and second points of the resolution itself. With these amendments, we will vote in favour of the resolution. Without them, we will vote against the justification and approve points 1 and 2 only.

**President.** — I call Mr Kofoed for an explanation of vote.

**Mr Kofoed.** — (*DK*) Mr President, I agree with the first part of Mr Ole Espersens' explanation but I reach the opposite conclusion. I must recommend that we vote in favour of the motion for a resolution tabled by the Conservative Group.

**President.** — I have received from the Communist and Allies Group a request for a vote item by item.

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

The first indent is adopted.

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

The second indent is adopted.

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

The third indent is adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

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

The resolution is adopted.<sup>1</sup>

I call Mr Spicer for a procedural motion.

**Mr Spicer.** — I wonder, Sir, if you could examine, with the President, the course that this debate took last night, and if you could then comment on what happened and the results that could ensue from that with regard to the work of this Parliament? I think many people here, on both sides, would agree that if we are to accept the procedure that was adopted last night in terms of voting, then we all might as well pack up and go home. We need never have a vote if that sort of situation occurs again. I hope you will be able to discuss this with the President and with the officials of Parliament, and come up with some suitable answer.

**President.** — I shall refer your statement to the Bureau, Mr Spicer.

### 7. Change in the agenda

**President.** — I call Mr Guerlin for a procedural motion.

**Mr Guerlin.** — (*F*) Mr President, as pressing reasons have obliged Mr Lagorce to return to France, I request that his oral question on Community water policy be held over until the next part-session.

**President.** — I have received a request for the oral question by Mr Lagorce to the Commission on Community water policy (Doc. 330/76) to be held over to the next part-session.

Are there any objections?

That is agreed.

<sup>1</sup> OJ C 6 of 10. 1. 1977.

### 8. Common fishery policy

**President.** — The next item is the motion for a resolution (Doc. 495/76) tabled by the Socialist Group on the common fishery policy.

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

**Mr Hughes.** — Mr President, in introducing this motion for a resolution may I first ask my fellow parliamentarians, that this debate should not be used as an excuse for rehearsing yet again the well-known differences of national viewpoints which we are all fully aware of. It is because the Council of Ministers have remained unable to find solutions as a result of these differences that on 1 January there will be left a difficult problem for the whole of the Community as to the legal basis of fishing throughout the 200-mile zones which will by then have been introduced by most Community countries. It is the absence, so far, of such an agreement in the long term that makes this motion for a resolution necessary. I would, because of the request that we should all be as brief as possible, draw attention to only two points in the motion. The first of these is that the agreement on a temporary interim fishing policy must be without prejudice to whatever solution is found in the long term. Whatever is agreed in the short term must not prejudice the issue in the long term. It would clearly be intolerable for any Member State to take, during this interim period, discriminatory measures which could prejudice the establishment of a decent Community policy at the end of that time. It would clearly be unacceptable for the negotiations with third countries to be undertaken bilaterally, unless this is the only way of getting any agreement. Whatever happens in this interim period must not prejudice, prejudice or determine the long-term solution. We want to suggest four points on which the short-term policy should be based: the retention of quotas, the use of licencing arrangements controlling the amount of fishing effort, the use of reserve fishing zones throughout the whole 200-mile area, because it is necessary to protect the spawning grounds of certain species that are, say, 80 to 100 miles off the north-west of Orkney, as a Community measure, not as an international device.

Finally, sub-paragraph (d), over which there has been some difference of opinion because I am led to believe by competent interpreters and linguists that as between French, English and German the three words 'policed', 'controlled' and 'supervised' have fine degrees of meaning which are not readily translatable from one language to another. And, so that no one in this Chamber should be in any doubt as to what is envisaged and meant by the phrasing of paragraph (d) I would like to read two elements from first of all the

first draft of Mr Kofoed's report that we should have been, or could have been debating this morning, and secondly the final draft. In the original draft it said: '...scientifically derived quotas and controlled fishing zones with supervision the responsibility of Member States acting on behalf of the Commission.' In the new and final draft the wording is: 'The basis of an internal fisheries policy must be the establishment of scientifically derived quotas and controlled fishing zones, and the Community should ensure an efficient fisheries inspection system within the fisheries zones of the Community based on national inspection systems and carried out on behalf of the Commission.'

What we are saying quite clearly is that whether you use the word 'policed', 'controlled' or 'supervised', the national state is acting as agent for and on behalf of the Commission and that there is no question, in this interim period, of giving to the national state powers to introduce discriminatory forms of activity under the pretence of a conservation policy. I trust that my fellow parliamentarians will help by speaking as briefly as possible. After elucidating those two particular points: that it is without prejudice to the long-term solution and that the word 'controlled' has got a very clear meaning, I commend this resolution to the House.

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

**Mr Vandewiele.** — (NL) Mr President, our group regrets that it was unable to support the request for urgent debate. This was not because we disagree with the subject itself the contents of the motion for a resolution, but because we are surprised that Parliament should unexpectedly open a debate which we postponed earlier in the week to the January part-session. We reject such a debate because we wish to discuss on a Community basis a proposed system which threatens to divide even Parliament. It is not particularly urgent to discuss a system of which we do not know the details since negotiations will only be held on Monday and Tuesday. We are due to have a fundamental debate on the matter on the basis of the Kofoed report. Mr President, this motion for a resolution contains a number of excellent points. However, our group has not had the opportunity to discuss it properly. It also contains a few things which are not entirely clear and could well in my view be misinterpreted. I would therefore suggest to my colleagues that they abstain from voting, since when all is said and done we cannot really disagree with the intentions of the movers. I would in any case suggest to the movers that we show a little more optimism by adding the words 'until now' in the first line. The Council is said to have failed to reach agreement, and yet negotiations are still under way. And now I come to the biggest difficulty.

**Vandewiele**

If a fifty-mile limit is to be proposed for the whole of Great Britain, not merely Scotland or Ireland, but for the whole of Great Britain, it is ridiculous to expect the Benelux countries, France and Italy to agree to this. Since we are discussing an interim arrangement, we must try and be reasonable on this point if we are to reach agreement. As regards certain proposals I would point out that we agree with the rapid introduction of fishing quotas, and the limiting of fishing effort by licensing arrangements. We fully agree that fish reserves must be established without delay, along with an appropriate control system, and that nothing should be done during the interim period to create any harmful precedents for the future.

In view of the limited speaking time available to me, I wish to conclude by emphasizing that the Christian-Democratic Group is fully aware of the specific requirements those peripheral coastal areas which are particularly dependent on fishing. However, we are equally aware of the established interests of thousands of fishermen, ship owners, fishery undertakings and other countries affected, and this is why, in our concern for unity in the Community, we urge that this debate be of indicative value only to those taking part in next week's negotiations. We would ask all our colleagues to prepare thoroughly the debate which we shall be holding next month on the basis of Mr Kofoed's excellent report. As I already mentioned, we have been unable to discuss this matter properly and Members must vote as they see fit, but personally I would advise my group to abstain from voting.

**President.** — I call Mr Kofoed.

**Mr Kofoed.** — (DK) Mr President, I would have preferred not to have had a fisheries debate today. First of all, we are not very well acquainted with the background. We do not know what interim proposals the Commission has made to the Council of Ministers. Secondly, if this debate turns out to be like previous ones, it could be very detrimental for the Council of Ministers and the Commission and I understand that Mr Hughes also feels that it should not prejudice any of the decisions to be taken by the Council of Ministers.

I am not, however, happy about the motion for a resolution. I agree with the first part of point 1 which urges rapid agreement on a temporary interim fishing policy without prejudice to a solution in the long term on the basis of a Community agreed system. If the movers of the resolution had stopped there it would have been a wise policy and Parliament would unanimously have supported it. We fully agree that the Commission's September proposal cannot be implemented before 1977. But when Mr Hughes then lists four subparagraphs he has laid down the principles of a fishing policy for 1977. As they now stand, these principles could be misunderstood, as Mr Vandewiele pointed out, or misinterpreted as either strongly nationalistic or European depending on what you read into the words. I am well aware that Mr Hughes has explained the difference between control and supervision, but anyone who merely reads this resolution will not know what is meant by control and supervision. We could end up with a public debate that would be detrimental to the future fishing policy.

I would have preferred subparagraphs (a), (b), (c) and (d) to be withdrawn, not because they contain any principles that I disagree with, but merely because I am afraid that we will establish a fishing policy for 1977 that we will depart from. I therefore fully agree with Mr Vandewiele that the best thing we could do would be to adopt the first part of point 1 and delete the rest and then adopt the motion unanimously. We would then be supporting the Commission and the Council and they could then reach conclusions for 1977. Let us therefore discuss the future system in January when we know more.

One final point is that the Committee on Agriculture should at some point discuss the fishing policy for 1977 with the Commission or the Council. The proposal for 1977 has not been submitted to Parliament nor has Parliament been asked for its opinion. If it had been as proposed in the motion for a resolution, I would have supported it. I think it would have been preferable for the Committee on Agriculture to have dealt with the 1977 proposal. But perhaps we can suggest to the Commission that that should be done immediately after the New Year.

I would not recommend voting in favour of subparagraphs (a), (b), (c) and (d) in the present motion for a resolution. I suggest that Mr Hughes should delete them and then I think we could all vote in favour of the proposal.

**President.** — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

**Mr Scott-Hopkins.** I am sorry to say that I take the opposite view to Mr Vandewiele and Mr Kofoed. I believe that it is urgent to have this debate, and I think the reasons are very simple. I will very quickly say why.

The Ministers of Agriculture and Foreign Affairs were meeting at the beginning of this week. They were discussing the internal and external fisheries policy. They could not come to any conclusion. In fact, there was a breakdown in these discussions and talks. As a result, that conference broke up. As the Commission and this House knows, we were told so by Mr Gundelach.

The situation then was that the Council instructed the Commission to go away and present new proposals for an interim period because this House must remember that on 1 January the new 200-mile fishing zone comes in. The Council therefore instructed the

The situation then was that the Council instructed the Commission to go away and present new proposals for an interim period because this House must remember that on 1 January the new 200-mile fishing zone comes in. The Council therefore instructed the

**Scott-Hopkins**

Commission to bring forward next week new proposals for an interim settlement of the internal fishing regime. What is going to happen?

If this House is going to sit back and do absolutely nothing — nor give any advice at all, except, as Mr Kofoed wants, to urge rapid agreement — then we might as well go home and not come here at all, Mr Vandewiele.

What we are trying to do as a House here is to give advice to Ministers as to the line they should take on the Commission's proposals, which we have not seen, when they meet next week. We must not forget that what the Ministers decide will in point of fact come into operation as from 1 January.

Now, if I turn very quickly to the terms of the resolution of Mr Hughes and the Socialist Group. On the whole, my group are prepared to support this. I think one has to underline — and I wish that it had been done — that the most important way of trying to come to an interim solution is by dealing with the licensing of fishing boats, the tackle that they are going to use, and so on. But there is no doubt about it that it is the coastal States, as from 1 January, that are going to have to exercise control — on policing, whatever you wish to call it — up to the 200-mile zone, or the median line wherever it happens to run. It is up to those coastal States — if there is no agreement by the Ministers — to have exclusive control up to 200 miles. Let us be quite clear: that is what is going to happen. So, we have got to rely on that.

What one hopes is — as Mr Hughes himself said — that no action will be taken by any Member State in the interim period until the discussions and negotiations between Member States on the draft proposals on which Mr Kofoed is reporting have taken place, for both the internal and external policy.

My last point, Mr President, concerns historic rights. I am sorry that in this particular motion of the Socialist Group they have talked about due recognition of historic fishing rights. Nobody knows what historic fishing rights actually are. I have asked the Commission to define historic fishing rights. The refuse to do so. There is no way of saying what they are. So, I would ask the Commission — not the authors of this motion, it's too late in the day to start amending — to come back to this House in January, when we shall be discussing Mr Kofoed's report, and tell us exactly what they understand by historic fishing rights, who has them, where they are going to be, and whether they apply to the Community, and third countries.

The last thing I want to say is that on 1 January those third countries who have not come to an agreement with Commissioner Gundelach — and I do not think there are going to be very many of them left — will be excluded from our 200-mile fishing zone. If they have not come to any kind of agreement with the Community on any basis of reciprocity — or indeed unilaterally with the member countries — they will be

excluded. I would hope that the Ministers, in their interim agreement which will be arrived at next week, will agree to share the cost of the policing — and, indeed, of the method of policing these States, because I know that our Irish friends are going to find it difficult to police the 200-mile zone round their country. I hope that they will be in agreement on the sharing of costs of policing this particular zone.

With one or two reservations, my group on the whole supports this resolution.

**President.** — I call Mr Lenihan.

**Mr Lenihan.** — Mr President, we have an amendment down tabled by myself and four other Irish colleagues urging that we should direct our attention in this matter to the creation of 50-mile exclusive zones around Member States' coasts. In saying this, and I am going further than what is embodied in the motion for a resolution, I do so not in any anti- or non-Community spirit. I feel very strongly, and this view is shared by my colleagues, that the coastal areas can be best managed by the coastal States themselves. Just as you have the iron and steel resources of Lorraine, the Ruhr and the Saar we have the fishing resources around our coasts. As far as Ireland and Britain are concerned we can best manage the particular areas adjacent to our own coast. We can make whatever arrangements we like with our Community colleagues and settle down around a table and make these arrangements in a rational manner, once the principle of 50-mile zone is acknowledged. I do not see any great problem about that.

