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Report of Proceedings

from 12 to 16 October 1981

Europe House, Strasbourg

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

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IN THE CHAIR: MRS VEIL

President

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

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 18 September 1981.

2. Tribute

President. — Ladies and gentlemen, that blind and savage violence that has always been denounced by our Parliament, whoever its authors or its victims, has struck once again. We have all been deeply moved by the death of Mr Anwar El Sadat, President of the Arab Republic of Egypt. Without wishing to pass political judgments, I must pay tribute here to the courage of a man who did not hesitate to put his life in danger in the struggle to achieve the lofty ideals he had set himself.

President Anwar El Sadat, winner of the Nobel Peace Prize, chose our Parliament as the forum in which to address to the Community a message which called not only on Europe but on the whole world to work for reconciliation between peoples. Our Community, founded as it was upon this resolve to bring about reconciliation, could not remain unmoved by this message. We utterly denounce with all the vigour and abhorrence at our command this new outbreak of terrorism and intolerance, just as we have always condemned all terrorist acts. I express my deep sympathy with his sorrowing family and friends and

with the families of the other victims and I would ask you to observe a minute's silence in memory of President Anwar El Sadat.

(The House rose and observed one minute's silence)¹

3. Motions for resolutions entered in the register under Rule 49

President. — Having obtained 246 signatures, the motion for a resolution tabled by Mr Pannella on the Manifesto Appeal by the Nobel Prize Winners on hunger in the world and the contribution of the European Communities (Doc 1-375/81) has been forwarded to the institutions named by the author, pursuant to Rule 49(5) of the Rules of Procedure.

I call Mr Pannella.

Mr Pannella. — (FR) Madam President, I am grateful to you for making that announcement, although I was rather surprised that you should have chosen this particular time to do so.

May I say how happy I am that this resolution has been accepted by Parliament as a whole, and I am most grateful to all my colleagues for signing it. It is an honour for me to join with the whole House in making this announcement of hope for the survival of five million persons; that is the specific implication of this resolution for all of us.

(Applause from various quarters)

¹ For the following items see the minutes of the sitting: *Minutes — Membership of Parliament and verification of credentials — Documents — Texts of treaties — Authorization of reports and referral to committees.*

President. — Mr Pannella, in view of the number of signatures that have been obtained, I wonder if you have not already achieved your purpose. I would therefore take the liberty of expressing the personal hope that you will not continue with your hunger strike.

(Laughter)

4. *Situation of women*

President. — During the July part-session it had been proposed that a committee of inquiry be set up on the position of women, with the following terms of reference.

Firstly, to monitor the prompt implementation by European authorities of the recommendations adopted by Parliament in its resolution of February 1981.

Secondly, to review developments in the position of women in the countries of the European Community, and in particular the implementation of Community directives.

Thirdly, to report to the European Parliament on the completion of its work, and within one year at the very latest.

As this motion complied with the provisions of the Rules of Procedure, it was forwarded to the Bureau, which decided that the committee would consist of 16 members.

A deadline for the submission of nominations had been set during the July part-session, but it proved to be inadequate. In September the Bureau considered the question again. Taking account of proposals that the number of members on the committee be changed, it finally decided to fix the number at 18 and instructed the Presidency to open a list for nominations and to place appropriate proposals before Parliament as soon as possible.

The Presidency has now received 17 nominations. The names of the Members nominated will be published in the minutes. The deadline for submitting further nominations is set at noon tomorrow. If no other nominations have been received by that time, the appointment of the 17 aforementioned candidates will be considered as having been ratified. Should the number of nominations exceed the number of seats to be filled, Parliament will be required to vote on the matter on Wednesday morning by secret electronic ballot.

I would remind the House that amendments to the Bureau's proposals are admissible only if tabled by at least ten Members.

I call Mr Forth.

Mr Forth. — Madam President, I have two questions I would like to ask on this matter.

The first one is: could you not verify that at one stage the whole matter of the validity of the setting up of this committee of inquiry was referred to the Committee on the Rules of Procedure and Petitions for its ruling on it and that this has not yet been forthcoming? I am surprised that this is on the agenda for this session because there has been no ruling from the Committee on the Rules of Procedure as requested by yourself. That is the first thing which I think makes it inappropriate for this to be on the agenda for this week.

Secondly, I have two amendments, which I wish to table before the deadline you have mentioned, on the composition of the Committee of Inquiry. I propose to make these amendments on the numbers of the committee, not in the names involved. I believe that it is right and proper that the Bureau should suggest to Parliament the number of the committee, which you have said is 18. I wish to make two amendments on the number but I do not propose to make any amendments on the names. Could you guide me, Madam President, as to whether I have to amend the actual names on the proposal or will you accept amendments which simply seek to alter the number of members of this committee?

President. — On 16 September last Mr Nyborg wrote to me to inform me of the viewpoint of the Committee on the Rules of Procedure and Petitions. He says:

The committee felt that the meaning of Rule 95(1) in its present wording was perfectly clear. A committee of inquiry must legally be set up on the basis of a request by one-quarter of the Members, and there is no need to put this request to a vote in Parliament.

We are obliged therefore to set up this committee, but you are perfectly entitled to table amendments, and these amendments will be debated on Wednesday morning.

I call Mr D'Angelosante.

Mr D'Angelosante. — *(IT)* Madam President, in my view all the groups in this Parliament — including the non-attached — should be represented on this committee. The smallest group in this House should be given a representative according to the d'Hondt method, but I do not know whether the number of 16 proposed by you — instead of 18 members — can still be the subject of an amendment. I should like an answer on that point and I hope that account will be taken of this problem.

I feel however, that the proposal made by the previous speaker seeking to propose five members cannot be accepted.

President. — I am not disputing your remarks, but it is for the Assembly to make known its views when debating any amendments that may be tabled. Moreover, it says nowhere that committees of inquiry must include members of all the groups.

With regard to the number of members, this was fixed following a discussion between the representatives of the political groups. It is to take account of the need for a balanced representation from all the groups that the number 18 was agreed to unanimously by these representatives.

Mr D'Angelosante. — (*IT*) Madam President, it is surely superfluous to remind you that the President of the Assembly is the sole judge of the admissibility of an amendment.

I should also like to remind you of the general principle according to which all the groups must be represented on each parliamentary committee, unless otherwise stipulated in the Rules of Procedure,

President. — Mr D'Angelosante, Rule 95 says nothing whatsoever about representation of the political groups. This being the case, I cannot rule in advance that an amendment is inadmissible if it seeks to limit the number of members in such a way that it is impossible for all the political groups to be represented. However, we know nothing as yet about what amendments may eventually be tabled. Our colleague may be about to propose that the committee of inquiry should consist of 75 members.

(*Laughter*)¹

5. Order of business

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

At its meeting of 15 September 1981 the enlarged Bureau drew up the draft agenda which has been distributed to you (PE 74.864).

Following the meeting held this morning with the chairmen of the political groups, pursuant to Rule 55 of the Rules of Procedure, I wish to propose to the House the following amendments:

Tuesday:

- the Lega report on the Staff Regulations, which was not adopted by the Committee on Budgets, is withdrawn;
- the Castellina report on baby foods (Doc. 1-541/81), originally entered on Thursday's agenda, is

brought forward, at the rapporteur's request, to be the final item on Tuesday's agenda.

I call Mr Jackson.

Mr C. Jackson. — Madam President, I wish to speak against the agenda change of the Castellina report on the international code regarding breast milk because this is not some remote technical matter but one which opens a debate of substantial public interest, not only throughout Europe but, indeed, wider, through the developing world. I know that when such a debate comes up there are people who will have made arrangements to come to Strasbourg to hear it and, indeed, I know of such people who wish to be present in the gallery. But, more importantly, there are Members of this House who have already made arrangements to be present on Thursday and who cannot be there on Tuesday. I believe that on that ground alone it would be right to maintain the original position of Mrs Castellina's report on the agenda.

But there is a second point: it is not only a matter of public interest but one which raises contentious issues as well. The Castellina report passed through the Committee on Development and Cooperation when it was meeting in Strasbourg and when many Members, owing to conflicting priorities with their other committees meeting in Brussels, could not be present. In view of this, I think it all the more important that the time required, indeed the time on which Members have relied to prepare adequately for this debate, should not be curtailed, and since I am quite sure it would not be the Presidency's or indeed this House's wish to diminish or distort a debate, I request, Madam President, that the agenda change which has been proposed should be withdrawn.

President. — I call Mrs Maij-Weggen.

Mrs Maij-Weggen. — (*NL*) Madam President, I wish to support Mrs Castellina's proposal that this report be considered after the last item on Tuesday's agenda — which, Mr Jackson, means in practice that it will be taken on Thursday. We are, of course, all aware that this is a matter of deep interest to the general public. At present it has been placed as item 18 on Thursday's agenda, which means that it would not be taken until late on Friday morning. This, let us be frank about it, is, of course, why Mr Jackson has made his point. Madam President, this is a particularly important issue; not only public opinion but also the developing countries have a real interest in this subject, since it involves the lives of a great many children in those countries. I think it would be a great pity if we had to debate this report late on Friday morning. May I also remind you that the American Congress has recently held a detailed debate on this self same subject, and it seems to me that we should hold our debate at a

¹ *Calendar of part-sessions for 1982: see the minutes of this sitting.*

Maij-Weggen

reasonable time. There are, I think, over twenty amendments. It seems to me then that we should set aside the necessary time. The report is based on a resolution by our group, and I wish to give our strong support to Mrs Castellina's proposal to advance this debate by making it the last item on Tuesday's agenda, which, in fact, means that it will be taken early on Thursday.

President. — I call Mr Pannella.

Mr Pannella. — *(FR)* Madam President, the words of the previous speaker seemed particularly convincing to me, since they set at rest the concern expressed by our colleague, Mr Jackson. I suppose that Mr Jackson has no reservations other than those he has already made, so that he will now be able to withdraw his proposal. He has no reason for concern: the matter will be debated on Thursday! Anyone who comes here for this particular point, rather than to follow the other work of Parliament, will have an opportunity to discuss it:

Madam President, I was also interested to learn that some colleagues will be coming here specifically for this debate. We know that this subject is a matter of great concern not only to our Parliament but also to the multi-nationals! I hope everyone will be here on Thursday because the debate will take place. If Mr Jackson's position were upheld on the other hand, the debate might not take place at all or only very late on Friday.

President. — I call Mr Janssen van Raay.

Mr Janssen van Raay. — *(NL)* Madam President, I wish to make a point in connection with this request. I have certain objections to this disorderly way of proceeding. I myself, with Mr Key, have a report down as a matter of priority on Thursday's agenda. You know that this was a very special case. The President-in-Office of the Council asked for this report on inter-regional air transport to be dealt with as rapidly as possible during this part-session. But what is to happen now? I now learn that a report which was down for discussion after our extraordinarily urgent report...

President. — For the moment we are only talking about Mrs Castellina's report.

Mr Janssen van Raay. — *(NL)* My objection to any change in the order of reports is that other equally urgent reports suffer as a result. No reason whatever has been given why we should now depart from the agenda fixed by the Bureau. I strongly object to these changes, regardless of whether the Castellina or any

other report is involved. We should as a general practice stick to the published agenda.

President. — I call Mr Sherlock.

Mr Sherlock. — Madam President, I must add my voice to that of my colleague protesting at this change. I wish to make two observations: the first is that this particular report in every stage of its passage through the committee has slid through with the thinnest of possible attendances. In my opinion, it could have been aided and facilitated by that sort of process. I therefore strongly object to its being moved, obviously for the very best of motives, to a time that obviously gives its strongest supporters their greatest advantage.

Second, the point has been made that it might finish up on Thursday night late. I would respectfully remind you, Madam President, that every health topic which this Parliament has discussed during my 2½ happy years here has finished up late on Thursday night especially those concerned with the health of our own Community. Important as it is to ensure the health of those in the Third World, I do not think that it is in any way lowering their status to insist that debates on health matters that concern them should also be held late on Thursday night.

President. — I feel that I must remind the House that the Rules of Procedure expressly provide that the chairmen of the political groups can still propose amendments to the draft agenda on Monday morning.

(Parliament rejected Mr Christopher Jackson's request)

Wednesday:

- the oral question by Mr Glinne to the Council on national aids (Doc 1-527/81) is withdrawn;
- The joint debate on the oral questions will be split up as follows:
 - the joint debate on the oral questions on the iron and steel industry (Docs 1-525/81 and 1-526/81)
 - the joint debate on the remaining questions.
- At the beginning of the afternoon, after the votes, the Commission will make a statement on relations between the Community institutions. Following this statement, the spokesmen of the political groups will be allowed to speak for five minutes each, while the non-attached Members will be allowed to speak for two periods of three minutes each.
- Question Time will begin with the questions to the Foreign Ministers. This reversal of the usual order has been agreed to at the request of the Minister replying to the questions, as he has to meet the Political Affairs Committee at 6 p.m.

President

Thursday:

- inclusion as the first item, following the possible continuation of the agenda of the previous sittings, of the Chambeiron report on the verification of the credentials of three Members (Doc 1-540/80);
- the Colleselli report on the wine sector, which was not adopted by the Committee on Agriculture, is withdrawn;
- the Woltjer report on the milk sector is withdrawn for the same reason;
- the Woltjer report on less-favoured agricultural areas (Doc 1-551/81) will be taken without debate.

I call Mr Israel.

Mr Israel. — (*FR*) Madam President, late on Thursday I am to introduce a report on the Olympic Games. Our Greek colleagues are all engaged in an election campaign this week, since the elections in their country are to be held on Thursday. They have asked me to suggest, Madam President, that this report should be brought forward to enable them to return home on Thursday. Personally I am perfectly willing to introduce the report whenever you like, but I should be delighted if we could make this gesture of courtesy towards our Greek colleagues who are engaged in an election campaign.

President. — I shall put your proposal to the vote, but before I do so I call Mr Bournias.

Mr Bournias. — (*GR*) Madam President, I would like to thank our colleague, Mr Israel, and to add that I too believe that discussion on the issue of the Olympic Games should be brought forward, seeing that we will not be able to be here on Thursday owing to the Greek elections. I should also like to ask, Madam President, whether it is possible for the debate on Mr Dankert's report on the regulation compensating Greece for its contribution to the United Kingdom to take place before Thursday too. This is an item which did not even appear on the agenda; this is the first time we have heard of it, and we were surprised to learn that the Socialist Group members of the Committee on Budgets unanimously rejected the Greek case. We ask ourselves, Madam President, how it is possible for an item like this to crop up and for the Socialist Group to oppose my country two days before the elections. I am sure that even my colleague from PASOK — the only member of that party to be present in the House at this moment — will agree with me that the debate on this item should be postponed.

President. — We are not speaking for the moment of the motions to be dealt with by urgent procedure, but only of the report on the Olympic Games.

Mr Bournias. — (*GR*) The Dankert report is a matter of great importance for our country. Do you wish us to discuss it at some other time?

President. — For the present we are dealing only with Mr Israel's proposal.

While proposals for amendments to the agenda must normally be submitted at least one hour before the beginning of the sitting, I would propose that, in view of the special situation outlined by Mr Israel, this item should be placed on the agenda for Thursday morning immediately after the Chambeiron report, so that our Greek colleagues can be present for the debate.

I call Mr Israel.

Mr Israel. — (*FR*) I quite agree, Madam President, if that suits our Greek colleagues.

President. — I call Mr Georgiadis.

Mr Georgiadis. — (*GR*) Madam President, I believe you have made a small error. Of course we agree that Mr Israel's report on the Olympic Games should have precedence, but item No 228 — which concerns Greece as well — features on the agenda, not in the urgent procedure section but in the general agenda for Thursday. We would like this item to be debated during the morning so as to enable the Greek Members of Parliament to return to Greece.

President. — I call Mrs Viehoff.

Mrs Viehoff. — (*NL*) Madam President, I am against Mr Israel's proposal, not because I do not believe that our Greek colleagues should be present when a subject of interest to them is debated, but because this particular subject and Mr Israel's report are not at all urgent; we would do better to postpone the debate until our next part-session when our Greek colleagues will be back with us for a whole week. I am therefore against the proposal.

President. — Mrs Viehoff, in the case of this request by Mr Israel we are called upon to give our views on a precisely formulated proposal.

Mrs Viehoff. — (*NL*) Madam President, I can hardly make a proposal one hour before the opening of the sitting if I do not know what is going to happen during the sitting. Had Mr Israel informed me in good time of this intentions, I would certainly have tabled a counter-proposal one hour before the beginning of the sitting. But it seems to me that you are now permitting

Viehoff

Mr Israel something which does not accord with our Rules of Procedure; on the other hand you say that my proposal cannot be taken when I ask for this matter to be held over to next month.

President. — Are you making a formal request that the debate on this matter be held over?

Mrs Viehoff. — *(NL)* Yes, Madam President, that was my initial proposal. I said that this text was not urgent and suggested that it could be discussed next month when our Greek colleagues will be able to be here with us. Perhaps my proposal did not come over clearly in the interpretation.

President. — I call Mr Papaefstratiou.