There are many matters in the motion for a resolution on which I would express very serious reservations. I know this is not the time for a detailed discussion but I would just like to take the aspects, one of which has already been referred to by my colleague Mr Scott-Hopkins, namely the question of historic fishing rights related to fishing quotas for each Member State. In regard to conservation and preservation and enhancement of fishing resources there is no scientific basis whatsoever for granting quotas on the basis of historic fishing rights. If one brings in a system of quotas based on that principle, then the most valuable fishing grounds within the Community 50-mile limits will be fished out of existence very quickly. I say that advisedly and very seriously.

I think I am speaking for the two Irelands in this respect when I say we are asking for the Community as a whole to recognize that we have two responsible administrations, one in Ireland and one in Britain, and that these administrations can be trusted to police and organize, with help, the 50-mile exclusive limit which we say is right and proper for us to manage. We are the best equipped people to manage such 50-mile zones by reason of our proximity to them and our knowledge of the situation. If the Community adopts a real Community spirit and real Community



**Lenihan**

solidarity, they will recognize that, just as I say, we recognize the basic resources that exist within the mainland of Europe in the particular Member States concerned. This fundamentally is our approach and the reasoning behind the amendment.

One final point I would like to make in this :

There is an awful lot of talk here in this Parliament and in various committees of this Parliament about transferring resources to the peripheral regions and achieving economic and monetary union by stabilizing prosperity throughout the whole Community and having each region of the Community developing at a more or less equal rate. Now we have had an awful lot of pious talk about this particular aspect. Here is the test because it is precisely the areas that have the greatest problems within the Community which require a positive policy of protection in regard to their fishing resources. It is the people of the western islands of Scotland, the people of the Hebrides, the people of the north-west of Ireland, the people of the west of Ireland and the south-west of Ireland and the coast of France as well, it is precisely the people in the fishing parts of these areas that have the greatest regional problems. These are the areas where the greatest disparities exist on any economic or social criteria that can be adopted by the Commission or any other independent authority. These are facts, basic facts that can not be denied. Here is an area where the Community can prove its sincerity by implementing its regional policy practically and immediately by guaranteeing the conservation of fishing stocks within the 50-mile band of our coastal States.

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

**Mr Spinelli.** — *(I)* Mr President, it is quite typical that such an important subject, which — from what I hear — will be given urgent consideration by the Council of Ministers next Monday, is now being debated without any member of the Commission present in the House, even though the Commission is due to submit proposals on this matter to the Council.

I think that Parliament should proceed with a certain amount of caution to avoid taking a position on this document in its present form, seeing that, given the late presentation of the text, the Assembly might not be able to give detailed attention to any specific points raised. Reference is made to catch quotas, but it is not known who is to fix these quotas, who is to lay down the provisions or how the zones are to be defined. Even if we attempt to make suggestions, the Commission may well pay no attention whatsoever to our position when it submits proposals to the Council on Monday. This is simply because, at the last minute, we have put together a resolution which should not be considered a genuine resolution at all.

In this situation, I believe the best solution to be that put forward by our Liberal colleague — to stress the

urgent need for a temporary short-term policy pending the adoption of definitive rules without going in to the details of points (a), (b), (c) and (d) of the resolution.

If this proposal was accepted, we would be able to vote in favour of the motion for a resolution, thereby encouraging the taking of measures without going into too much detail and taking account of the various interests of all the States rather than of only two or three. If, however, the motion for a resolution was put to the vote in its present form, we would feel bound to abstain.

*9. Limit on speaking time*

**President.** — As today's agenda is very crowded, I propose to close now the list of speakers on this debate.

I call Mr Broeks for a procedural motion.

**Mr Broeks.** — *(NL)* Mr President, in view of the number of speakers listed, I am afraid that we shall not be able to get through our agenda this morning and will have to postpone a number of items to January. Would it not be possible to shorten speaking time? This is what we did last time and it worked very well. If no speaker speaks for more than five minutes, I believe we could complete our agenda.

**President.** — I propose that for the rest of this sitting each speaker should be limited to a maximum of five minutes in each debate.

Are there any objections?

That is agreed.

*10. Common fishery policy (resumption)*

**President.** — We shall now continue the debate on the common fishery policy.

I call Mr Nyborg.

**Mr Nyborg.** — *(DK)* Mr President, I think it is deplorable to limit speaking time in the middle of the debate so that the first speakers have an advantage.

Recently, the lines have been drawn up, the trenches have been dug and it is as though there were two opposing armies facing each other, one in favour of a 50-mile exclusive zone and the other against. We could obviously discuss the subject for years without getting very much further. But I consider it a waste of time for the Socialist Group to want to maintain the present motion for a resolution when Parliament has already decided to postpone discussion of Mr Kofoed's report on a Community system for the conservation and management of fishery resources until the January part-session.

The report provides us with a serious basis for a debate. When Mr Scott-Hopkins talks of advising the

**Nyborg**

Ministers about Commission proposals that we know nothing about, he is merely confusing the issue further.

In the proposal we have before us, the European Parliament notes the consequences of extending fishing zones to 200 miles. Yes, but what consequences? We do not yet know what they will be. It is all hypothetical. I therefore recommend that we reject the motion for a resolution.

Regretfully, I have to tell my Irish colleagues that I feel their proposal should also be rejected because in Ireland it is not so much a question of having a 50-mile exclusive fish conservation zone but of getting an inshore fishing industry going to process the fish landed.

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

**President.** — I call Mr McDonald.

**Mr McDonald.** — Mr President, the one thing about this entire fishery question this week is that it has been on and off the agenda all week like a lighthouse. But I am glad to have even a very brief period to comment on one or two points made during the debate. The way that the problem has been handled in Parliament is, to say the least, very unsatisfactory but from my own national point of view I have every confidence that our Minister of Foreign Affairs, Dr FitzGerald, will be able to more than adequately represent our national position. Might I very briefly just thank Mr Scott-Hopkins for reminding the House that Irish waters are very extensive and that my country will need financial support and assistance to enable us to effectively police the extensive 200-mile limit and I think that is an important point. Also I feel that the suggestion of fishing quotas for each Member State is not one that would immediately appeal to Irish fishermen or the Irish people as a whole and I am not too keen on that. Nevertheless, it is only an interim report and I hope to have an opportunity next month, when we have concrete proposals before us from the Commission, to deal more fully with all these vexed and difficult problems.

**President.** — I call Mr Vouel.

**Mr Vouel, Member of the Commission.** — (F) As it already dealt with the fishery situation last Wednesday, the Commission has no intention of reopening this discussion, especially as certain concepts such as 'exclusive fishing zones' and 'coastal zones' have been introduced which could harbour mental reservations on which there would certainly be much to be said.

Nonetheless, I have two further remarks to make: the first is that the Commission has noted with satisfaction the moderation with which Mr Hughes presented

the resolution, and secondly that the Commission will clearly be obliged to reconsider the concept of historical rights during the discussion of definitive fishing arrangements.

**President.** — I call Mr Gibbons.

**Mr Gibbons.** — I merely wanted to suggest to the House that we are not being quite realistic on this whole question of fisheries when we discuss the conservation of stocks, when we discuss the protection of species and when we discuss the allocation of quotas — fishing quotas — within conservation zones. Are we really being honest with ourselves or with the people that are listening to us? Are we being honest? I don't think so. I think that there is a general consciousness on the part of people who think about it for a moment that the stocks — the stocks of fish available to the European Community — are being run down at an increasingly rapid rate. The areas where European fisherman may fish are being drastically limited and there is only one way in which the fish stocks can be conserved, in view of their great regional and social importance to the people as well as for their own intrinsic value, and that is to create areas where fishing is done very lightly and areas which are controlled exclusively by the coastal States themselves. This confining, this exclusivity is the only means of protection that the coastal States have for their own fishermen and I would ask the House: are we being realistic at all about conservation and can we not face the reality that if we do not adopt exclusive zones there will be no fish to fish in another decade or so?

**President.** — I call Mr Hughes.

**Mr Hughes.** — I shall, with the permission of the House, reply to some of the points made in the course of this debate. May I deal firstly with the suggestion made by both Mr Kofoed and Mr Spinelli on behalf of his party that we should not include elements (a), (b), (c) and (d) because they are too particular and too detailed. I gather the same point was made to some extent by the Commission. When one recalls that in successive debates in this House points (a), (b) and (c) have been agreed upon, that in fact paragraph 10 of the Kofoed report refers to 'internal fisheries system' based on points (a), (b), (c) exactly as here, and that the text relating to due recognition of historic rights is taken word for word from the Kofoed report, one can see that I am not trying to steamroller a new set of concepts into this Parliament. I have carefully tried to use forms of words that have been utilized before and will be utilized again. To suggest that by submitting this wording the Socialist Group are springing something out of the dark upon this Parliament is a little unfair. This wording has been debated in this House before in precisely the same form. To suggest that they should be rejected as a novel and unexpected concept is, I suspect, merely a device that is being used because the proposal is not liked.

**Hughes**

Can I turn to our Irish colleagues and their amendment? I would say that, on the Friday before the Council of Ministers' meeting, to put in something as detailed as theirs — using the highly politically emotive element of a 50-mile coastal exclusive right — cannot help the Council of Ministers to come to a conclusion of any sort. When we were debating the extension to 200 miles in the British House of Commons, and an amendment was tabled on a 50-mile zone, our Minister of Agriculture said: please don't put it in because this is not the time and place for such a thing! Therefore, with great regret, I would urge the House firstly to retain points (a), (b), (c) and (d) in the resolution, and secondly, to reject the amendment put down by Mr Lenihan and supported by his Irish colleagues.

**President.** — We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 1 tabled by Mr Gibbons, Mr Yeats, Mr Herbert, Mr Lenihan and Mr Nolan, aimed at rewording this paragraph as follows:

1. Urges rapid agreement on an interim fishing policy without prejudice to the solution in the long term on the basis of a Community agreed system which will allow the creation of national exclusive zones of 50 miles.

I call Mr Gibbons.

**Mr Gibbons.** — Mr President, I would recommend this amendment to the House on the grounds that have already been referred to by Mr Kofoed and by the spokesman for the Commission itself, and also for the reason that it introduces the element of exclusivity that I am seeking for the 50-mile zone. It is my contention that to do otherwise is not realistic and is inimical to the interests of the fishermen of the coastal States, particularly my own.

**President.** — I put the amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I call Mr Kofoed for a procedural motion.

**Mr Kofoed.** — (DK) Mr President, I proposed that we should first vote on the first part of point 1 and then on subparagraphs (a), (b), (c) and (d). I understood you to mean that the vote would be taken only on the first part of point 1 and that subparagraphs (a), (b), (c) and (d) would be put to the vote later.

**President.** — Mr Kofoed, as the vote has been taken I cannot accede to your request.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

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

The resolution is adopted.<sup>1</sup>

I call Mr Kellett-Bowman for a procedural motion.

**Mrs Kellett-Bowman.** — Mr President, this is the second month running that Mr Broeksx has proposed that speaking time should be reduced for all others after the Socialist opener has had his full time. May I respectfully suggest that if he makes such a proposition in future, he should do it before the initial Socialist speaker has had his full ration?

(Mixed reactions)

**President.** — I call Mr Broeksx.

**Mr Broeksx.** — (NL) Mrs Kellett-Bowman was in the Chamber when I made my suggestion. If she disagreed with it she should have said so at the time. It is not my fault if she thinks rather slowly and takes an hour to decide to answer.

(Laughter)

**President.** — The incident is closed.

11. *Petitions*

**President.** — At the request of the Committee on the Rules of Procedure and Petitions, Petitions No 14/75 by Mr De Brouwer and others and No 16/75 by Mr Gerus and others on youth and the future of Europe have been forwarded to the Council and Commission under Rule 48 (4) of the Rules of Procedure. The Committee has also declared admissible Petition No 10/76 presented on behalf of the Mondiaal Alternatief Foundation on migratory birds. At its request this petition has been forwarded to the Commission and Council under Rule 48 (4) of the Rules of Procedure together with Petition No 7/76 by Mrs Worden and others on the same subject, the latter being forwarded with the opinion of the Committee on the Environment, Public Health and Consumer Protection.

The Committee has also declared admissible Petition No 11/76 by Mr Everhard and others on the hazardous activities of Euratom at Geel-Mol involving the use of plutonium and similar substances in the immediate vicinity of houses and food processing facilities, and has requested the opinion of the Committee on the Environment, Public Health and Consumer Protection.

<sup>1</sup> OJ C 6 of 10. 1. 1977.

## 12. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

## 13. *Regulation on the structure of agricultural holdings*

**President.** — The next item is the report by Mr Scott-Hopkins (Doc. 413/76) on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation relating to the organization of a survey on the structure of agricultural holdings.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins, rapporteur.** — Sir, I think we can dispose of this report fairly rapidly. It is non-controversial as far as I know and, indeed, in the committee no tremendous problems arose with it.

It is part of a series of surveys and it is part of the FAO's ten-yearly agricultural census. There are some problems with it, and I must be quite honest about that. Basically the problems are that I think the Commission in their proposal to the Council had made one or two mistakes. I think it is a mistake, for instance, to allow Member States to choose the kind of survey they are going to do: either a full survey or a random survey. If you have a full survey done by one country and a random survey done by another, then in trying to extract the information from them you are liable to get a completely false picture.

The second point of course is that all these surveys have got to be done quickly and they have to be done accurately. It depends on the accuracy and repetitiveness and the way the information is extracted as to whether they are of any value at all. We have had surveys done in 1970, 1971 and 1975, and in point of fact those surveys were almost completely useless. The reason was of course that the information from them was not circulated, even in their enormously complicated form, in time to allow any proper analysis and any value to be gained from them.