Mr Papaefstratiou. — *(GR)* Madam President, I believe that Mr Israel was quite clear. Recognizing that the Greek Members of Parliament will be forced to be absent from Wednesday on because of next Sunday's elections in Greece, Mr Israel proposed that his report be debated tomorrow rather than on Thursday. We wholeheartedly support this proposal. So much for Mr Israel's report on the Olympic Games.

There is no question of item No 228 being dealt with by urgent procedure. I believe there is a small misunderstanding here; the item is entered on Thursday's agenda under No 228 and refers to the Commission's proposal for a regulation compensating Greece for its contribution to the United Kingdom. We should like this item either to be postponed or to be debated on Tuesday instead. I believe that this alteration in the agenda is amply justified in view of next Sunday's elections in Greece. I should like to thank you and to ask for the understanding of all Members of Parliament.

President. — Mr Israel, do you abide by your request?

Mr Israel. — *(FR)* I do maintain my request, Madam President, for the debate to be brought forward to any other sitting. The main thing is that our Greek colleagues' wishes should be met.

President. — Mr Israel, that is not a precise request that can be put to the vote. Can you formulate your ideas more precisely?

Mr Israel. — *(FR)* I would respectfully request the Assembly to consider my report at the end of the sitting on Tuesday.

(Parliament accepted the proposed change)

President. — Due to a misunderstanding, Mr Bournias, I thought a few moments ago that you were speaking of motions to be dealt by urgent procedure. Do you wish to have the Dankert report on the Greek contribution (Doc. 1-552/81) also brought forward to Tuesday?

Mr Bournias. — *(GR)* Thank you very much, Madam President. This issue, which we were surprised to see crop up two days before the elections and which was not on the agenda, must be resolved.

President. — Mr Bournias, are you asking that it should be withdrawn or do you want it brought forward?

Mr Bournias. — *(GR)* It should be debated in our presence. If it can be debated when we are present, then let it be debated. If not, it should be postponed.

President. — Mr Bournias, all this was settled well in advance, because the draft agenda, which was published already on 21 September, contains the entry: 'possibly, report on behalf of the Committee on Budgets'.

You were aware therefore in good time that this document would be debated, subject to its being adopted by the Committee on Budgets. I must insist that proposals for amendments to the agenda should be submitted in accordance with the deadlines laid down in the Rules of Procedure.

Mr Bournias. — *(GR)* Madam President, let me put it to you like this. If by some chance it cannot be postponed, we shall be obliged to remain here and will not be able to meet our election campaign commitments in Greece, because if we stop over for Thursday we cannot leave here until Friday and how are we to get to Greece in time? It is quite impossible. I request that it be postponed.

President. — I shall put your proposal to the Assembly. We all understand perfectly well, of course, that you are anxious to play an active part in the elections in your own country, all the more so in that these elections are also of great concern to the European Parliament.

I call the Committee on Budgets.

Mr Notenboom. — *(NL)* Madam President, I wish to state, on behalf of the Committee on Budgets, that this item is urgent. It is a matter which relates to the budget and should be debated at least in time for the first reading of the 1982 budget; it cannot therefore be

Notenboom

taken off the agenda at this stage. I leave it to you and the Assembly to fix the day, but it would be a great pity if this item were not to be discussed. Perhaps it could be debated on the first day of the special part-session, but, Madam President, that seems a great risk because you quite rightly wish that session to be devoted exclusively to the budget. I am therefore asking for this item to be taken this week. The Committee on Budgets does not mind on which day it is taken.

President. — It is obviously preferable that we should keep the special part-session for documents of a strictly budgetary nature.

I would suggest therefore that we accept the proposal by Mr Bournias.

I call Mr Eisma.

Mr Eisma. — (NL) Madam President, I have the impression that you apply two different standards to proposed changes to the agenda. You agreed that the debate on the Olympic Games, which was raised just now in a manner that did not conform with the Rules of Procedure, should be advanced to Tuesday. The Greek Members have now put a request concerning item 228, the report by the Committee on Budgets, and they were told that they should have made their proposal one hour before the start of the sitting. May I then propose, Madam President, that this budgetary item be also moved to Tuesday?

President. — That is what I have just proposed.

(Parliament decided to enter the Dankert report at the end of the agenda for Tuesday before the Castellina report)

I call Mr Fanton.

Mr Fanton. — (FR) Madam President, I wish to request the withdrawal from Friday's agenda of the report on the use of European languages in air transport. I am asking for this item to be withdrawn, Madam President, because I noted with great surprise that the final report that we have just received differs greatly from the report tabled by Mr Turcat, whose competence in the matter of air transport is difficult to deny. Mr Turcat reached one conclusion and the Committee on Education has arrived at a different conclusion.

Madam President, I would hope that this text will be withdrawn, so that when the committee is better informed, it can eventually make different proposals.

President. — Mr Fanton, the problem you raise here is one of substance and not of procedure. We cannot change the agenda in regard to this item.

I call Mr Deleau.

Mr Deleau. — (FR) Madam President, I should have liked an opportunity to introduce the opinion of the Committee on Economic and Monetary Affairs on the exceptional aid to Greece in the presence of our Greek colleagues.

President. — Since this matter will definitely be considered on Tuesday, our Greek colleagues will still be there.

I call Mr Sutra to speak on a point of order.

Mr Sutra. — (FR) Madam President, Mr Bournias stated twice, although there was no reason for his statement, that the Socialist Group had voted against his country. I find that kind of remark most regrettable in an international assembly. In my own country I spent years in opposition and took part in major election campaigns. I have never aired my domestic problems in an international body. It seems to me that for some time certain colleagues are trying to settle the domestic policy problems of my country in this Assembly. I object to that procedure and would call upon certain colleagues to show a little restraint.

President. —

Friday:

- inclusion on the agenda, because of its urgency, of the Provan report on fishing arrangements between the Community and Norway (Doc. 1-567/81).¹

6. *Action taken by the Commission on the opinions of Parliament*

President. — The next item is the statement by the Commission of the European Communities on the action taken on the opinions and resolutions of the European Parliament.²

I call Mr Patterson.

Mr Patterson. — Madam President, with regard to point 4, the report by Mr Nyborg, the text in the English version, at any rate, is extremely unclear. It

¹ *Details of order of business — Speaking time — Deadline for tabling amendments: see the minutes of this sitting.*

² See Annex.

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says that the Commission 'did not have an opportunity . . . to say that it was unable to agree to alter its proposal.' Does this mean that the Commission is not altering its proposal in accordance with the vote of Parliament?

Mr Andriessen, Member of the Commission. — (NL) Madam President, it is a fact that at the end of the debate there was some ambiguity as to the Commission's position on Mr Nyborg's amendment. I wish to take this opportunity to clear up any possible misunderstanding. Further consideration of Mr Nyborg's proposal has shown that it would be difficult for the Commission to subscribe to this text for the following reasons. Firstly, the Commission's proposal relates to noise emissions, while Mr Nyborg's amendment relates to noise in confined spaces. That, Madam President, is a totally different aspect on which a directive is at present being prepared by the Commission's Directorate-General V in the broader context of the protection of workers against noise at the work place.

Another reason why the Commission cannot accept Mr Nyborg's amendment at this time is that the text simply refers to an ISO standard. On that point, I should like you to note that the Commission is cooperating closely with ISO in this area, but at the present stage of its own study of the various aspects it cannot simply indicate that it will comply with the ISO recommendation. At a later stage the Commission may be willing to do so in whole or in part, but at present it can give no such undertaking.

Mr Nyborg. — (DK) Madam President, I find this all very deplorable. Naturally I am not going to take up the subject of the report again now, but I must be allowed — not only on my own behalf, I am sure, but also on behalf of my colleagues — to draw attention to the unfortunate fact that the Commissioners responsible are not present when we are discussing questions under their remit. It is unfortunate that we have a Commissioner here who is not acquainted with the matter in hand and therefore cannot tell us why we have no chance of using the funds which would otherwise be available to us.

Mr Hutton. — Madam President, concerning point 5 under the little heading 'three resolutions on fisheries policy', may I draw the Commissioner's attention to the document circulated by Parliament's services? The standpoint of the Commission on the fisheries debate is that it was not the Commission's fault that the Council had still not reached a decision on a common fisheries policy, nor was the Commission responsible for the disturbances in the market which had occurred

since it had no control over the rate of fishing. Would the Commissioner convey to his colleagues that those of us from Scotland who are concerned with this matter regard that as being a most deplorable statement? Even a daft boy in Scotland could have forecast the consequences of the Commission's decision. Would he accept that this reflects very badly indeed on the Commission's understanding of these complex matters?

Mr Andriessen, Member of the Commission. — (NL) Madam President, I know that my colleague, Mr Contogeorgis, has given full information on this matter to the sub-committee on fisheries. I would refer you to his observations. I myself have little difficulty in agreeing with the Honourable Member's suggestion.