I think it is also to be hoped that the Commission now will find a better method of presenting their statistics, because they are not just intended for the well-informed within the Commission, or the civil servants within the various ministries in the national countries who want to use these particular statistics for their own benefit; they should go to a much wider audience, including Members of this House and the various Members of Parliament in the national States. And unless they are in a digestible form, easily absorbed, then once again they are useless. This is what the Commission have really got to set their

minds to doing. I have every confidence in the statistical department of the Commission. I am quite certain they can do this if they set their minds to it and I am sure they can do an extraction of the information and present it in a really edible form so that we should be able to benefit from it.

There are two further points that I want to make, Mr President. One is important and it is this: If one is going to include holdings of one hectare and less, one is getting into part-time farming and part-time horticulture. If one is going to do that then, I think, one must distinguish between horticultural holdings and agricultural holdings otherwise one is going to get into a most awful mess. I believe it is utter nonsense to include agricultural holdings of less than one hectare. I think there should be a separate survey for intensive units and for horticultural units. If this is done then one will be able to get the right type of statistical information and one will be able to evaluate it correctly.

In the committee, and this is the last point I wish to make, the corporately owned farms were brought in at the request of the honourable Member from the Socialist Group and I hope that they will be satisfied that that addition has been properly worded in paragraph 8. Other than that, Sir, I really do not think there is anything of a controversial nature here. I think one must ask the Commission to get on with the job. I think if they pay attention to the point we have made about the choice between random or full surveys of countries — they should say which type it is going to be — and the point about not going below one hectare, then I believe that we can accept this and I hope the House will do so.

**President.** — I call Mr Vouel.

**Mr Vouel, member of the Commission.** — (F) Mr President, I wish to begin by thanking most-sincerely the rapporteur, Mr Scott-Hopkins for his detailed report which shows that he has made a thorough study of this technical subject.

As you know, this is the third survey we have made of the structure of agricultural holdings. As structural and regional problems become more and more pressing we are continually being forced to adapt and to bring up to date the statistical apparatus. That is why we also wish to thank the rapporteur for his critical comments.

We are also aware of the need to make improvements: better presentation, more thorough analysis of structural problems and above all more rapid publication of information received. Our new proposal is intended to deal with these points.

On the other hand we welcome the rapporteur's suggestion that a report should be drawn up for the Parliament and for the Council on future plans for this area.

**Vouel**

I should also like, Mr President, to say a few words on the points raised in the motion for a resolution :

With regard to paragraph 3 there is no question of leaving it to the Member States to decide whether to make an exhaustive survey or one based on random samples; budgetary considerations oblige us to conform to the practices of the Member States; we can only expect random surveys from Member States which do not organize exhaustive surveys.

With regard to paragraph 6 and 7, I wish to stress that the Commission fully agrees with Parliament in stating that agricultural holdings which are economically important but which only involve a small area, should be adequately dealt with in the survey; this also applies to horticultural holdings and intensive stock-raising holdings. However, we are not in a position to include this in the 1977 survey. This would make the procedure extremely complicated and would run the risk of jeopardizing the survey. We shall take up the problem again in connection with Community farm classification referred to in Point 30 of the report and we hope to be able to solve it before the next survey, planned for 1979.

With regard to point 8, it should be pointed out that the 1977 survey will be a minor survey, based primarily on information available in the Member States. The proposal to include a new characteristic goes beyond the limits of this survey. However, we shall take up this situation when preparing the next survey.

With regard to point 9 and the amendment proposed to Article 3 (2) (b), I would like to point out that the text of the Commission's proposal has already been used in two earlier surveys without causing any problems. The Commission does not wish to accept this proposal without first studying it jointly with national experts, but it does recognize the advantages and promises to study it with these experts with a view to incorporating it in future surveys.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 14. *Directive on health and veterinary problems*

**President.** — The next item is the report by Mr Ney (Doc. 419/76) 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 64/432 of 26 June 1964, 72/461 of 12 December 1972 and 72/462 of 12 December 1972 on health and veterinary problems.

I call Mr Scott-Hopkins for a procedural motion.

**Mr Scott-Hopkins.** — I apologize to you, Sir, and to Mr Ney. My suggestion to the House is that this report should be taken without debate. I am more than prepared, if that happens, to drop my amendments. My reasons for asking this are as follows: You will know that there was a meeting of the Council on 22-23 November. At that meeting they had what I believe is known as a preliminary wander around the course, but they took decisions unanimously on exactly the points made in Mr Ney's report on the proposals from the Commission. They found themselves unanimous; they even gave press conferences about it, and here we have a report on this same proposal. It is true, that there was a technicality: they sent the proposal back to COREPER whilst they waited for the House to give its final approval, but there is complete agreement, as has been said here, and has been confirmed by representatives of the Council, that all these decisions have been taken. So what we are doing now, Sir, I just do not know, because they have taken decisions unanimously; they are only waiting for us to rubber-stamp them and then that is it. So I really do believe, Sir, that the best course for this House to take — and I mean no disrespect to Mr Ney whatever because his is a very excellent report — is that this House, in view of what has happened, should adopt this report without debate and at the same time register our disapproval of these methods of going about things.

(Cries of 'Hear, hear')

**President.** — I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, I have no objections to Mr Scott-Hopkins' proposal, since he has promised to withdraw his amendments. However, amendments have also been tabled by Mr McDonald and Mr Krieg. If they too withdraw their amendments, we can proceed as Mr Scott-Hopkins has suggested. Unfortunately these two gentlemen, who were here only a minute ago, are not present at the moment, and we cannot therefore decide the matter. But perhaps it might be possible to discuss the matter with them and then follow Mr Scott-Hopkins' suggestion. It would be difficult for Parliament to adopt his suggestion in the present circumstances because we would be denying Members the right to vote on an amendment.

**President.** — Mr Scott-Hopkins' amendments are therefore withdrawn.

Since their authors are not present, the other amendments cannot be put to the vote unless other Members wish to move them on their behalf. Since this is not the case, they become void.

Does the rapporteur agree that the report should be considered without debate?

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**President**

**Mr Ney, rapporteur.** — (F) Yes, Mr President.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

I call Mr Scott-Hopkins for a procedural motion.

**Mr Scott-Hopkins.** — Will you therefore, Sir, ask the President for a letter to be sent to the President of the Council deploring the way this matter has been handled. I have been told by a representative of the Council what has happened and I fully understand but it is a very bad practice indeed. Will you see that is done, Sir, through the President?

**President.** — I shall of course note your statement, Mr Scott-Hopkins, and refer the matter to the Bureau.

#### 15. Regulation on the market in hops

**President.** — The next item is the report by Mr Früh (Doc. 420/76) on behalf of the Committee on Agriculture on the

amendments to the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops.

I call Mr Früh.

**Mr Früh, rapporteur.** — (D) Mr President, I will be as brief as possible, as you have requested.

We are dealing here with amendments to a proposal for a regulation amending the regulation on the common organization of the market in hops. We discussed this subject on 18 June, and then the matter went back to the Council and the Economic and Social Committee. Now the amendments have been submitted. The object is to reduce structural surpluses and strike a balance between supply and demand on the market.

We all know how difficult this is with agricultural products and realize that it is difficult to plan ahead when demand changes, when the area under cultivation is enlarged, when other brewing methods are used and when tastes change. To achieve this objective, it is proposed that there should be a ban on increase in areas under hops for at least two years — in other words there is a time limit — and that aid should there be granted for better varieties and the restructuring of hop gardens, but only if the area of these reconstructed gardens is reduced by 40 %. As far as I can remember, these two points did not give rise to any discussion in committee.

Then there was a third point, and this third point was somewhat critical, because the Commission suggests that where there is a threat of surpluses the Council may, acting on a proposal from the Commission, take any measures it likes. This is, of course, being very liberal, and consequently the Committee on Agriculture has recommended in point 2 of its motion for a resolution that the Commission be somewhat more specific. It requests the Commission to specify the measures which may be taken in the event of market disturbances.

To conclude, I have one request: during the last debate in June Parliament asked the Commission to make the provisions on the recognition of producer associations less inflexible. Unfortunately the Commission did not take up our proposal and the motion for a resolution therefore repeats the request for Article 5 (3) (e), which contains these provisions, to be deleted. Having said that, I would recommend the House to adopt the motion for a resolution.

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

**Mr Liogier.** — (F) Mr President, ladies and gentlemen, the current situation of the market in hops, both at world and Community level is characterized by a sharp imbalance between supply and demand. This is causing a sharp drop in prices and the accumulation of stocks. It is due to an excessive increase in the area under cultivation and to a decrease in the quantity of hops used in brewing.

As a result the current organization of the market in hops has, for some time, been posing serious problems for the Community. Today, we are examining a proposal for a regulation aimed at modifying the basic regulation on the common organization of the market in hops and which, it is hoped, will reduce structural surpluses in this market and establish a balance between supply and demand. Parliament has already considered measures to this end but they have clearly been insufficient. Last February, the Commission presented certain proposals and in June it was again necessary to take new measures aimed at stabilizing the market.

We expressed our approval for these measures as a whole which, far from restricting the freedom of hop producers would, on the contrary, encourage them to bring their crops more into line with demand and which, by providing a better market for harvests, should increase profits. The new Commission proposals we are now examining are aimed, primarily, at prohibiting the extension of the areas given over to hop growing. It is hoped that this temporary freeze of existing areas will promote better adaptation of production to the market. It should be pointed out in this context that the problems currently facing hop producers in certain regions of the Community are similar to those in certain wine-growing regions, such as my own.

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**Liogier**

We are therefore suggesting that the Commission should study the possibility of granting genuine aid for the voluntary and definitive grubbing-up of poor quality hop fields. In this context, we are happy to note that the Commission is retaining the aid for changing to different varieties and for reorganizing hop fields. We insist, however, that this aid should not lead to a new increase in production potential. The Commission, must, in particular, ensure that the conditions for granting these aids, namely the reduction by at least 40 % of the restructured surface, is respected without of course applying it too rigidly in certain cases. It should, none the less, be recognized that all these measures have a short-term character and that, as the Commission has moreover suggested, recourse to further instruments is possible in exceptional cases. Nonetheless, we feel that by using all the possibilities offered by the new text, we will achieve an improvement in the situation of hop producers.

Thus, while we accept the proposed measures which have been set out in Mr Früh's excellent report — for which we congratulate him — we urge Community authorities to ensure that all these measures, and especially the granting of aid, should be implemented in a perfectly democratic fashion. The proposed procedure should not be left entirely to the judgment of a single central administration located in Brussels. We believe that the most satisfactory way of taking account of the view of associations of producers who, in the circumstances, are the real centre of gravity, would be better devolution, especially within management committees.

**President.** — I call Mr Scott-Hopkins.

**Mr Scott-Hopkins.** — Very briefly Mr President, I would like to thank the Commission for the amendments they have made, particularly concerning the dominating position within the market. This is terribly important because I do believe the Commission do not want to break any existing systems, be they co-producers, cooperatives, producer groups or even marketing boards, and by changing the wording here they have, in point of fact, greatly aided the continuation of the system which exists in my country and which has been seen to be to the benefit of many of the growers of hops throughout the United Kingdom. Although we face changes and are prepared to accept these changes, this is going to make the transitional period so much easier and I am grateful to the Commission for seeing to this important point, although it is a small point in the whole context of the regulations. But it is going to make life much easier and I am grateful to them. I support the report.

**President.** — I call Mr Vouel.

**Mr Vouel, member of the Commission.** — (F) Mr President, I would like to begin by congratulating Mr Früh

on his excellent report and for his generally positive conclusions on the Commission's proposal. I also wish to thank Mr Scott-Hopkins and Mr Liogier for their interesting contributions to the debate.

Mr President, the amendment of the proposal for a regulation, amending Regulation EEC No 1696/71 on the common organization of the market in hops, was presented by the Commission to the Council following the Council resolution of 20 July 1976 and taking account of Parliament's decision of 18 June 1976.

Parliament's Committee on Agriculture delivered a favourable opinion on the Commission's proposal. At the same time, it requested the deletion of Article 5 (3) (e) which provided that, in order to leave a group, a planter must have been a member for at least three years and give at least two years' notice.

Moreover, Parliament's Committee on Agriculture requested the Commission to state what action it intended taking on Article 10 (b), i.e. actions needed to prevent market imbalance. I wish to state by way of reply that the Commission is retaining its proposal regarding Article 5 (3) (e). It feels that this point of the proposal is aimed at reconciling the legitimate rights of producers to terminate the contract binding them to groups and the special characteristics of this sector, for example the multinational nature of cultivation and contracts for sale; these factors favour a certain degree of group stability. The proposal therefore takes balanced account of both requirements.

On the other hand, the Commission agrees to spell out the form of various actions to be taken in case of market imbalance, namely actions regarding production potential, volume of supply and marketing conditions.

Finally, I urge you to deliver a favourable opinion on the Commission's proposal, which is both necessary — if the Council is to reach a decision at the beginning of the coming year — and very important for effective stabilization of the Community market in hops.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

#### 16. Regulations on the wine sector

**President.** — The next item is the rapport by Mr Liogier (Doc. 443/76) on behalf of the Committee on Agriculture on the

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

<sup>1</sup> OJ C 6 of 10. 1. 1977.

## President

- I. regulation amending Regulation (EEC) No 1162/76 on measures designed to adjust wine-growing potential to market requirements
- II. regulation amending Regulation (EEC) No 1163/76 on the granting of a conversion premium in the wine sector.

I call Mr Liogier.

**Mr Liogier, rapporteur.** — (F) Mr President, ladies and gentlemen, we have rather secondary, proposals for regulations concerning, first, measures designed to adjust wine-growing potential to market requirements and, secondly, the granting of a conversion premium in the wine sector.