Mr Irmer. — (DE) Madam President, if you will permit me to do so, I wish to return to one particular point. The Commission's answer states that at the time of the vote it had no opportunity to indicate the fact that it was unable to accept an amendment to its proposal. If the Commission had no opportunity to do so at the time of the vote, it should have obtained that opportunity beforehand in order to indicate its position on Mr Nyborg's amendment. I believe that the Commission should study proposed amendments and inform Parliament of its position where appropriate.

Otherwise we may be confronted with a situation in which amendments will be adopted although the Commission did not expect that to be the case; then the Commission tells us after the event that it cannot agree to the European Parliament's decision. In the long run Parliament cannot accept that attitude on the part of the Commission. I therefore believe that the Commission should indicate its position in good time on amendments tabled in the House.

Mr Andriessen, Member of the Commission. — (NL) Madam President, in general I naturally agree with the Honourable Member's observation. It seems perfectly reasonable that the Commission should clearly indicate its position during a debate in Parliament on amendments proposed by Parliament and that Parliament should be given an opportunity to react at that time and during the vote. I personally did not attend the debate from which this question has arisen. I have been told that because of a delay in translation — i. e. a technical reason — my colleague was not able to make at the appropriate time the statement which I made just now. I regret that fact, but may I add, Madam President, better late than never. Today I had occasion to clarify the point for you. Naturally the Commission wishes to indicate its own position in Parliament as far as possible during the actual debates.

7. *Control over borrowing and lending activities of the Communities*

President. — The next item is the report by Mr Cousté, on behalf of the Committee on Budgetary Control, on improving political control over the borrowing and lending activities of the European Communities (Doc. 1-175/81).

I call the rapporteur.

Mr Cousté, rapporteur. — (FR) Madam President, ladies and gentlemen, you have the written report in your possession and I shall confine myself to a few brief observations, given the late hour.

Just over ten years ago, as you will remember, the Community attained financial independence. The Treaties of 1970 and later of 1975 laid down the procedure for exercising that independence by stipulating the principles and allocating responsibilities. Budgetary power was given to an authority within which the Council and Parliament cooperate. The purpose of the fundamental principle of the budget, namely, a single annual budget, is to enable these institutions to pursue a coherent and effective budgetary policy and to control the instruments of that policy.

Madam President, all that would be perfect if the Community and its institutions had fully attained the necessary financial independence. Unfortunately, resistance, inertia and slowness within the Community bodies and in the Member States have held up and even halted progress. At present the Community's budgetary policy, which should give a specific coherent content to its financial independence, does not cover one-quarter of the financial activities exercised within the Community.

The authority which has been given responsibility for this policy does not have the means of defining the objectives and controlling the four thousand million ECU of Community financing based on loans. The political decisions on borrowing and lending operations are taken outside the framework of the budget, and their implementation largely escapes any control by our Parliament. You all know how much importance this Parliament attaches to its budgetary responsibilities. It will therefore not come as a surprise that we should be asking once again today for a budgetary policy in the Community which encompasses borrowing and lending activities.

We support initiatives for that policy to be brought under the effective control of the budgetary authority.

This report by the Committee on Budgetary Control gives a special attention to the procedures for intensifying parliamentary control. That control has created the conditions for defining a policy and also guaran-

tees proper implementation of decisions taken under that policy.

Two kinds of initiative are proposed. It is not opportune at this stage to dwell on the technical initiatives aimed first and foremost at strengthening the information available to Parliament. The Commission and Court of Auditors have already largely acted on this and I am grateful to them; since I am the rapporteur for the Committee on Budgetary Control, I wish to convey to them the satisfaction of all the members of that committee.

As to the political initiatives, it must be recognized that Parliament will not attain its aims unless it shows determination and tenacity. In parallel with our effort to achieve complete budgetization of borrowing and lending activities, we must also unambiguously restore the principle that the Commission has sole responsibility for implementation of this policy.

The present situation is ambiguous. The Commission does have certain powers in principle for the implementation of borrowing and lending operations and it has responsibility for implementation in face of the authorities concerned under the discharge procedure. But other bodies which do not fall directly under parliamentary control also intervene in practice in the implementation of these operations.

Community financing is used first and foremost as an instrument to supplement the financial policies pursued by the Member States and the European Investment Bank. Given the sectors in which such financing is effected — energy, infrastructures and productive industry — the use made of the funds corresponds to the goals of the Community. However, there is a real risk that the Community objectives of this financing will be totally watered down. The influence of the institutions, whose task is to watch over the general interests of the Community, must be asserted to enable Community financing to be used to ensure that the targets of increasing economic convergence and integration are attained, rather than having the opposite effect. The Committee on Budgetary Control therefore proposes that Parliament should create the conditions for strengthening the Commission's responsibility for the implementation of borrowing and lending operations involving budgetary appropriations; that strengthening can be brought about in particular by more effective application of this responsibility in the context of parliamentary control and of the external budgetary control effected by the Court of Auditors.

As to the financing operations effected by the European Investment Bank, their cohesion with the Community's overall budgetary policy could be improved in an initial stage by establishing more direct and closer relations between Parliament and that institution. In recent years the need for closer links with the Bank has become clear through the frequent ques-

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tions put by our parliamentary colleagues on the aims pursued by the Bank when it grants loans. In future the Committee on Budgetary Control will seek to establish closer links. That, Madam President, is the purpose of the resolution adopted unanimously by the Committee, which I am sure the Assembly will also now adopt.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Alber. — (DE) Madam President, ladies and gentlemen, I should like to begin by thanking Mr Cousté for his excellent report. He has dealt with the problems exhaustively, and I shall now be brief. He has made many fine proposals, so that my group obviously supports this report.

Under the Treaties Parliament gives a discharge to the Commission as a whole; this means that the discharge also covers borrowing and lending policy. However, if we do not have full information, this is in the nature of a blank cheque. It seems to me that this is not only a matter of insufficient information but also of a lack of democracy. It should not be thought that the amounts are insignificant; they now reach close on four thousand million units of account. It must be borne in mind that over half of all structural projects are financed from loans, i.e. Parliament has no information on them and cannot exercise detailed control over them.

I should issue a warning that ever greater vacuums are coming into being in Europe. The broad area of European political cooperation and what is being talked of as the Genscher Plan, in which there is also question of an extension of political cooperation, have their place in such a vacuum. The national governments claim that Parliament should be pragmatically involved, but it seems to me that the situation in the European Community is compounded of factors such as those that characterized the period before the French Revolution, rather than the democratic conditions that should prevail.

We believe therefore that political control over the borrowing and lending policy is essential. In order to be fully informed we need an overall view, accompanied by a full presentation in a second part of the budget. Furthermore, if control is to be effective it must not be confined to the legality aspect but must also go into the question of utility. We require information on the results achieved with the borrowing and lending policy. We must know what procedures have been used and the conditions prevailing on the capital market, as well as the criteria for granting funds, and we must be informed of the distribution as between the various regional and economic sectors.

The report which we are debating calls for all this, and we therefore approve it. It is not merely a question of

control and of an effective and credible budgetary discharge, but also of a measure of democracy.

President. — I call the European Democratic Group.

Sir Brandon Rhys Williams. — Madam President, I should like to welcome Mr Cousté's important report on a subject which is central to the implementation of the Rome Treaty, namely the organizing of a really united Community capital market with significant institutions capable of operating in that market for the good of all the Member States. We need a really significant Community capital budget and we need to be able to exercise democratic supervision over the way in which that capital account is managed. Mr Cousté has done an important service in drawing attention to this subject at this time.

Mr Cousté's report deserves to be supported in general terms, but I would like to voice a personal anxiety, because I think that his text might be open to misinterpretation. We must not make the mistake of impinging on the independence of the management of the European Investment Bank and the other Community capital market organs. We should be able in this Parliament by all means to comment with real knowledge on what the Bank is aiming to achieve in its operations. But we should not seek to exercise political control over the actual day-to-day management of the Bank. If we look for instance at the benefits which Germany has gained from the independence of the Bundesbank *vis-à-vis* the German Government, I think we can see there an example of the type of relationship which is healthy and leads to integrity and independence, rather than servile acceptance of changing political fashions. On the other hand in Britain many people would now, I believe, accept that the nationalization of the Bank of England in 1946 initiated a period of excessive political interference in the management of the capital market and can be seen to have been a mistake. In the United States the Federal Reserve has its headquarters in Washington rather than in New York. I cannot help thinking that it might have been better if New York had been made the headquarters of the Federal Reserve, rather than the political capital of the United States.

In the case of individual loans, it seems proper that the Court of Auditors should be able to supervise the loan details and loan management in practice rather than the Parliament or the Commission. But in general I am sure it is proper that we should focus our minds in this Parliament on the evolution of the European capital market. We need to expand the borrowing and lending activities of the Community's institutions, particularly at this time, when there is so much hesitation throughout the Community in the investment field. We should examine the possibility of setting-up a soft-loan institution for the European Community equivalent to the IDA at world level. We must not

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however hamper the bodies I have mentioned by bringing political management to bear on the details of individual transactions. That would only destroy the very capital market institutions that we wish to encourage.

President. — I call the Liberal und Democratic Group.

Mr Irmer. — *(DE)* Madam President, ladies and gentlemen, we have heard that the borrowing and lending activities of the European Community represent a not inconsiderable proportion of the overall financial operations. In fact three-quarters of the structural policy as a whole are financed by borrowing and lending operations. We consider this to be a correct method. We also believe that this instrument, which can make a significant contribution to the attainment of the political goals of the European Community, should be further developed and exploited, e.g. by including borrowing and lending operations in the general budget — not to cover a possible budget deficit but solely to finance specific investment projects, for example in the energy sector.

The only real problem, as far as we are concerned, with the borrowing and lending activities pursued up to now is the fact that democratic parliamentary control has not yet functioned adequately in this area. Mr Alber quite rightly pointed out just now that this is not just a technical matter but an eminently political question; we are repeatedly finding in this and other sectors that the increase in Community activities is accompanied by a loss of control and democracy.

I should like to quote another example. We welcome the fact that the authority of the Community has been extended in certain legislative areas, i.e. in areas where the Community can act more effectively than the individual Member States. But this progress has been accompanied by a total loss of parliamentary control over this legislation and of effective legislative power. The national parliaments, which used to be competent when responsibilities still rested with the Member States, have lost their possibility of intervention while the European Parliament has not yet acquired complete legislative authority.

This is an extraordinarily worrying situation, and it is reflected yet again in the borrowing and lending policy. We should no longer permit progress in the Community at the expense of democracy, which should surely be taken for granted.

We see two problems here: first, as the authority responsible for giving the budgetary discharge, we do not receive sufficient technical information. Fortunately the Commission and Court of Auditors have now made real progress in this area, and we urge those two institutions to continue on the same path.

Secondly, however, the discharge procedure can only acquire its full political significance if we can use the additional information supplied to us to effect a comprehensive political evaluation of the overall activities of the executive in this area. Only then can we live up fully to our responsibilities to the tax-payers and citizens who expect us to make further progress in those political areas which are particularly bound up with borrowing and lending policy.

I should like to quote a negative example of a possible lack of coordination. The Court of Auditors has compiled a list of regrettable incidents. If the Commission helps to finance an industrial undertaking on the lower reaches of a river in a developing country with money made available by the European Investment Bank, only to find that a dam is built further up the river and financed from other European funds so that the first project loses its water supplies, there can be no talk of proper coordination.

In his report Mr Cousté explained in clear and precise terms what needs to be done: provision of more complete and regular information to Parliament, incorporation of borrowing and lending activities in the general budget of the Community as far as possible and better coordination of individual actions. Only if all this is done will the planned restructuring of the budget, pursuant to the mandate of 30 May 1980, prove successful. For all these reasons our political group supports the Cousté report.

President. — I call the non-attached Members.

Mr Bournias. — *(GR)* Madam President, I fail to see how anyone can have any objections to this report, given that we are united in our desire to see an increase in the powers of Parliament. Both the proposals tabled by Mr Cousté, namely, the proposal that the Commission of the European Communities should submit before 30 September each year a detailed report on all the borrowing and lending operations of the Community and secondly the recommendation that the Court of Auditors should devote a chapter in its annual report to the same topic, meet with our wholehearted approval.

I do not believe that these proposals, which, I repeat, are in the interests of Parliament and of the Community, require further justification.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — Madam President, the Commission attaches a great deal of importance to the report which has just been discussed and which in many ways fits in with a lot of our own thinking. I would, however, like to point out that the specific problem of control of lending and

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borrowing activities has certain characteristics which I think we need to take into account. They include the fact that the demand is difficult to foresee, since it depends ultimately on investment decisions, and the need to observe a certain minimum of confidentiality concerning each operation, at least until the loan has been granted. The close connection between the lending instrument and the situation on the capital markets is something else which is difficult to observe beforehand. For all these reasons it is important, with the lending instruments, to make as clearcut a distinction as possible between political control and day-to-day management.

Management of these instruments, as Sir Brandon Rhys Williams pointed out, has been entrusted by Parliament and the Council to the Commission and the European Investment Bank. Parliament's political control can be exercised before the event, that is, by laying down the main lines to be followed with each instrument. It can also be exercised after the event in summarizing the experience gained on the basis of concrete results and then drawing political conclusions from them. Thus, in the case of the new Community instrument, for example, the European Parliament is involved both on the occasion of taking the basic decisions and in the agreement to each new authorization for which it sets the guidelines. Moreover, the global annual presentation of the lending and borrowing activities which the Commission has already started must provide an opportunity for Parliament to make a complete assessment of the use to which the lending and borrowing instrument is being put. In this context, Madam President, I should like to draw your attention to the last report on the lending and borrowing activities of the Community in 1980, which the Commission has just sent to this Parliament and which, I hope, will help the House to appreciate the development and the use of the various financial instruments of the Community.

I have to stop, Madam President, because of the time. However, I would not like the House to feel that the brevity of my remarks indicated any lack of appreciation on our part of the importance of the subject.

IN THE CHAIR: MR DANKERT

Vice-President

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

8. *Question Time*

President. — The next item is the first part of Question Time — questions addressed to the Commission (Doc. 1-568/81).

Question No 1 by Mr Megahy (H-351/81):

On 3 July 1981 Sir Roy Denman, Director-General for External Affairs of the EEC Commission, was reported in British newspapers as stating that unemployment would reach between five and six million if Britain withdrew from the Common Market. Was Sir Roy speaking on behalf of the Commission as a collegiate body and were his predictions drawn from official Community studies?

Mr Tugendhat, Vice-President of the Commission. — Sir Roy Denman, who is a great authority on international trading matters, was speaking in a personal capacity. He was referring to his estimate of the consequences of the imposition of massive import controls advocated by those who urge the withdrawal of the United Kingdom from the Community. There is little doubt that these would provoke equally massive and widespread retaliation. Since approximately one-third of the United Kingdom's gross domestic product is accounted for by exports, the jobs lost as a result, while it is not possible to be precise, might well amount to several million.

Mr Megahy. — While Mr Tugendhat has replied that Mr Denman was speaking in a personal capacity, he nevertheless went on to give his blessing to these statements on his authority as a Commissioner. If I can leave aside for the moment the possibility that Mr Denman might have been making a regrettable mistake by confusing his figures with the currently proposed limits for unemployment under the Thatcher government and also the fact that similar excessive claims were made about our entry to the Common Market, what I am concerned about is this. Here we have a senior official of the EEC, if you like, a political 'bother boy'. With the connivance of his Commissioner he has been put in there to interfere actively, along with the British Conservative Government, in a campaign that is going on at the present time in British internal politics. Could I have an assurance from the Commissioner that we are not going to have unleashed on us more and more of these subordinate officials, who, we will be told, are speaking in a personal capacity but who have been personally guided and egged along by the Commissioner?

Mr Tugendhat. — This question has, of course, been unleashed upon us by Mr Megahy, not by anybody else, and the gentleman's name, in fact, Sir Roy Denman. I think it is important always to be accurate in these matters, because the subject we are talking about is one where accuracy is important. Some 43%

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of British exports went to the rest of the Community in 1980 and another 14% to other European countries with trade agreements with the EEC. The rate of increase in British exports to the rest of the Community is twice as fast as to other countries. Mr Megahy really must recognize that serious consequences would therefore flow from the United Kingdom cutting itself off from free access to this market. Furthermore, I notice that the national executive of the British Labour Party wisely said in its document that the policy which it recommends could mean that some British products could face high tariffs and have only restricted access to European Economic Community markets. I suggest he reads his own documents.

Mr Seal. — Perhaps Sir Roy Denman has not been looking at the rate of increase in unemployment, particularly youth unemployment, in the United Kingdom. In my constituency of Yorkshire West this rate of increase is the highest in the country. I am sure that he does not realize that if the present United Kingdom Government lasts its full term and if unemployment continues to rise at its present rate, then the five or six million people that he talks about, as being unemployed if the UK withdraws from the Common Market, would in fact represent a reduction.