Let us begin by looking at the adjustment measures contained in the proposal for a regulation amending Regulation (EEC) No 1162/76.

In order to re-establish — both in the short and the long term — balance in the wine-growing market, Regulation (EEC) No 1162/76 prohibited all new planting of wine varieties classified as wine grape varieties during the period from 1 December 1976 to 13 November 1978, that is to say wine varieties producing table wines.

At the same time, Article 3 (2) of the regulation exempted three important categories: new plantings intended for the production of quality wines PFR, new plantings carried out under development plans which meet the conditions laid down in Council Directive 72/159/EEC on the modernization of farms and new plantings carried out in Member States which produce less than 5 000 hl of wine annually, using grapes harvested on their territory.

This proposal seeks to add to this list new plantings carried out under official reparcelling measures. According to the Commission, this provision only affects the Federal Republic of Germany; the areas affected amount to less than 100 hectares with an annual production of not more than 10 000 hectolitres. The reparcelling measures taken in this country are intended to improve agricultural structures as such, but would also lead ultimately to an improvement in the quality of the wine produced.

Under these circumstances, I urge you to approve the Commission's proposal since the gap between production and consumption should be bridged by an effort to improve the quality of the wine offered to the consumer.

With regard to the second proposal for a regulation amending Regulation (EEC) 1163/76, I wish to point out that this regulation envisages granting a conversion premium for vineyards planted with wine grapes, table grapes, or wine stock varieties whose production it is particularly difficult to dispose of, and for areas of less than 20 ares.

This provision excludes most wines grown under glass. The proposal seeks to remedy this defect by

including wines grown under glass provided that the area in question is not less than 1.5 ares. The Commission has pointed out that 70 hectares in Belgium and 15 hectares in the Netherlands are affected by this measure. The corresponding production amounts to 17 000 hectolitres. The conversion premium is granted on condition that the relevant greenhouses are demolished. In fact, it would not be logical to grant a conversion premium to perpetuate non-profitable cultivation.

Furthermore, this proposal provides for the granting of a premium for the entire area under cultivation, provided that the varieties eligible for the abovementioned premium cover at least 70 % of the relevant area. This provision is particularly favourable to producers as they will receive what amounts to an extra premium. Furthermore, it will also lead to the rationalization of the market.

At the same time, the rapporteur regrets that in Article 1 (3) of its proposal for a regulation, the Commission has not provided for consultation of Parliament on the procedure for fixing the amount of the premium or the dates for lodging requests. He therefore asks the Commission to approve his request for the amendment of the paragraph in question. The Commission's proposal should be amended in such a way as to allow the European Parliament to be consulted. This consultation would enable the Committee on Agriculture and Parliament to be informed of the Commission's and the Council's intentions in this matter. Apart from this reservation, your rapporteur approves the Commission's proposal.

Your rapporteur therefore requests you, on behalf of the Committee on Agriculture, to approve the two proposals for regulations submitted to Parliament for consideration and to amend the Commission's proposal regarding Regulation (EEC) 1163/76 in the way referred to.

**President.** — I call Mr Vouel.

**Mr Vouel, member of the Commission.** — (F) Mr President, I wish to begin by thanking Mr Liogier for his excellent report.

I shall confine myself to defining the Commission's position on the amendment to Article 1 according to which Parliament should again be consulted after the Council. The Commission feels that, since the measures in question are reintroduced year after year and do not have any major political importance, such additional consultation of Parliament is unnecessary. It is, therefore, opposed to this amendment.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

<sup>1</sup> OJ C 6 of 10. 1. 1977.



### 17. Regulation on EAGGF aid for 1977

**President.** — The next item is the report by Mr Liogier (Doc. 417/76) on behalf of the Committee on Agriculture on the

proposal from the Commission of the European Communities to the Council for a regulation regarding the final date for submitting applications for aid from the European Agricultural Guidance and Guarantee Fund, Guidance Section for 1977.

I call Mr Liogier.

**Mr Liogier, rapporteur.** — (F) Mr President, the object of this proposal for a regulation is to defer to 15 December 1976 the deadline laid down in Article 20 (1), first subparagraph, first sentence of Regulation No 17/64/EEC for the submission of applications for grants from the EAGGF, Guidance Section for the year 1977.

I would like to remind you that, according to Article 20 (1), first subparagraph, of Regulation No 17/64/EEC 'Applications for grants from the fund shall be submitted to the Commission each year by 1 October' and 'the Commission shall take the basic decision by 31 December the following year'.

According to the Commission, this proposal for a regulation will help its departments to catch up on dealing with applications for grants from the fund. Your rapporteur welcomes the Commission's action in this area, since it accords with the recommendation made by the European Parliament last year. The Committee on Agriculture therefore welcomes the Commission's efforts to speed up consideration of applications and recognizes that part of the backlog, which amounted to 12 months in 1972, is being disposed of.

Thus, Regulation No 3309/75/EEC deferred to 30 April 1976, instead of to 31 December 1975, the deadline for notifying the Member State concerned and the beneficiaries of the Commission's decision on applications for grants from the fund for the year 1975, namely a delay of 4 months. It also deferred to 1 April 1976, instead of 1 October 1975, the deadline for the submission of applications for grants from the fund for the year 1976, namely a delay of six months.

The present proposal, by deferring to 15 December 1976, instead of 1 October 1976, the deadline for the submission of applications for grants from the fund for the year 1977, reduced the delay to two and a half months. It thus represents substantial progress in comparison with the provisions of Regulation No 3309/75/EEC.

The Committee on Agriculture, therefore, while it hopes that the practice of previous years of deferring the deadlines for the submission of applications for

grants from the fund and for notification of the Commission's decision will be discontinued at an early date, having regard to the harm suffered by the parties concerned as a result of the delay in granting the aid intended to promote the attainment of the objectives laid down in Article 11 of Regulation No 17/64/EEC, recommends the European Parliament to deliver a favourable opinion on the proposal for a regulation submitted to it.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

### 18. Regulation on inland waterways

**President.** — The next item is the joint debate on two reports drawn up on behalf of the Committee on Regional Policy, Regional Planning and Transport :

— report by Mr Albers (Doc. 382/76) on the proposal from the Commission of the European Communities to the Council for a regulation concluding the agreement establishing a European laying-up fund for inland waterway vessels and adopting the provisions for its implementation ;

— the report by Mr Albers (Doc. 381/76) on the proposal from the Commission of the European Communities to the Council for a regulation on a system of reference tariffs for the carriage of goods by inland waterway between Member States.

I call Mr Albers.

**Mr Albers, rapporteur.** — (NL) Mr President, taken in conjunction with the proposal on reference tariffs and the proposal concerning social legislation relating to inland waterway transport, the laying-up fund assumes considerable significance. Since 1970, negotiations have been under way between the European Community and the parties to the Mannheim agreement, the plan for voluntary laying-up fund having been elaborated earlier within the framework of the Central Committee for the Navigation of the Rhine.

Unfortunately, no progress has been made as regards capacity control or transport rates. As a measure against periodic over-capacity, voluntary laying-up would bring some order to a market which is subject to considerable fluctuations in transport demand. As part of the transport market as a whole, it is affected by trends in road and rail transport. Speaking as rapporteur I wish to congratulate the Commission on the results it has achieved.

It is the first time that an international organization empowered to levy charges is being set up for the

<sup>1</sup> OJ C 6 of 10. 1. 1977.

## Albers

inland waterway transport sector. It is regrettable that full agreement could not be reached and that Belgium and France have not subscribed to the agreement as far as their inland waterways are concerned. This gives rise to the problem of occasional operators who carry freight from time to time on the waterways which are subject to the levy. Their existence creates an element of uncertainty in the operation of the fund, and only practice will show what their real impact will be. It is to a certain extent understandable that small independent inland shipping organizations should object to the laying-up fund as it has finally been proposed. The European inland waterway carriers organization announced on 30 October that the large majority of independent inland waterway carriers object to the proposal, and one wonders whether their arguments are not to a certain extent justified and whether their attitude does not detract from the voluntary nature of the fund. Since the fund is to be administered by representatives of inland waterway carriers, this particular problem could give rise to difficulties right from the start; it remains to be seen what attitude will be adopted by the supervisory board, in which the Commission is to play an important part.

Is it true that the majority of the dissident inland waterway carriers account for only a fifth or even less of the total freight and that many of them are excluded from the regulation on account of the 400-tonne limit? What possible solutions does the Commission envisage to improve the unfavourable position of small independent operators *vis-à-vis* ship owners, to dispel the doubts as to the market stabilizing effect and advantages of a laying-up regulation as regards equitable distribution of freight and the fact that the laying-up regulation is not suited to the structure of independent inland waterway transport?

Mr President, I hope that these questions do not create the impression that these doubts are so great as to justify postponement or shelving of the regulation. The contrary is in fact the case. The Committee on Regional Policy, Regional Planning and Transport is unanimous in its conviction that the laying-up fund is an effective means of countering periodic over-capacity in the inland waterway sector. I am pleased this conviction is shared by the Economic and Social Committee of the European Community, which has urged rapid implementation of the regulation. It is obvious that the undertakings which account for the greater part of inland waterway transport are in favour of the proposed regulation. The reaction of employees, as expressed by their trade unions, has also been favourable. The shipping organizations, however, are less satisfied with the proposed system, particularly as regards Article 6, which deals with private transport, and Article 28, which concerns the board of management, and in which they are not mentioned at all. It is perfectly understandable that the shipping organizations should wish to have a say in the implementation of such a regulation, and I am sure something could

be done to remedy this situation. Mr President, at a well-attended meeting of waterway carriers in Rotterdam at the beginning of December, the principle of 'independence equals satisfaction' was enunciated. In my view, independence in the present circumstances by no means guarantees satisfaction; conditions in this sector necessitate not only measures to counter temporary imbalances, but a structural approach to transport as a whole. This will be one of the Commission's most important tasks. The attention of UNCTAD's shipping committee was attracted by the fact that while sea-going vessels in African ports were being subjected to considerable unloading delays because of storage and transport difficulties, many vessels in West European waterways were waiting in vain for freight offers. In a letter dated 16 August 1976, the committee asked director Ventrala whether within the EEC it was intended to permanently withdraw inland waterway vessels and whether these vessels could not be used outside the EEC. This is a perfectly reasonable question, Mr President, and one which it will be difficult to answer; it will certainly require thorough investigation. Talking of structural problems, it should not be overlooked that the Commission has also submitted a proposal for a regulation on the introduction of social legislation in the inland waterway sector, which to a certain degree runs parallel to the legislation envisaged for road transport. Introduction of this social legislation is bound to have considerable impact on trade in this sector. All the more reason to implement structural measures alongside the conjunctural ones.

I should now like to make a few remarks and ask a few questions. The laying-up fund is for the time being based on a system of temporary laying-up. It is on this basis that the contributions to be paid have been calculated. The 10% quoted is of course arbitrary, and could be either higher or lower. Does the Commission see any possibility of elaborating a system to define the appropriate degree of laying-up? Particular account must be taken in this connection of the fact that insufficient laying-up would in practice have the unfortunate effect of increasing the productivity of those vessels remaining in service, which will in turn attract the occasional operators to carry the additional freight. Inland waterway carriers are also concerned at the suggestion that vessels should be laid up in remote areas, which would affect their social lives. Here too I feel that reassurances should be given. A further point is the question of whether it is fair and whether sufficient thought has been given to the proposal that sea-going vessels using inland waterways should be totally exempt from the regulation? Small inshore vessels travel quite a long way inland, performing the same function as inland waterway carriers.

In conclusion, Mr President, I am pleased to confirm that the Committee on Regional Policy, Regional Planning and Transport supports the Commission's proposal, as the resolution clearly indicates.

## Albers

With regard to the reference tariffs, they are obviously related to the proposal for a regulation introducing a system of reference tariffs for road transport between Member States, on which Mr Schwabe has reported, the regulation on transport rates for the international carriage of goods by rail, on which Mr Mursch reported, and the regulation on a system for monitoring the markets in goods transport by rail, road and inland waterway between Member States, on which Mr Mitterdorfer reported. The Schwabe report was considered by Parliament on 15 October, the Mursch and Mitterdorfer reports on 18 November. All three were unanimously approved by Parliament. Members have in the meantime had the opportunity of considering the opinion expressed by the Economic and Social Committee on the proposals on 29 and 30 September. The committee rejected these proposals by 70 votes to 28, with 1 abstention. On 4 November, before the Mitterdorfer report was considered by Parliament, the Council of Ministers discussed the monitoring of transport markets on the basis of an interim report by the Committee of Permanent Representatives. According to the press release issued after the Council meeting, the Council requested the Commission to study, in collaboration with the experts of the Member States, certain problems in connection with the statistics required to implement the system of market monitoring, and to report to it as soon as possible. At its meeting of 4 November the Council also exchanged views on reference tariffs for the carriage of goods by road between Member States. The Council decided on this occasion to maintain unchanged for 1977 the existing regulation on compulsory bracket tariffs so as to give itself sufficient time to study thoroughly the consequences and method of implementation of the system. The Council instructed the Committee of Permanent Representatives to examine the Commission's original proposal, taking account of the problem of capacity control in the goods transport sector. This information was also gleaned from the press release issued by the Council after its meeting.

Parliament will no doubt understand and approve my desire, as rapporteur on the proposal for a regulation on a system of reference tariffs for the carriage of goods by inland waterway between Member States, to briefly recall the facts, since many factors, were not known or did not exist when the motion for a resolution was being dealt with by the Committee on Regional Policy, Regional Planning and Transport at its meeting of 20 October.

I should first like to comment on the procedure observed. Article 74 of the Treaty of Rome reads as follows :

The objectives of this Treaty shall, in matters governed by this Title, be pursued by Member States within the framework of a common transport policy.

Article 75 states that

for the purpose of implementing Article 74, and taking into account the distinctive features of transport, the Council shall, acting unanimously until the end of the second stage and by a qualified majority thereafter, lay down, on a proposal from the Commission and after consulting the Economic and Social Committee and the Assembly :

- (a) common rules applicable to international transport to or from the territory of a Member State or passing across the territory of one or more Member States,
- (b) the conditions under which non-resident carriers may operate transport services within a Member State, and
- (c) any other appropriate provisions.

The Council shall act, on a proposal from the Commission and after consulting the Economic and Social Committee and the Assembly. The way in which the present proposals were dealt with clearly indicates that the opinion of the Economic and Social Committee is essential to public discussion in Parliament. If we are dealing with economically and socially important proposals, political deliberations can be useful only if the result of consultation of the sectors involved is known and the opinion delivered can be discussed in the course of these deliberations. Chapter V of the Tindemans report, which deals with the strengthening of the institutions, states that

we must henceforth be able to find in the European institutions the authority needed to define a policy, the efficiency needed for common action and the legitimacy needed for democratic control.

The report calls on the institutions to

have that coherence of vision and of action which alone will allow them to define and then pursue a policy.

To achieve this objective the procedure should be altered so that the Council submits to Parliament for its opinion the proposals put forward by the Commission together with the opinion of the Economic and Social Committee. I consider these remarks justified in the light of what has happened so far with proposals relating to the common transport policy and I hope that I shall not be told in reply that such a procedure is difficult to apply because too little time is available. The sixty and more proposals in this field awaiting consideration and decision by the Council are proof of the contrary.

With regard to the proposal itself, I would not say that the temporary suspension of reference tariffs for road transport should also be made to apply to inland waterway transport. There are no bracket tariffs for the international transport of goods by inland waterway. In its opinion, the Economic and Social Committee points out that 80 to 90 % of international goods transport on the Rhine consists of bulk cargo, a considerable proportion of which is subject to long-term contracts containing price review clauses. For transport between Belgium and France, the national authorities have laid down compulsory minimum prices. Although this is contrary to the Commission's

**Albers**

free market principles and could possibly impair the functioning of the reference tariff system, the introduction of such a system could, thanks to the foregoing consultation between the professional organizations of inland shipping undertakings and after consultation of agents' and employees' organizations, have a beneficial effect on price formation. In the interests of rationalization in this sector, price formation must be based on the market situation and actual costs, structures and certain conditions, provided at the same time the necessary measures are taken to reduce chronic overcapacity. The Commission considers the setting up of a European laying-up fund as a first step towards solving the problem of overcapacity. As in the case of reference tariffs for road transport, your committee agrees that prices should be allowed to establish themselves freely. However, uncertain economic trends and structural problems in this sector moved the committee to propose a modification to the regulation, namely to make provision for official price fixing in the event of a crisis or serious disturbance of the inland waterway transport market.

A second amendment calls for consultation not only of representative organizations, but also of all relevant organizations of shippers, agents and transport workers.

A third important amendment concerns arbitration. The committee feels that disputes should be dealt with by the Commission without any intervention by the Council. The Treaty stipulates that in subsequent stages the Council must decide by a qualified majority. Practice, however, has shown this to be unsatisfactory, all the more so since it would be easy to invoke paragraph 3 of Article 75 concerning adverse effects on the standard of living and on employment and on the operation of transport facilities, and consequently demand a unanimous decision.

Finally, I would point out that in spite of our disappointment at the Council's decisions of 4 November, we did welcome the progress which has been made with regard to maritime transport. There is clearly a connection between maritime and inland waterway transport and there are cases where maritime transport fulfils the function of inland waterway transport. This should not be disregarded when Community regulations are being drawn up. Hence our satisfaction at the proposal to extend the field to include maritime transport. Subject to the modifications mentioned earlier, the Committee on Regional Policy, Regional Planning and Transport is happy to endorse the Commission's proposal.

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

**Mr Mursch.** — (D) Mr President, my group feels that the establishment of the laying-up fund is necessary

because the lack of balance between supply and demand will eventually lead to a collapse in freight rates and ruinous competition and endanger the social security of workers. The planned arrangement for the temporary laying-up of inland waterway vessels is therefore to be welcomed for capacity reasons. It forms part of the common transport policy which we want to see introduced.

However, we also share the view of the Committee on Regional Policy, Regional Planning and Transport that this arrangement is not enough by itself. The Commission should waste no time in working out suitable measures for combating the structural overcapacity and we feel that it should again introduce the scrapping arrangement. We will therefore be voting in favour.

Mr President, that is what I have to say on the first report. I will be as brief on the second. My group also approves this report since the motion for a resolution and the report itself fit in with the proposals on liberalization in the other two inland transport sectors, i.e. road and rail transport. But here again safeguards must be created against crisis situations, safeguards against unfair competition and cut-throat competition. We are therefore sorry that at its meeting of 4 November 1976 the Council decided to extend the capacity arrangement the bracket tariff system, until the end of 1977, allegedly so that it could wait and see what effects the reference tariff system had. I feel that the liberalization idea is really far from new and it would have been enough to wait and see what Parliament's opinion was and then extend the system by only a few months.

I would stress, Mr President, that I welcome the committee's statement that inland transport in the countries of the European Community is to be made subject to Community rules and regulations as soon as possible in order to prevent a clash between national and international price systems.

**President.** — I call Mr Vouel.

**Mr Vouel, Member of the Commission.** — (F) Mr President, I should like to follow Mr Albers' example by dealing in order with the two problems before us, the European laying-up fund for inland waterway vessels and then the report on reference tariffs for the carriage of goods by inland waterway. I will not take a position on the procedural questions raised, I shall stick to the subject.

I sincerely thank the rapporteur and the Committee on Regional Policy, Regional Planning and Transport for the favourable opinion they have delivered on the proposal from the Commission concluding the agreement establishing a European laying-up fund for inland waterway vessels and adopting the provisions for its implementation in the Community.

## Vouel

As Mr Albers states in his excellent report, the aim of the laying-up agreement is to solve the problem of the periodic surplus of shipping capacity in the main waterways of the Community and Switzerland.

As you know, inland waterway vessels depend on the water level and must have a certain reserve capacity to meet transport requirements and avoid the use of alternative forms of transport at low water. At normal times, it should be possible to withdraw this capacity from the market so that, in order to find freight, waterway transport undertakings do not have to engage in excessive competition likely to cause a slump in transport prices.

The agreement now being concluded is not, however — and I would stress this — to be regarded as a means of solving all the difficulties faced by inland waterway carriers in Europe today. It is one of a series of coordinated measures under the common transport policy that are designed to improve the situation.

It will therefore have to be supplemented by other measures to remedy the structural imbalance in inland waterway navigation. The broad lines for this action were laid down in the proposal for a Commission regulation in 1967, on which your Assembly delivered a favourable opinion and which, after priority has been given to implementing measures for the temporary laying-up of ships, should now be reconsidered in order to implement the other methods for regulating capacity. The Commission will take every opportunity to supplement the existing measures and give satisfaction to inland waterway transport operators and the economy in general.

Having said that I should like to reply rapidly to some questions put by Mr Albers and Mr Mursch.

In reply to question (a) by Mr Albers, the purpose of laying-up is, in the event of temporary over-capacity, to withdraw the reserve capacity from the market, in other words the supplementary tonnage used in abnormal situations to enable inland waterway carriers to satisfy the needs of the laders. Reserve capacity is traditionally provided by specific bargemen. Laying up therefore enables them to overcome difficult periods by guaranteeing them the revenue from subscriptions paid by everyone, including the shipowners, in the event of periodic unemployment. Since the shipowners pay, they hardly ever lay up their vessels and the goods they have undertaken to transport have therefore to be transported under long-term contracts. If anyone benefits, it is the small inland waterway carrier.

Question (b) by Mr Albers: by ensuring that temporary over-capacity is withdrawn from the market, the system establishes a balance between supply and demand. It also prevents a slump in transport prices and keeps them at a reasonable level. Not only is the market stabilized but undertakings are able

to modernize their equipment and adapt it to lading requirements.

Question (e): the rota system in no way regulates capacity. It merely protects undertakings and enables them to keep on the market obsolete equipment unsuited to the requirements of the customer, who is thus deprived of his legitimate right to choose a carrier. The rota system discourages modernization of the equipment and the management of the undertakings. It discourages any incentive for commercial management as practised by small and medium-sized undertakings in other sectors of the economy.

If the public authorities force laders to use the rota system, other forms of transport could be used instead and industries could be prompted to develop their fleet on their own behalf.

Finally, the rota system in no way does away with the sometimes very long waiting time for chartering boats during which boats lie idle.

Question (d): as I said in my reply to Question (e), laying-up takes account of the structure of the undertaking and of the use of a small craft reserve capacity. The abolition of obsolete tonnage is one of the breaking-up measures.

The Commission also proposes further measures to encourage the creation of technically and economically viable undertakings. In other words, laying-up is one but not the only remedy.

Another question raised by Mr Albers is whether boats broken up in some Member States could not be made available to developing countries.

I am sorry to say that the Commission has to give a definite no to this and that it will have to reject the relevant proposed amendment. It is technically impossible since the equipment destined for breaking-up is on the whole obsolete and practically unusable. Moreover, the cost involved would be out of proportion to the result aimed at.

In reply to the next question, the system is so flexible that account can be taken from one day to the next of the market reaction to laying-up. It will be possible to take steps to encourage or discourage laying-up when there are indications that an imbalance is arising. There would be no danger of withdrawing too little or too much tonnage.

In reply to another question, sea-going vessels have been excluded from the regulation since their impact is very small. The goods carried by these vessels on inland waterways represent only about 1% of the total.

Mr Albers also pointed out that some carriers were opposed to the Commission's proposal. The Commission is already taking steps to persuade them and to clear up misunderstandings.

On the subject of reference tariffs for the carriage of goods by inland waterway, Mr Albers' report, following

**Vouel**

the reports by Mr Schwabe and Mr Mursch, is the final stage in consultation of the European Parliament on the political aspects of the price of the future organization of the market in the international transport of goods as conceived by the Commission.

I would thank the rapporteur of your Committee on Regional Policy, Regional Planning and Transport and the European Parliament for the very constructive work they have done and the support they have given the Commission in seeking an adequate solution to the problems involved.

The Commission intends to adopt the amendments proposed by Mr Albers and will make relevant proposals to the Council. The Commission cannot, however, go along with the suggestion in Mr Albers' report that in the event of a serious disturbance of the market in the carriage of goods or of unfair competition, intervention should be the subject of *ad hoc* provisions to be included in the regulation in question and should be confined to transport prices. The Commission remains of the opinion that in such situations steps should be taken that are suited to each specific case and not necessarily limited to price intervention. These measures will be the subject of separate regulations which are currently being drawn up and which will be submitted to your Assembly.

**President.** — I call Mr Albers.

**Mr Albers, rapporteur.** — (NL) Mr President I would like to thank Mr Vouel for his detailed reply. It is of course most regrettable that for a subject of this kind affecting so many thousands of small entrepreneurs we have so little time available. It has been the subject of great interest. Meetings have been held and there has been much unrest in the sector of industry concerned, and therefore I believed it was important to give Mr Vouel the opportunity to answer my questions and discuss the matter in somewhat greater depth in order to dissipate some of the unrest which has arisen.

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

We shall now consider the resolution contained in the report by Mr Albers on the establishment of a European laying-up fund for inland waterways (Doc. 382/76).

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

After paragraph 2 I have Amendment No 1 tabled by Mr van der Hek and Mr Broeks. aimed at inserting the following paragraph :

- 2a requests the Commission to explore the possibilities of exporting surplus barges to the developing countries where there use for transshipment and storage would help to alleviate port congestion.

I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President it is unfortunately necessary to lay up ships : it is always a sad affair since the ships concerned have had a useful function which has now unfortunately come to an end, but these ships could perhaps still be of great service in other parts of the world.

As we are aware of the congestion in the ports of a number of third countries we ask the Commission to look into whether it would be possible to use the ships which are laid up either for transshipment or for storage in ports where there is such congestion. You will perhaps ask how these ships are to get to these ports but it is in fact possible to carry such inland waterway vessels on larger freighters. It is to be hoped that the Commission will find some solution after studying the question, since as you know the congestion in a number of ports in the Third World is so great that ships often have to wait for weeks before they can be unloaded.

**President.** — What is the rapporteur's position ?

**Mr Albers, rapporteur.** — (NL) Mr President the link between this amendment and the arrangements which we have just discussed is in fact somewhat greater than the author of the amendment has just explained. Ships laid up under the proposed arrangements are to be laid up provisionally to remedy temporary imbalances in this sector. I believe that we should see this proposed amendment to the motion for resolution more in connection with the structural measures required in this sector. Recent figures show that especially in Germany, but also in the Netherlands, a large number of ships representing substantial tonnage have been removed from the fleets definitively under the breaking-up arrangements and I believe that the request from UNCTAD is directed at these vessels.

What surprises me is that Mr Vouel in his reply said that this is impossible since the letter written by the UNCTAD commission, and which after all concerns a very important matter, has never been replied to. For that reason I am in agreement with this amendment since it expressly calls for an investigation and also for a report on that investigation and, naturally, a reply to the letter written to the Transport Directorate.

**President.** — I call Mr Vouel.

**Mr Vouel, member of the Commission.** — (F) The Commission has stated its views on this point several times and has done so again recently. I will therefore not repeat them.