Mr Tugendhat. — I don't think that statements of that sort, of a wholly domestic nature, ought to be directed to the Commission, but I would remind the honourable gentleman that jobs depend on trade. There are few countries more dependent on international trade than the United Kingdom. The European Community is the United Kingdom's major market, and jobs in his constituency, as indeed in other constituencies, are very intimately tied up with the success of Britain in the European Community.

Mr Tuckman. — There is heavy unemployment in Europe, but would the Commissioner not agree that the danger referred to of an extra two million unemployed would, in fact, be very likely to result from a withdrawal?

Mr Tugendhat. — The problem of unemployment is, of course, one of the most difficult and indeed one of the most tragic facing all the Member States of the Community. I would not wish to enter into precise figures in relation to an event which I think is hypothetical in the extreme, but I think it is important that those who recommend particular courses of action should understand that playing fast and loose with the job prospects of the British, or indeed any other people in the Community, is the greatest disservice that politicians can do to their constituents.

Mrs Hammerich. — (DA) Does the Commission not think it very important for its own credibility that its officials should abide by their instructions and not intervene in the domestic political affairs of Member States?

Mr Tugendhat. — The honourable lady is certainly right when she says that Commission officials, as distinct from Commissioners, ought not to intervene in the domestic affairs of Member States, but I must remind the honourable lady, as I reminded the honourable gentlemen who put this question, that the only reason we are talking about this subject this afternoon, the only reason why Sir Roy Denman's name has come up, is because the honourable Members opposite have chosen to make use of a statement which he made in a private capacity for political ends. If they had not put his name into this forum, we would not be discussing this matter now. One must not therefore blame him for the fact that other people take up his remarks in order to seek to make political capital out of them.

Mr Lomas. — I wonder whether Mr Tugendhat has any evidence, any record of consultations he has had with companies in Europe, to support the statements that are being made that we should somehow or other lose this 43 % trade we now do with the other companies in Europe — trade which, of course, as he well knows, in terms of the balance of trade, is very unfavourable to the UK. Putting that on one side, however, what evidence has he to support the statement which is being made that all this trade somehow or other is going to cease if Britain leaves the EEC?

Mr Tugendhat. — First of all, the honourable gentleman is, of course, completely wrong when he says that the balance of trade is unfavourable to the United Kingdom. As I have already pointed out, the rate of United Kingdom exports to the rest of the Community has in fact been increasing at twice the rate of British exports to other parts of the world. I also pointed out that the Community is one of the few areas in the world in which the United Kingdom actually makes a surplus on its visible trade — quite apart, of course, from the surplus which it makes on its invisible trade. Now if you have an area which is not only your best but also your fastest-growing market, and then you decide to sever yourself from it and to put up barriers between yourself and the rest of that market, I think it is not surprising that jobs should be put at risk. Indeed, the National Executive of the Labour Party — with its customary frankness, no doubt — actually states in its document that the outcome of a withdrawal could mean that some of our products — British products, that is — would face high tariffs and have only restricted access to EEC markets. 'Restricted access' are the right words, access to your best and most rapidly-growing market means, of

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course; that the jobs of people who depend on exports are also going to be restricted. That is what it is all about, and I really do think that figures of the sort which I have been quoting to the honourable gentlemen ought to be taken into account before people make statements of the sort that he made, which were incorrect about the nature of that trade.

Mr Enright. — Would not the Commissioner agree that the inevitable disruption of world trade which would result from a changing pattern within the European Community would affect very strongly indeed developing countries?

Mr Tugendhat. — I entirely agree with what the honourable gentleman says. I think that the arguments about imposing protectionism in the United Kingdom are something which would of course hit very particularly the developing countries which depend on the United Kingdom and indeed other developed markets for their exports.

Mrs Kellett-Bowman. — Would the Commissioner assure us that he will continue to put squarely before the public of the Community the very cogent facts that he has raised today and also draw to people's attention, particularly those in the United Kingdom, that we should lose very heavily indeed on inward investment from Japan and the United States, which provides jobs in Britain, if we were to leave the European Community?

Mr Tugendhat. — I think that in this subject, as indeed in some others, the facts speak for themselves . . .

(Cries of 'Hear Hear')

. . . and it is only those who refuse to face up to the facts and indeed positively distort the facts who could conceivably hold to the arguments which have been put forward.

President. — In the absence of their authors, Question Nos 2 and 3 will receive a written reply.¹

Questions Nos 4 and 5 cannot be dealt with, because they are on this week's agenda.

Question No 6, by Mr Cousté (H-199/81):

Does not the Commission think that the present trend in the British economy, which gives priority to stabilizing exchange rates, is a precursory sign of the United Kingdom's probable intention to join the European Monetary System?

Mr Tugendhat, Vice-President of the Commission. — I believe that the time is right, both in the interests of the United Kingdom but also in those of the European Monetary System as a whole, for the United Kingdom to join the European Monetary System.

Mr Cousté. — *(FR)* I was pleased to hear the Commissioner, with all the authority he carries, give such a positive answer. But when will this happen? In a year, in six months time or, as I personally hope, even sooner?

Mr Tugendhat. — I stated the view that I believed that it would be in the interests of the United Kingdom and indeed of the European Monetary System as a whole that the United Kingdom should join. As to when it will do so, I of course am not in a position to say. I do not know. That question would have to be directed to other people, but the time is right.

Sir Fred Warner. — As the Commissioner has just remarked, perhaps the answer to this very important question lies entirely with the British Government. I notice that they have made a very clear statement on the subject in the last few days, when the Chancellor of the Exchequer made a most explicit statement of his views. This seemed to contain the suggestion that if Britain were to adhere to the full exchange mechanism of the EMS, they would have to accept a package which included a policy of immediate reflation. Is it the Chancellor's view that joining the exchange control mechanism of the EMS necessarily means a sudden and immediate and compulsory increase in public expenditure in Britain?

President. — You asked for a Chancellor's view. I do not know whether we have one in the House.

Mr Tugendhat. — I cannot comment on the statement of the Chancellor to which Sir Fred Warner referred because I myself have not read it. But I think that the experience of Member States within the Community shows that membership of the European Monetary System has been helpful in contributing both to more stable exchange rates with orderly movements, as and when they are required, and to counter-inflation policy. I would add that I think that one of the biggest difficulties facing all European countries at the moment — be they members of the Community or not; be they members of the European Monetary System or not — are the effects of monetary policies undertaken outside the Community. I think that it is very important indeed that the countries of the Community should be able to undertake coordinated intervention in the exchange markets and that they should be able to speak with one voice in dealing with

¹ See annex of 14. 10. 1981.

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external problems. I think that, were we able to do that, the difficult problems of inflation that we face would be less difficult — they would of course still be difficult — less difficult to handle. The questions put by Mr Cousté and Sir Fred Warner ought rightly to be directed to authorities outside this House.

President. — As my speakers' list is considerably longer than I hoped, I now declare it closed.

Mr Patterson. — Following on that last statement by our Chancellor, namely our Budget Commissioner, I wonder if he would care to comment on the views of a former Prime Minister of the United Kingdom that full British membership of the EMS would enable us to construct a ring fence round the European Monetary System and enable interest rates to be considerably lower behind that ring fence?

Mr Tugendhat. — We are now moving very far into the realm of British domestic politics in this Question Time, and I think I would only say that joining the EMS does not necessarily imply, nor does it necessarily *not* imply, actions of other sorts. Mr Cousté's question was devoted simply to whether or not the time is ripe for the United Kingdom to join the EMS. I do not think one need go further down the road than that.

Mr Herman. — (FR) Can the Commissioner inform Parliament of the reasons why, in its negotiations with the Commission, the United Kingdom Government is so slow to recognize the sound reasons he has quoted, since he himself states that the time has come for the United Kingdom to join the European Monetary System?

Mr Tugendhat. — I think that question too ought best to be directed to people outside this House. I can only say that I think that it would serve the United Kingdom interest and the interests of the Community as a whole for the United Kingdom to adhere to the European Monetary System; and I believe that it would therefore be a good thing for that to happen.

Sir Brandon Rhys Williams. — Would the Commission not agree that the London capital market is now so liberal that if the world currency market chooses to challenge the exchange rate between the pound and the other Community currencies, there is no fund large enough to enable the Bank of England to protect the rate? The pressure would have to be carried on the rate of exchange. Therefore, if Britain is to join the Community currency system — which I devoutly hope it soon will — the system itself will have to take note of market forces to a greater extent than at present. If it is going to continue to declare a system of fixed

parities, would the system not therefore require a real convergence of economic policies by each of the Member States? But if the monetary system instead turns to purchasing power parities, can we not have frequent small adjustments, instead of very large ones from time to time?