I would merely add that the Commission will soon reply to the UNCTAD letter just mentioned.

**President.** — I put Amendment No 1 to the vote. Amendment No 1 is adopted.

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

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

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the report by Mr Albers on reference tariffs for the carriage of goods by inland waterways. (Doc. 381/76).

The resolution is adopted.<sup>1</sup>

#### 19. Regulation on social legislation relating to road transport

**President.** — The next item is the report by Mr Seefeld (Doc. 396/76) on behalf of the Committee on Regional Policy, Regional Planning and Transport on the

proposal from the Commission of the European Communities to the Council for a regulation on the harmonization of certain social legislation relating to road transport.

I call Mr Seefeld.

**Mr Seefeld, rapporteur.** — (D) Mr President, ladies and gentlemen, this is a very important report. It concerns people who are on the road every day, who do a difficult and responsible job, who bear considerable responsibility towards other people on the road and towards the very valuable goods which they are transporting. As a result very careful thought has been given to the subject for many years. It can be seen from this what demands are made of those concerned, and thought has also been given to ways of protecting these workers.

Since 1969 there has been a social regulation, which had to pass through a number of stages, during which difficulties arose. The first social regulation was not applied everywhere and its application was not supervised everywhere. Infringements against the provisions were not punished in the same way everywhere. In short, it soon became clear that the regulation would have to be improved. In 1972 and 1973 we had in this House further major debates on the social regulations, and the amended regulations were adopted — as was the initial regulation — by a large majority of the House, but the second came to a halt at the Council.

Mr President, ladies and gentlemen, three new countries have joined the Community since 1969 — the year the present regulation came into force — and when they acceded, dates were fixed from which the old regulation was to be applied in the new Member States.

Three things are important here: firstly, the improvement of the social provisions; secondly, safety in road transport; and thirdly, harmonization of conditions of competition. If this House does not adopt the new regulation now before it and if the Council does not adopt the new regulation proposed by the Commission, something will happen against which I should like to warn everyone here present. The old regulations, of which we do not approve, which are very much out of date, which we know must be amended because they no longer meet current requirements, these old regulations would come into force in the new Member States next year. That, ladies and gentlemen, cannot be in anyone's interest.

The United Kingdom and Ireland were granted an extension until 1 March 1977 by a decision of the Commission. This time limit can be put back again by the Commission until 31 December 1977, and a further extension can only be granted by a unanimous decision of the Council.

Mr President, I should just like to say a few more words on the work of our House. The Committee on Regional Policy and Transport, as it then was, held a hearing of all those concerned several years ago. It has put considerable effort into the discussions since then. It adopted the report I am now presenting unanimously with one abstention. The Committee on Social Affairs, Employment and Education has said that the Commission's proposal will make matters simpler for the social partners and transport users and fully supports this regulation.

All that remains for me to do is to appeal once again to you, ladies and gentlemen, to agree that we cannot go on with the old regulation and that only if we decide here and the Council decides on the basis of our decision, can we create better conditions. The Commission admits that these conditions will not be ideal, either. On this I agree with everyone else who has had to do with the subject, but the regulation that has now been proposed takes account of what has been learned from the past and in particular of what our new colleagues here expect of us.

There are a number of amendments which we will no doubt be coming to. I believe that particularly if Amendment No 4 is adopted, the British and Irish Members will be able to vote in favour of the motion for a resolution and my report. Mr President, I could say more but in the interests of the work to be done by this House, I will not.

**President.** — I call Mr Meintz to present the opinion of the Committee on Social Affairs, Employment and Education.

**Mr Meintz, draftsman of opinion.** — (F) Mr President, I too shall be very brief, although the opinion of the Committee on Social Affairs, Employment and

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**Meintz**

Education has had a long and difficult passage before reaching the Assembly of the European Parliament.

As you know, the purpose of the Commission's new proposals is to iron out the difficulties created for the transport industry in the various Member States by the original regulation. And although we remained firm about the need to include more favourable social provisions for crews, we also took account of the desire for a more flexible system and introduced the concept of 'spreadover', the period falling between the start and the end of work, which should not exceed 12 hours a day.

Moreover, the controversial 450 km rule does not now apply to vehicles fitted with control equipment.

Finally, a large number of exceptions have been provided for certain categories of national transport to make the application of the regulation as flexible as possible.

Our committee welcomes the principle of flexibility; most of the members agreed that the new provisions were remarkably clear and simple, but we doubt whether the more favourable social measures proposed will be satisfactory in the long term when compared with the situation in other branches. Because of the attitude of both sides of industry, we sought a compromise, which unfortunately we were unable to arrive at, although our opinion was referred back on several occasions.

As we said, our committee feels that the proposal improves the social provisions, and if we look realistically at the present situation we must admit that it is hardly possible to do more for the time being.

However, steps must be taken to ensure that in the near future the maximum working week will take greater account of the principle of a forty-hour week. The present provisions, which provide for sixty or sixty-five hours do not do so.

The number of derogations was the most thorny problem for our committee. From a social point of view, it is difficult for us to admit that the crews of certain categories of transport have more favourable conditions, even though we realize that in practice exceptions are inevitable. They should, however, be limited to what is absolutely essential, not only for social reasons but also out of road safety considerations. There is a need for the provisions applicable to crews in passenger transport and goods transport to be harmonized. But for reasons that our committee does not understand, it is possible in certain cases to make the crews in passenger transport work longer than crews in goods transport, without making provision for longer rest periods.

If the Committee on Social Affairs, Employment and Education agrees with the Commission's proposal it is mainly because of the current political difficulties and for the reasons just enumerated by Mr Seefeld, but it

stresses that the social provisions should not remain as they are in the proposal under consideration and that the Commission should enter into new negotiations and try to justify its future decisions by taking greater account of social and road safety requirements of our time.

I would add, Mr President, that the Liberal and Democratic Group agrees with the opinions just expressed by Mr Seefeld and that my Group congratulates him for the work he has done on this report.

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

**Mr Albers.** — *(NL)* Mr President, although it is generally known that drivers often spend long periods in their cabins, we only have a very short period to discuss their problems and the rate of speaking has accelerated to such an extent that it is endangering communications between our members of Parliament and the interpreters.

*(Laughter)*

In looking at this amendment the Socialist Group has considered once again the 1973 report concerning the application of Regulation No 543/69. That report clearly shows that the application of the regulation in force then had created difficulties. For this reason the Socialist Group welcomes the improvements proposed by the Commission. The report also indicates — and I would like to draw your attention to this again in particular since it is somewhat strange — that the United Kingdom sets great store by Regulation No 543/69 and even urges the harmonization of supervisory and penal measures and optimal application of the regulation. The reason I say this is that our deliberations on this amendment have shown that the representatives of the United Kingdom object to the regulation and this is difficult to square with the attitude of the United Kingdom in the 1973 report. Generally speaking, we welcome the fact that these amendments will make way for more flexible policy. It seems to us that this is a necessity for road transport since we are after all confronted here with changing situations and with the transport of products in respect of which it may be necessary to allow derogations and exemptions. If we come down in favour of such policy, we must be very careful that everything is strictly controlled by the Commission and that in fact supervision and penalties for contraventions should be harmonized as far as possible. Of course we are not at this point yet but this should be our objective for the coming years.

We in our Group otherwise sympathize with the fact that there are certain difficulties at present in the United Kingdom and Ireland and strict application of the obligation to install monitoring apparatus, etc., could indeed create further difficulties. For this reason we would look favourably on a certain transitional



## Albers

period for the United Kingdom and Ireland albeit expressly for national transport. As soon as those countries take part in international transport they should naturally subject themselves to the provisions of the regulation in order to obviate unfair competition.

Finally I would like to take this opportunity of expressing our appreciation of the work of the Rapporteur, our fellow-socialist Mr Seefeld, since the amendments which he proposes show that he has maintained close contact with people in the sector, both employers and employees, in order to find out what improvements should be made.

Despite these developments we still believe strongly — and here I agree with Mr Meintz — that generally speaking the working hours of drivers should be reduced and that it should be our endeavour to make their working hours more normal. Demonstrations are again taking place now in my country in which it is being stated that if working hours were to be made normal, thousands of jobs would be created for drivers to do the extra work. So we greet this improved regulation — but there still remains much to be done here in the years to come.

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

**Mr Mursch.** — *(D)* Mr President, I feel I shall be helping to save time if in addition to the general remarks I have to make on the Seefeld report, I give my opinion on the four amendments, so that we, that is to say my group, do not need to speak four times later. I trust, Mr President, you will grant me one or two more minutes of speaking time. The total, I assure you, will be smaller.

The Christian-Democratic Group of the European Parliament welcomes the motion for a resolution and the report drawn up by Mr Seefeld. Those who like myself have witnessed the evolution of this report in the last four years, know what a long and wearisome task this has been and also that if not everyone agrees with a report and with the outcome of a discussion, this is typical of a balanced compromise.

We welcome the report and the motion for a resolution because the Commission's new proposal is clearer and more readily understandable, because the new regulation will help to achieve the objectives of approximation of conditions of competition, improvement of the social position of people engaged in transport and improvement of safety in road transport.

My group also welcomes the proposed amendments which go beyond what the previous three regulations have to say, namely the virtual abolition of the 450-kilometre rule, when a control device is fitted — everyone will do this so that the rule is abolished. We also welcome the fact that bonuses are not to be

permitted, since they are likely to result in infringements of traffic regulations and speeds higher than the limit. We also welcome the fact that exceptions are to be kept to a minimum.

But my group would like to see, as the report states, progress made towards the social harmonization on the railways and inland waterways. Mr President, the regulation will serve no purpose at all unless it is ensured that it is applied uniformly as Mr Seefeld said very impressively just now.

This has unfortunately not been the case so far. What is the point, I ask myself, of more laws if they are confronted by a reduction in enforcement ...

**Mr Seefeld.** — *(D)* Hear, hear!

**Mr Mursch.** — *(D)* ... This at any rate does not solve the problem of distortions of competition, and I also feel that it is an intolerable situation for the regulation to be applied to varying extents in five Member States or that there should even be infringements against it in some cases.

The Commission has so far refrained from taking legal steps against these countries at the European Court of Justice because it hopes that the new and improved regulation will be adopted by the Council very soon. I hope so, too, particularly with regard to the situation, Mr Osborn, in the United Kingdom and Ireland, as I shall explain later.

But then, Mr President, and I must emphasize this, the Commission must find ways and means of ensuring that the countries of the Community respect the law. Parliamentary majorities may change anywhere; respect for the law is required everywhere for longer periods. I also feel that respect for the law is the first condition for the functioning of the European Community.

I should now like to turn to the amendments. Mr Osborn, I quite sympathize with the special situation in the United Kingdom and Ireland, and I did say just now that none of us is particularly happy with the new regulation, but I did add that this is typical of a balanced compromise. If we were to accept the proposal made by Mr Osborn, whom I hold in high esteem, it would mean to all intents and purposes rejecting Mr Seefeld's motion for a resolution and having the Commission submit new proposals. But what would this produce, and I here refer to what Mr Seefeld has just said? The result would be that the basic regulation, No 543/69, and the two amending regulations from the year 1972 would continue to apply. Another consequence would be that the transitional periods for the new Member States would expire on 28 February 1977, and I feel, Mr Osborn, that none of us want this. The new regulation is after all — and this cannot be denied — an improvement on what we have at present.

## Mursch

The adoption of Mr Osborn's amendment simply cannot be the most suitable way of eliminating the difficulties in the new Member States, of helping the new Member States, which is what we, of course, want. The only way out I see is firstly, to adopt the Seefeld motion for a resolution and report and secondly, to adopt Amendment No 4 tabled by Mr Seefeld, Mr Evans and Mr Albers, which provides for a further transitional period of one to three years for the United Kingdom and Ireland, and I should like to add, Mr Seefeld, that I would consider it better if you inserted in your amendment after 'one to three years' the phrase 'to their national transport sectors'. I am sure that this is what is meant, but it would be clearer because there cannot, of course, be any transitional periods in transfrontier transport. And — I should like to stress this and it is an offer to you, Mr Osborn — I feel that during this prolonged transitional period the Commission should make a serious examination of how — not whether, but how — the difficulties in the United Kingdom and Ireland can be overcome. The result of this examination should be submitted to the Council and Parliament in the form of a supplementary regulation. We will not be under such pressure as now when we can do nothing but decide. We will have the opportunity of examining such possibilities in some depth.

It is frequently said in such difficult situations and with regard to such problems that change is the only constant. I would not accept this, but say that further development and additions are here the only constant.

But to conclude, Mr President, I should like to say one thing in all seriousness, and this also applies to Mr Herbert's amendment. We must not under any circumstances make a distinction between national and international transport where this regulation on harmonization is concerned. If we do, new distortions of competition will arise. What we want, is a common transport market for the whole Community. Without a market of this kind, Mr President, economic and monetary union in Europe is absolutely impossible, and we must remember that whenever we take a decision.

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

**Mr Osborn.** — Mr President, firstly I regret that this debate is being rushed at the tail-end of a Friday but secondly, after persuasive speeches by Mr Mursch and Mr Seefeld, I would like to assure Mr Seefeld that our amendment to his report is in no way intended to cast doubt on the value of the excellent work he has put into this report and done before that. We are not able to support him but I have no doubt when agreement is finally reached by the new Commission at some future date it may well be along the lines he started. But the speeches we have had today give the impres-

sion that all is well with employers and trade unions throughout the Community. And since the report in committee I have had discussions with participants which bear no relationship — and I have discussed this widely — with the contentment that has been put forward to this Parliament today. I think the Commission must have known that they were embarking on proposals that would be extremely controversial. The Commission must have known the cost of proposals as the cost of fuel goes up. It will be heavy. And they must have known that the harmonization of social provisions in the road transport sector would necessarily involve measures such as the installation of tachographs likely to arouse intense opposition in some trade unions in some countries. The Commission should have taken steps amongst transport operators and the public at large to show they are appreciative of the need for measures such as these and therefore to make the public at large more ready to accept them. I don't think it has taken adequate steps and they have been criticized. Whereas the German trade unions accept the tachograph Jack Jones does not. My own attitude — and there is an amendment that deals with this — is that if you accept technological controls in industry — which I have — ultimately we must accept the tachograph as such, but the mood in many countries is not ripe for it. One important argument in favour of the reduction of hours is the question of safety. In reply to a written question the Commission did indicate that most accidents involving heavy vehicles were after the seventh hour of driving, but what publicity has been given about this to the participants to bring this point over? Therefore I come back to the role of this Parliament.

We have to reflect on the solution brought in by the Commission. But one of the difficulties in detailed technical subjects as this is that trade union groups, the industrial groups, trade associations, road hauliers and others make their representations to the Commission and the Economic and Social Committee.

I have had with the chairman of that committee. As we well know, they were unable, with all the countries of the Nine represented and the various cross-sections, to reach agreement. Therefore, for Parliament to be so complacent as we have been this morning would in my view be wrong. The problem is that this Parliament is not appreciated by the industrial service participants who go chiefly to the Commission and ECOSOC. Therefore, perhaps this fact that was not raised by me in committee demonstrates this.

The report was out early this year. Mr Seefeld has been working on it for some considerable time. Yet, until after the committee, I was unaware of the unease, initially triggered off admittedly by the British association, but confirmed by trade unions and other bodies.

Osborn

Therefore, I see we have no alternative but to reject Mr Seefeld's report and to reject in fact the work of the Commission. I have spoken to the Commission. They have explained to me how it is the best compromise and explained the need for speed and urgency, for reasons put forward by Mr Seefeld. With that in mind, Mr Mursch put forward good proposals to us. He asked what was the point of making more laws, and I agree with him. But I can also assure him that bad laws are abused. If we are promoting a bad law we must think again.

I therefore believe that the Commission, in regard to this proposal which goes back to the 1969 proposal — the operation of tachographs is an entirely different matter — should look at it again now, although of course time is running out and I am well aware of the point put forward by Mr Mursch and Mr Seefeld.

It is unfortunate that the Committee on Regional Policy, Regional Planning and Transport did not have a hearing such as we had two years ago, to outline this. My group would support Mr Seefeld's amendment. In fact, we would go along with the views expressed by Mr Herbert. The alternative that Mr Mursch proposes could be a way out, but we feel uninclined to accept it. But I hope Parliament will understand that we will vote for the Conservative amendment. We will reserve our judgment on the report until the vote on the other matters.

**President.** — I call Mr Evans.

**Mr Evans, chairman of the Committee on Regional Policy, Regional Planning and Transport.** — I would first of all like to congratulate Mr Seefeld on his excellent report. I think it is true to say that most people in the House recognize the sterling work that Mr Seefeld has done over the years in this tremendously complex field of transport. He is generally recognized as an expert in this field and he certainly works tremendously hard on behalf of Parliament in the committee.

I would also like to commend the amendment that is standing in the name of Mr Seefeld, myself and Mr Albers on behalf of the Socialist Group to the whole House and in fact I would urge the British Conservative Group to reconsider their position at this late hour and withdraw their amendment. I sincerely trust that Mr Osborn — and I say this with the greatest of respect — is not attempting to have two bites at the cherry by, on the one hand, tabling a series of amendments which I am quite sure he appreciates would in fact damage the position of the United Kingdom if it were carried and, at the end of the day, being prepared to vote for our amendment. I do earnestly implore him to withdraw his amendment. Before I move to one or two other points I would like to make it clear, Mr President, that I do appreciate the sentiments and the thinking behind the amendments tabled by Mr

Osborn. I am only too well aware of the economic difficulties the United Kingdom is going through and recognize that my country will be faced with substantial increases in costs which we cannot afford at this time. I am well aware of the dangers to the social contract, which is of such paramount importance to the British government.

I am well aware of the difficulties which will be involved for regional policy in the United Kingdom and of course I also appreciate the problem of industrial relations. I recognize that the British employers and the British trade unions criticize the report in many, many instances. I nevertheless would like to point out that I am of the opinion that, as far as the detailed negotiations which are taking place in the various Community bodies are concerned, the British trade union movement, which has only been playing its full part in the European institutions for the past 18 months, will in fact recognize that its position is untenable. I would like to put it on the record now that I personally believe that the attitude of the Transport and General Workers Union on tachographs is not the correct position. But this amendment which we have tabled recognizes all these difficulties and those who have spoken on behalf of other European parties have made it clear that they do recognize that the position of the United Kingdom and Ireland is somewhat complex and that they understand it. If that is the case, Mr President, then it is incumbent upon those of us from the United Kingdom to appreciate that the European trade unions have a different point of view and we should do nothing which would impinge on or interfere with their progress. So in this respect I think that if the Europeans are prepared to recognize that the United Kingdom and Ireland have problems, we should accept that they also have an important point of view, so I do appeal to Mr Osborn to withdraw *his* amendment and agree to *our* amendment.

There are one or two detailed criticisms that one could make of the Commission's document and the Seefeld report. I do not intend to do so at this time, except to draw attention to one point. One of the things that we are doing in this document is legislating to limit the time for which drivers can drive their vehicles. That of course is a laudable sentiment, one that I think all of us will applaud. But there is one danger, and I have pointed this out on other occasions, and that is that we are not legislating to prevent drivers — those people who earn their living by driving buses, lorries, cars and taxis — from taking second jobs. After all, at the moment there is nothing to prevent them from taking second jobs, which would in fact get round the regulations. I am rather disturbed at some evidence which suggests that the European Parliament itself has taken action which is in flagrant conflict with these regulations. It has been suggested to me, Mr President, — I appeal to the

**Evans**

House to give me just one minute — that some two or three months ago, the European Parliament had a contract with a reputable Luxembourg firm which hired cars and drivers. It has been submitted to me that because of a price increase by that firm, the appropriate service of the European Parliament dispensed with that contract and instead hired Hertz cars and is employing drivers who have a full-time occupation as bus drivers or lorry drivers or whatever. Now I do not know whether or not that is true, but if it is true — and I would submit that the President of the European Parliament should look into this and report back to this Parliament at the next part-session — then it is truly disgraceful, particularly in view of the debate we had last month about the difficulties in Denmark in relation to Hertz. In that respect it truly is something which should shock all of us.

I would in fact point out that my colleague, Mr Prescott, raised this point at the last part-session and asked whether this Parliament or the Commission had any relations with Hertz; the answer I believe was that we had not. I would earnestly appeal to the President to look into this question and to find out whether or not we are in fact evading the regulations which we are discussing this morning.

**President.** — Mr Evans, I shall bring your remarks to the attention of the Bureau, which is responsible for such matters.

I call Lord Murray.

**Lord Murray of Gravesend.** — Nobody would deny that it is necessary to bring about harmonization in the road haulage business throughout the member countries, not only for the safety and wellbeing of those who are driving the lorries but for other road users, whether they are pedestrians or drivers. Indeed, the United Kingdom has, since the early 1930s, perhaps introduced more stringent measures on road safety than most of the other Member States. In introducing the measures suggested by the Commission, it would be virtually impossible for the United Kingdom — and, I understand, Ireland as well — to bring in these measures overnight. I think the amendment introduced by Mr Seefeld, Mr Evans and Mr Albers, is to be commended to Parliament, because it would get over some of the very serious problems that would be involved. One problem is that this week Denis Healey, the British Chancellor, has introduced swingeing cuts in public expenditure. This measure, if introduced immediately, would add something like two or three hundred million pounds to expenditure on Britain's roads. It would also have a very serious effect on the social contract which has been built up so laboriously over the last couple of years. Moreover, not only would it be a burden on the taxpayer, but ratepayers in various local authorities throughout the United Kingdom would suffer as well. It has also been estimated that if you introduced this measure immediately, the London Transport Executive would have to employ another 1 200 drivers immediately.

But, with regard to the amendment, I don't think that those 1 to 3 years should be wasted, because I think that Members of Parliament, and indeed the Commission, and everybody involved, have a very serious job in persuading the trade unions and employers to accept the tachograph. There is no doubt whatsoever that this is one of the very real stumbling-blocks to the harmonization proposals. We must not waste this time; at the end of the first, second or the third year we must not find ourselves in the position of saying: 'well, we have not been able to persuade the trade unions or employers of the necessity of the tachographs under the harmonization proposals!' The last thing that we would want to see in the UK, and indeed the member countries, is a dispute in this industry over the introduction of some of the harmonization proposals. I believe that this Parliament should not, during its lifetime, introduce too many measures where derogations are involved, because I think that makes our work worthless. But I do think this is an area where you are introducing something that is vitally important, and we should, on that basis, accept the amendments suggested by the three gentlemen involved. The Seefeld report is a valuable contribution to the problems of the road haulage industry. It should be welcomed. I think too, that we should accept the amendment that Mr Seefeld and his two colleagues have tabled.

#### IN THE CHAIR : MR SPÉNALE

*President*

**President.** — I call Mr Mitchell.

**Mr Mitchell.** — Mr President, I would like very much to congratulate Mr Seefeld on his report and to say that I wholeheartedly support the principles embodied therein. But there are one or two things I would like to point out. As the spokesman from the Committee on Social Affairs pointed out, there are perhaps one or two anomalies in it and there is one particular one about which I would like to ask questions of the Commission, if they are replying. And that is, as far as I can ascertain, that the regulations do not apply to owner drivers or rather different regulations apply to owner drivers from employees. So you could have a ridiculous position of an owner driver and one of his employees jointly driving a lorry and having different regulations applying to both. Now I hope that that matter can be looked into and tidied up. I see absolutely no reason why exactly the same regulation should not apply to owner drivers and to employees. I would like to support my colleague Lord Murray when he says that the derogation that we have asked for — for 1 to 3 years — should be used properly. I hope that my government will use that period, if that is what arises as a result of this, to have very serious and detailed negotiations with both the

**Mitchell**

employers and the trade union movement in this country to try and persuade them to accept the principles of the report, and in particular may I just mention the tachograph, as one of those who believes that it is right in principle. I am also one of those who believe that you cannot or you should not pass laws which in fact do not receive the consent of those to whom the laws apply. I think it is very important indeed that before tachographs are introduced compulsorily in Britain we should have persuaded the drivers of their virtues. I think it is far better to do it by consent than by just bludgeoning. Having said that I hope that my own government will very actively enter upon these negotiations to try and persuade the unions and the employers to accept the tachographs and the other provisions in the Seefeld report. We are discussing a very important matter here today. I join with someone else who says that it is a great pity that this debate is taking place on a Friday morning and we are rushing through it. Nevertheless, I think what is contained in this report is something that should commend itself to the whole House.

*(Applause)*

**President.** — I call Mr Vouel.

**Mr Vouel, member of the Commission.** — *(F)* Mr President, the Commission congratulates Mr Seefeld on his very detailed report on a delicate and controversial subject. I would also thank Mr Meintz for his statement on behalf of the Committee on Social Affairs, Employment and Education.

The Commission has been fortunate in having such constructive collaboration from Mr Seefeld. It can now accept practically all the amendments proposed by your Committee on Regional Policy, Regional Planning and Transport. Obviously there are still some differences of opinion on some minor points such as the application of the social regulation to vehicles used to transport circus or funfair equipment. But we do not feel it would be justified to apply the social regulation or its control to occasional forms of transport, especially in view of the shortage of control personnel.

Nor can the Commission accept the proposed amendment to Article 19, banning bonus payments to crew members. Although the Commission understands the reason for the proposed modification, it feels it is politically impracticable. It preferred to include a provision, however imperfect, forbidding bonuses in principle, rather than run the risk of seeing the Council adopt a regulation that left out this principle.

The application of the social regulation creates difficulties in the new Member States, particularly in the United Kingdom and Ireland. The Commission's proposal therefore includes a safeguard clause authorizing derogations for national transport until 31 December 1977.

Your Committee on Regional Policy, Regional Planning and Transport accepts this date and the principle of derogation which we feel should be limited to transport internal to the Member States. It is possible however, that because of these difficulties the period during which the safeguard clause could be invoked might be extended.

Mr President, allow me to say in reply to Mr Mitchell that the regulation applies to road transport by vehicles of more than 3.5 tonnes whether the driver is the owner or an employee.

Unfortunately, the Commission cannot accept Amendment No 1 by Mr Osborn. As we have repeatedly said, the Commission's proposal was very carefully thought out and represents a compromise between the different positions, which was amply described and explained by Mr Mursch.

Amendment No 2 by Mr Herbert introduces an unjustified social and road safety distinction between the regulation on international transport in the Community and that on transport internal to the Member States. Parliament will understand that the Commission cannot agree to such a distinction in this field.

The Commission can however, agree to the deletions requested by Mr Herbert in Amendment No 3.

It can also agree to the principle of Amendment No 4, for reasons that have already been stated here, but it still has to find the necessary legal basis.