Mr Tugendhat. — I do not think it is entirely fair to say that the European Monetary System is based on fixed exchange rates; it has very recently been shown that they can be moved. I think that what the system is about is adjustable exchange rates that can be adjusted in response to market forces, but in an orderly fashion without disruption. Of course, the very sharp fluctuations in currencies outside the European Monetary System have, I think, been very much to the disadvantage of the countries concerned.

So I think first of all that the system is indeed one of adjustable exchange rates. I certainly agree, however, with Sir Brandon Rhys Williams, as I do on many other things, that more intensive coordination of monetary and economic policy is certainly necessary to bring about the convergence of economies which in turn will lead to a more durably stable system of exchange rates within the Community.

Mr Seal. — Would the Commissioner not agree that as long as we have got differing rates of inflation in the different Member States, we are going to have to continually adjust the exchange rates, as we just have in the recent example he has given? Would he accept that until the British Government get the rate of inflation below the 15% at which it is running, there is no possibility of the United Kingdom joining the EMS? Finally would he agree that these adjustments in the various rates defeat the whole purpose of the EMS anyway.

Mr Tugendhat. — I do not think the facts entirely bear out what the honourable gentleman says, because there are, as you know, very variable rates of inflation within the European Monetary System. Yet the system has, I think, been really remarkably successful if you compare the record of the currencies concerned before the system was created with what is happening now or the record of the currencies concerned with the currencies outside the system. It has been remarkably successful at bringing about a certain orderliness in international exchange markets, and I would have thought that he of all people, coming as he does from the United Kingdom, would appreciate the fact that it is the very wide fluctuations — the sudden upward rushes followed by sudden downward swoops — that do so much damage to industrial prospects. I entirely share his hope, of course, that not only will the United Kingdom rate of inflation come down but that we will be able, if I may use the word, to harmonize inflation rates on the lowest and to have low inflation rates

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across the Community and not to have these very wide variations between different countries that exist at the moment. That is why I agreed with Sir Brandon Rhys Williams about the need for more intensive coordination and the setting of common objectives.

Miss Quin. — Can the Commissioner inform me whether the Commission has made any studies of the effects on Britain's regions and the special development areas if Britain were to join the EMS? I have not been able to discover any such studies undertaken within the UK and yet I feel it is an important aspect which should not be overlooked.

Mr Tugendhat. — I agree with the honourable lady that the question which she raises is an important one and I will draw her question to the attention of my colleague Mr Giolitti.

Sir Frederick Catherwood. — Would the Commissioner like to comment on the point that is often made that if sterling joined it would swamp the EMS? Would he not think that in fact the development of the EMS actually requires that each one of the member currencies, and especially an important one, should be a member of it?

Secondly would he also comment on whether the interest rates would be higher or lower if the United Kingdom were within the EMS and not trying to carry the entire burden of stability of the exchange rate on its own?

Mr Tugendhat. — The honourable gentleman raised a number of questions. I do not believe that the arrival of the pound sterling in the European Monetary System would swamp it. The pound sterling is certainly a major international currency, but in modern terms the Deutschmark for instance is, to put it mildly, on a par. I believe the system would be quite capable of containing the pound despite the petrocurrency attachments which it has. I think that if we are to develop the European Monetary System in the interests of all the peoples of Europe so that we have the ECU developed as an alternative store of value to the dollar, thereby making it possible to have coordinated intervention in exchange markets and to move forward to the European Monetary Fund, it is essential to have the pound sterling in the European Monetary System.

I can only conclude by saying that I believe that it would be in the best interests of the British people as well as of the monetary system itself if the pound sterling should become a fully participating member in the European Monetary System. Fully participating is an important word, because of course the pound is involved already in some aspects of the EMS.

President. — Question No 7, by Miss Quin (H-285/81):

Further to the Commission's answer to my Oral Question No H-117/81,¹ what initiatives have resulted from the Commission's studies to find ways of achieving 'some of the basic objectives of a "scrap and build" programme in the shipbuilding industry, in particular the revival of demand'?

Mr Narjes, Member of the Commission. — (DE) The Commission has as yet taken no new initiative for the introduction of another Community action which would be capable of bringing about a revival of demand for ships from Community yards and could replace the Commission's earlier 'scrap and build' proposal. The previous initiative has not been carried through for the reasons explained by the Commission to this Assembly at the July 1981 part-session.

The Commission is at present giving its attention to an action designed to provide easier credit terms for the purchase of ships by Community shipping companies and is examining the detailed possibilities for implementation of such an arrangement. It hopes to achieve rapid progress but cannot at present give any commitments as to the outcome or date on which its proposals will be finalized, because it has encountered a number of difficulties for which a detailed solution is not yet in sight.

Miss Quin. — That reply is rather disappointing. I would like to ask the Commission to look into this question with the greatest urgency. Is the Commission aware that OECD figures for this year show that Japan's share of new shipbuilding orders is over twice that of all the EEC shipbuilding countries combined?

Mr Narjes, Member of the Commission. — (DE) The Commission is fully aware of these figures and of the trend which they reflect. May I repeat that both in our earlier 'scrap and build' programme and in the programme which is currently being studied we have encountered considerable difficulties, attributable mainly to the problem of financing the necessary measures. These measures can only be financed at national level, but so far a small minority of Member States has refused to take part in such a programme.

Mr de Ferranti. — Has the Commissioner any figures, or would he be able to get any figures on the difference in output per man between the shipbuilding industry of Japan and the shipbuilding industry of the countries of Europe?

¹ Debates of the European Parliament No 272 of June 1981

Mr Narjes. — (DE) Those figures exist, but I do not have them to hand at the moment. I shall gladly make them available to the honourable Member.

President. — Question No 8 by Mr von Wogau (H-297/81):

Is it true that the Commission is considering making designation of origin compulsory for goods imported from third countries, and has it allowed for the fact that this could hamper intra-Community trade in goods as well as outward processing traffic, to the particular detriment of Community textile production?

Mr Narjes, Member of the Commission. — (DE) I should like to remind the House of the remarks which I made on this subject on 16 September. The Commission has decided not to maintain its original proposal for a Council directive on the designation of origin of certain textile products. It will continue its examination of other possible forms of Community rules but has not yet decided to propose a compulsory indication of origin for imported textile goods. The points raised by the honourable Member in the second part of his question will be duly considered as our studies of this matter progress further.

Mr von Wogau. — (DE) If the European Community takes external partitioning measures, as is to some extent the case with the textile agreement, experience shows that this always has consequences for intra-Community trade in goods. Internal Community quotas are fixed, in other words, we determine the quantities which France, Germany or the United Kingdom may import; but if the quotas are then exceeded, further internal partitioning measures have to be taken.

I would therefore ask the Commission whether it sees any possibility of excluding this phenomenon in connection with the world textile agreement.

Mr Narjes. — (DE) The Commission is well aware of the circumstances which the honourable Member has described. We must prevent differing external regulations from having a fragmentary internal effect. That is the very reason why the Commission withdrew its earlier proposals and undertook to reconsider common external measures. Decisions are currently being prepared with a view to ensuring that no pretext is given for the reintroduction of internal frontiers.

Mr Seal. — Would the Commission bear in mind in these further discussions that it has already promised me in this House to look at the problem of origin labelling, in order to prevent some of the frauds being perpetrated by fraudulent labels? Would the Commission also bear in mind that it has a responsibility to the consumers of the EEC who have a right to know,

when they purchase goods, where those goods in fact are made, or if they have been made by using the technique of outward processing?

Mr Narjes. — (DE) The Commission is perfectly aware of the need to take effective Community measures to prevent fraudulent imports. It is, however, also convinced that labelling, i.e. compulsory designation of origin, is not a suitable instrument. It feels rather that effective cooperation between the customs administrations — cooperation which has already become much closer — is the best means of preventing fraudulent imports.

I believe we are in agreement with the majority of Members of the House and with the Economic and Social Committee in considering that consumer protection does not require compulsory designation of origin but that it can be left to the individual undertakings or dealers to advertise their products with designations of origin if the client requires such a designation to reach a decision on the quality offered.

Mrs Ewing. — Could I add a further plea to the Commission for the necessity of fair labelling and ask them to consider the grave problem facing one of the furthest peripheries of the Community, the Shetland Islands in my constituency, where there are few jobs and where this whole cottage industry is totally threatened by imports pouring in not from Lomé countries but from non-Lomé countries bearing the magic label 'made in Shetland'? I feel that the Commissioner seems to be taking this matter just a little lightly and I would ask him to bear these far-away places in mind in this connection.

Mr Narjes. — (DE) That is exactly what I have in mind. Where a designation of origin is seen as a standard of quality, the producer is not only allowed to advertise with that indication of origin; it is also in his own interest to do so. Should such a designation be abused by an undertaking which is not established in the Shetland Islands, the industry which has suffered prejudice has the normal means of legal redress open to it.