**President.** — We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraphs 1 to 5, I have Amendment No 1 tabled by Mr Osborn on behalf of the European Conservative Group aimed at replacing these paragraphs by the following text :

1. Cannot regard the Commission's proposals, in view of the continuing dissatisfaction with them expressed by both sides of industry and by national governments, as a compromise likely to command the widespread support necessary to their successful implementation ;
2. Cannot therefore approve the Commission's proposals ;
3. Invites the Commission to reconsider the matter and in particular to bear in mind how the cost of implementation would fall unequally on different Member States ;
4. Would welcome new proposals from the Commission on the harmonization of social legislation in the transport sector, in particular those measures which would tend to reduce costs and simplify the conditions within which transport undertakings are required to operate ;
5. Asks the Commission to take full account in any future proposals of the differences between national and intra-Community road transport.

**President**

Mr Osborn, are you maintaining your amendment?

**Mr Osborn.** — Mr President, can I give a brief explanation of the position in which my group finds itself? Parliament and my committee have a responsibility in this and even Mr Mursch in committee objected to being rushed under the circumstances. My regret is still that the rapporteur was not able to convey to Parliament and the committee the concern of employers and trade unions throughout the nine countries. The Commission today, and previously privately to me, have insisted that their compromise is a fair balance.

My group supports my amendment, but there are not many of us here and, in view of the late hour, we are not going to press it, on condition that the chairman of the committee follows Mr Mursch's advice and that the Commission gives us a factual report of the difficulties they will be facing early next year. We will withdraw under those conditions.

**President.** — I call Mr Vouel.

**Mr Vouel,** *member of the Commission.* — I agree to this proposal.

**President.** — Since the Commission has indicated its agreement to Mr Osborn's proposal, the amendment is withdrawn.

I put paragraphs 1 and 2 to the vote.

Paragraphs 1 and 2 are adopted.

On paragraph 3 I have Amendment No 2 tabled by Mr Herbert and aimed at replacing this paragraph by the following text :

3. (a) Approves the Commission's proposal as regards intra-Community road transport,
- (b) disapproves the Commission's proposal as regards national transport,
- (c) calls for a more appropriate regulation which will take into account the differences between national and intra-Community road transport.

What is the rapporteur's position?

**Mr Seefeld,** *rapporteur.* — (D) Mr President, ladies and gentlemen, I would ask you to reject this amendment. The aim of Amendment No 2 is to have the social regulation apply only to transfrontier traffic and to exclude national traffic. This may perhaps appear a good idea to the island States, but separating national and international transport in the concentrated area of north-west Europe can but produce completely nonsensical results and cause discrimination, which is what we want to eliminate with our policy.

To conclude, Mr President, I have a figure: transfrontier transport accounts for between 3 and 4%, in other words less than 5% of all transport operations in the Community. Excluding national transport operations would therefore for all practical purposes restrict the field of application to 3 or 4% of present

transport operations. I am sorry, ladies and gentlemen, that is senseless, and it should therefore be rejected.

**President.** — Does anyone wish to support Mr Herbert's amendment since he is not here?

**Mr Osborn.** — I did let Mr Herbert know that I would, on behalf of my group, support his amendment. If it is lacking in support, I would be very pleased to support it.

**President.** — I put the amendment to the vote.

Amendment No 2 is rejected.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraphs 4 and 5 I have Amendment No 3 tabled by Mr Herbert and aimed at the deletion of these paragraphs; this amendment has been withdrawn.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4 I have Amendment No 4 tabled by Mr Seefeld, Mr Evans and Mr Albers on behalf of the Socialist Group and aimed at inserting the following paragraph :

- 4a. Also requests the Commission to amend the final provisions so that Ireland and the United Kingdom need only apply the regulation after a further transitional period of 1 to 3 years;

What is the rapporteur's position?

**Mr Seefeld,** *rapporteur.* — (D) As I said just now, being one of the signatories of this amendment, I welcome it, and I have pointed out, Mr President, that when your predecessor was in office, Mr Mursch tabled an amendment requesting the addition to the text of point 4 (a) of 'to their national transport sectors'. I would not, of course, have any objection. It clarifies what is meant here. I therefore recommend the House to adopt point 4 (a) as amended.

**President.** — Will the House accept this oral amendment?

That is agreed.

I put Amendment No 4 as amended orally to the vote.

Amendment No 4 so amended is adopted.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

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

The resolution is adopted.<sup>1</sup>

I call Mr Seefeld.

<sup>1</sup> OJ C 6 of 10. 1. 1977.

**Mr Seefeld, rapporteur.** — (D) I should like to thank all the Members who over the weeks and months have argued so strongly with me and the Committee but have nevertheless voted with me and the majority of the House today. I know that some of you — particularly the British — did not find this very easy, but I regard this as a good sign that there will be cooperation in this difficult area in the near future. I should like to extend my thanks also to the gentlemen of the Commission, who have offered every possible assistance with a difficult subject in a truly friendly manner. I look forward to further cooperation with Parliament in this field and with the Commission. Mr President, this is a difficult subject with which we will be occupied frequently in the future.

(Applause)

20. *Statement by the President on direct elections*

**President.** — I am happy to announce to you some news which will please those who are concerned with the problems involved in direct elections to our Parliament: the two reservations expressed by Denmark have now been withdrawn.

(Applause)

21. *Regulation on certain agricultural products originating in Turkey*

**President.** The next item is a vote without debate on the report by Mr Emile Muller (Doc. 448/76) on behalf of the Committee on External Economic Relations on the

proposal from the Commission of the European Communities to the Council for a regulation on the total or partial suspension of common customs tariff duties on certain agricultural products originating in Turkey (1977).

Since no-one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

22. *Regulation on imports of preserved sardines from Tunisia and Morocco*

**President.** — The next item is a vote without debate on the report by Mr Kaspereit (Doc. 442/76) on behalf of the Committee on External and Economic Relations on the

proposal from the Commission of the European Communities to the Council for a regulation extending the period of validity of regulations (EEC) No 1509/76 and No 1522/76 on imports into the Community of prepared and preserved sardines originating in Tunisia and Morocco respectively.

Since no-one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

23. *Regulation on agricultural products originating in the ACP States or the OCT*

**President.** — The next item is the report by Miss Flesch (Doc 447/76) 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 the list of the countries and territories in Annex I to Regulation No 706/76 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.

Since no-one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

24. *Regulation on the Communities' own resources*

**President.** — The next item is the interim report by Mr Notenboom (Doc. 470/76/rev.) on behalf of the Committee on Budgets on the

proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 2/71 implementing the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Community's own resources.

I call Mr Notenboom.

**Mr Notenboom, rapporteur.** — (NL) Mr President, this interim report deals with the proposal by the Commission of the European Communities to amend Regulation No 2/71. As from 1 January 1978 our Community must be financed fully from its own resources and it is therefore necessary to adapt the implementation provisions. We know that the third category of own resources, apart from customs duties and agricultural levies, is to be the value added tax. A percentage based on the gross national product is therefore merely a makeshift substitute. Now the Commission, in preparation for 1 January 1978, has drawn up an implementation regulation on the basis that the VAT system will not have started working by 1978. If we were to give a favourable opinion on the matter we would be providing the Council with an easy excuse. The Council could then say that it would be technically possible to finance the Community from its own resources in 1978 replacing the VAT element by a percentage of GNP. Our Committee on Budgets does not wish to leave this excuse open to the Council. We therefore thought it better that we should make do now with an interim report in which we once again tell the Council how necessary it is that

<sup>1</sup> OJ C 6 of 10. 1. 1977.

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it should make progress and reach a final stage on the decision concerning the sixth VAT directive. If this is not the Council's will it must say so. It must then say openly that it does not wish to pursue the objective laid down in the Treaty. Then it will be for us to go to the Court of Justice, a step which you yourself mentioned on an earlier occasion, Mr President. But if we approve this report now the Council may persist in its attitude. Meanwhile I have received good news from the meeting of the Council of Finance Ministers held yesterday. I have heard from a senior government official who was present that the Council has made good progress but has not yet concluded the matter. It appears that agreement was reached on important points and decisions remain to be taken only on technical matters and the final text and there is every prospect that on 15 January the Council, under the British Presidency, will take a final decision. There is therefore every hope that if the Council takes such a step on 15 January and adopts the sixth directive on the uniform basis of assessment for VAT we can then immediately pursue our technical consideration of the matter in the Committee on Budgets. We have almost completed these deliberations and perhaps then in the February part-session, after the adoption of the sixth directive, we may make some progress in our work. But at present we would like to propose that the House should adopt this interim report and not yet deliver an opinion, with the express intention of encouraging the Council to establish at an early date the sixth directive on VAT: I would therefore request the House to demonstrate its agreement with this course.

**President.** — I call Mr Gerlach.

**Mr Gerlach.** — (D) This report is more important than is generally assumed. The question of the European Community's own resources is a question of this Community's very existence. In view of this importance we should all be grateful to Mr Notenboom for taking on this difficult subject. The brevity of the motion for a resolution does not really show how much work he has put into it. We should thank him for this.

I view of the late hour and the very poor attendance at the moment, I should like to leave it at that. I very much regret the fact that since it is already so late, we do not have the opportunity today for a detailed debate on this problem.

We are happy to hear, as Mr Notenboom has just said, that the Council is evidently prepared to take the decisions on the Community's own revenue shortly, and we hope that these decisions will be positive and can be submitted to the European Parliament soon so that, as Mr Notenboom has announced, we can deliver an opinion on this very important question.

**President.** — Although, as always happens at the end of a part-session, the Chamber is sparsely populated, this resolution is nonetheless very important and I thank sincerely for their work the rapporteur, the Committee on Budgets and all those who in this matter act as the conscience of the Assembly. We are concerned here with the defence of our budgetary rights. This resolution is important because it concerns taxes, own resources, free movement of goods, the lifting of customs barriers etc., all subjects on which our Assembly is unanimous. In spirit, therefore, we are all present and those who have undertaken this work should not be excessively dismayed to see such a small attendance.

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

### 25. Decision on coal and coke

**President.** — The next item is a vote without debate on the report by Mr Krieg (Doc. 467/76) on behalf of the Committee on Energy and Research on the

Commission's draft modification to decision 73/287/ECSC concerning coal and coke for the iron and steel industry in the Community.

I call Mr Vouel.

**Mr Vouel, member of the Commission.** — (F) The Commission accepts the amendments to the Commission's text which are contained in this report.

**President.** — Since no-one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

### 26. Results of the meeting of the Council of Research Ministers

**President.** — The next item is a vote without debate on the motion for a resolution tabled by Mr Sprinorum (Doc. 456/76) on behalf of the Committee on Energy and Research on the results of the meeting of the Council of Research Ministers on 18 November 1976.

Since no-one else wishes to speak, I put this motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

### 27. Dates and agenda for next part-session

**President.** — There are no other items on the agenda.

<sup>1</sup> OJ C 6 of 10. 1. 1977



**President**

The enlarged Bureau proposes that our next sitting be held at Luxembourg during the week from 10 to 14 January 1977.

Are there any objections?

That is agreed.

At its meeting of 16 December 1976 the enlarged Bureau prepared the following draft agenda for the January 1977 part-session:

*Monday, 10 January 1977*

6 p.m.

- possibly, order of business
- *Procedure without report*
- Lagorce report on the setting up of sub-committees

*Tuesday, 11 January 1977*

3 p.m.

- presentation of the new Commission
- Question Time
- Spicer report on the Community's competence in the field of external economic relations
- Cousté report on EEC-US economic relations
- oral question to the Commission on coffee imports from Brazil
- oral question to the Commission on water policy

*Wednesday, 12 January 1977*

10 a.m. and 3 p.m.

- Question Time
- Lagorce and Memmel reports on the Rules of Procedure (vote)
- Council statement on the work programme for the first six months of 1977
- oral question to the Conference of Foreign Ministers on southern Africa
- possibly, motion for a resolution on human rights
- Kofoed report on fishery resources
- Lange report on multinationals
- oral question on Hoffman-La Roche

*Thursday, 13 January 1977*

10 a.m. and 3 p.m.

- Guldberg report on energy prices
- oral question on prospection for hydrocarbons
- possibly Springorum motion for a resolution on the JET site
- oral question on the aeronautical industry
- Prescott interim report on the shipbuilding industry
- oral question on data processing
- Pisoni motion for a resolution on unemployment
- Creed report on social protection
- Osborn report on transport by inland waterway
- oral question on wine
- Sandri report on cooperation with the developing countries

*Friday, 14 January 1977*

9.00 a.m. to 12 noon

- procedure without report
- possibly, continuation of the previous day's agenda
- possibly, Lautenschlager report on the European co-operation grouping
- possibly, Ardwick report on transferable securities
- Ney report on phytopharmaceutical products
- Muller report on toxic wastes
- Fisher report on certain pre-packed products
- Fisher report on the packaging of certain dangerous products
- Kruchow report on freshwater
- Vandewiele report on the footwear sector
- possibly, Ellis report on atomic energy

Are there any objections?

The draft agenda for the January part-session is agreed.

### 28. *Adjournment of the session*

**President.** — I declare the session of the European Parliament adjourned.

### 29. *Approval of the minutes*

**President.** — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

Ladies and gentlemen, before closing the sitting I should like to thank you for remaining to the end. As this is the last part-session this year, I give my best wishes to you, your countries and your families. These wishes are also addressed to the staff, to whom I express particular gratitude for their unstinting work throughout this very crowded part-session. I shall be happy to repeat these wishes at the informal reception I am giving for them in a moment or two.

A Merry Christmas and a Happy New Year to you all!  
I call Mr Broeks.

**Mr Broeks.** — (NL) Mr President, we would cordially echo your kind words to us at the end of this meeting. We would also like to thank you and the other vice-presidents of the Parliament for the way in which you and they have guided our work. I hope that you will convey our gratitude to all your staff.

(*Applause*)

**President.** — Thank you Mr Broeks.

The sitting is closed.

(*The sitting was closed at 12.45 p.m.*)