Mr de Ferranti. — Would the Commission agree that on balance use of origin labelling represents a considerable barrier to trade and that it would be better for the Commission to set its face resolutely against both national and Community rules for origin labelling?

Mr Narjes. — (DE) I agree with the honourable Member's basic idea. It is true that designations and marks of origin have sometimes been used as a pretext for protectionist measures; that approach does not deserve to be supported.

Mrs Kellett-Bowman. — Would the Commission not agree that the Community's housewives, who do most of the buying in this direction, have every right to know precisely where the goods that they are buying were made? They do regard home products as being of a high standard and they should know when they are not home products.

Mr Narjes. — (DE) I cannot agree entirely with the honourable Member. Housewives are entitled to correct information on quality to enable them to decide on the matter of quality. It is not in their interest, for example, to purchase an item of clothing with an indication of 16 different origins from which the separate component parts have come. However, where the manufacturer advertises a particular quality, that quality must be correctly described. To that extent the protection offered by civil law should be available. I would repeat my answer to the last question: we have too often found that designations of origin have been misused for protectionist purposes under the pretext of consumer protection. Protectionism only serves to increase prices and therefore runs contrary to the interests of the consumer.

Mr Fanton. — (FR) Right from the start of the discussion of this question I have been surprised by the Commission's answer. I know that the Commission subscribes fully to free trade and liberalism, but there are limits. If I understood you correctly, you said that a producer who has good products should advertise them. It is not the good products but the bad ones which are at issue here! You also said repeatedly, or else I did not understand you, that you did not wish to impose informative labelling on the grounds that it was of no importance.

My question is this: what does the Commission really intend to do to ensure that products which are quite obviously imitations of other products manufactured in the Community do not penetrate our market and are not sold by leading the consumer to believe that they are products of Community origin?

Mr Narjes. — (DE) I do not know whether I made myself clear. There are two possibilities here. Firstly, a product may be imported from a third country with a designation of origin which suggests that it has been produced in the Community. An operation of that kind is punishable under normal criminal law, or at least under civil law, on the grounds that not only the customer but the importer or his distributor have been cheated.

The other possibility on which we have already touched is that goods are imported from third countries such as Hong Kong with a false designation of origin, not in order to mislead the purchaser over quality but in order to exceed the quotas allocated to

these partners in the third world or elsewhere. A distinction must be drawn between these two different possibilities.

As to the last instance, I pointed out that, as far as we are concerned, the most effective control against abuse and against fraudulent imports would be close cooperation between the customs administrations. So far our experience has been very encouraging.

President. — Question No 9, by Mr de Ferranti (H-325/81):

How is the Commission coping with monitoring of Member States' infringements of harmonization directives and are there any ways in which the Commission could improve its policing of these directives?

Mr Narjes, Member of the Commission. — (DE) As soon as the Commission is informed of failure to implement a directive, it almost automatically introduces the procedure for infringement of the Treaty laid down in Article 169 of the EEC Treaty. That applies in particular to directives on the approximation of laws. To obtain a better idea of the state of implementation of directives by the Member States, the Commission introduced a few years ago, with the aid of its computer centre in Luxembourg, an automated information system which is operated under the code name ASMODET.

The Commission examines at regular intervals all available data on the implementation of directives in due time by the Member States and on the conformity of national implementing measures with the provisions of the directive concerned. In 1980 the Commission initiated more than 150 proceedings for infringement of the Treaty. These proceedings relate for the most part to failure to implement directives correctly and, in a smaller number of cases, to incorrect measures of implementation. In most of these cases the Member States ceased to infringe the Treaty after receiving the first official letter of warning or after submission of the reasoned opinion.

In the few instances in which these two first phases of the proceedings for infringement of the Treaty did not prove successful, the Commission referred the matter to the Court of Justice. In 1980 21 cases were brought before the Court on grounds of failure to implement directives, primarily because of the infringement of harmonizing directives in the various sectors of industry. In this connection I would draw your attention to the fact that the third part of the monthly bulletin of the Communities entitled 'Proceedings for Infringement of the Treaty' has for some years regularly published references to proceedings opened, including those relating to failure to implement directives in good time. A special chapter of the annual general report also covers proceedings for infringement opened during the year under review.

Mr de Ferranti. — In thanking the Commissioner for that reply, which will give all of us most useful ammunition, could I ask him whether he is aware that there is increasing feeling in the Community at large, and I think in this Parliament, that we have a long way to go not only in removing barriers to trade but in enforcing the protective measures that we already have? Does he really feel that he is getting from his colleagues in the Commission sufficient support in the way of staff and resources to be able to carry out the formidable task which he has so ably outlined?

Mr Narjes. — *(DE)* I am grateful for the reference to staff, offices and other facilities. Unfortunately this is not dependent on my own colleagues, who would gladly give me the necessary resources, but on the result of the budgetary negotiations. For years we have been faced with a bottleneck here which has become increasingly problematic, because each new item of legislation creates new control functions while the capacity for new measures of harmonization naturally diminishes. Unfortunately the staffing of the directorates involved has not kept pace with the growth of the tasks to be carried out.

Mr Galland. — *(FR)* How does the Commission hope to ensure respect for directives relating to the approximation of legislation when the President of the Commission himself declares that a proposal which violates Articles 2, 3, 5, 6, 7, 37, 52, 53, 61, 62, 85, 101 and 102 of the Treaty of Rome is compatible with European law? I refer, Commissioner, to the French nationalizations.

Mr Narjes. — *(DE)* Three days ago the President of the Commission quite rightly stated that Article 222 of the EEC Treaty guarantees as a matter of principle the right of a Member State to change provisions relating to the ownership of property. He also pointed out that Article 90 of the EEC Treaty makes nationalized concerns subject to the provisions on competition contained in the Treaty.

Sir Fred Warner. — Would the Commissioner agree that in some cases a simple method of ensuring observance of rules would be the licensing of premises by the Commission itself? For instance, in the case of slaughterhouses and poultry processing factories one could ensure that at least the burden of environmental and health equipment weighed equally on all producers, if the Commission itself were responsible for the licensing of the premises.

Mr Narjes. — *(DE)* That would be tantamount to direct administrative intervention in the Member States, which the Commission has never yet attempted. The basic philosophy of the Treaty is that the Community assigns specific tasks to the individual

Member States for implementation and does not itself act alongside those States or in them. This provision would conflict with a direct procedure for authorization of slaughterhouses and poultry farms.

Mr Collins. — I wonder if Mr Narjes would agree with me that if the suggestion by the last speaker were implemented, then all ten Member States would apply to withdraw from the Community very quickly?

Mr Narjes. — *(DE)* I do not know whether the placing of slaughterhouses under Community control would be a reason for leaving the Community, but as a matter of principle a measure of that kind would be dubious.

President. — Question No 10 by Mr Israel (H-330/81):

In the statement he made in the European Parliament on Tuesday, 7 July 1981,¹ The President of the Commission said that in his view (agricultural) production targets were not quotas.

How does the President of the Commission distinguish between 'production targets' and 'quotas'?

Mr Andriessen, Member of the Commission. — *(NL)* We stated in our June report on the mandate that production targets should be fixed in the agricultural sector and that, as soon as these targets have been reached, the producer should be asked to make a financial contribution, otherwise the intervention guarantee would be reduced. It was specifically pointed out that arrangements of this kind should naturally differ from one product to another. For example, a quota arrangement exists for sugar, while the Commission has proposed in the case of cereals that a lower intervention price be paid once the production target has been reached. The honourable Member will therefore understand that production targets will not necessarily involve the introduction of a quota arrangement. The Commission itself believes that quotas should not be a permanent feature of the common agricultural policy, because management of such quotas creates difficulties and arrangements of this kind might hold up improvements.

Mr Israel. — *(FR)* As you know, Commissioner, I am not a specialist in agricultural problems, but the little that I do know about agriculture has taught me that it is difficult to control production, so that it is even more difficult to have production targets. On the other hand I know exactly what a quota is. May I then repeat my question: are we dealing with a quota or with a production target, Commissioner? If those are

¹ Verbatim report of proceedings, 7. 7. 1981.

Israel

two different things, I should be most grateful if you would clearly explain the difference.

Mr Andriessen. — (NL) I find myself in the same situation as the honourable Member in that I too am not an expert on agricultural policy. Quotas relate to specific units of production, and in the view of the Commission production targets relate to the overall level of production in the Community. This means that the effect of both systems must be adapted to the fundamental difference between the nature of these two types of measure. In some cases production targets may be attained through quotas, but in other instances production targets are fixed for the whole Community, in which case a different mechanism is involved.

Mr Maher. — It is obvious from the last answer that the Commission is not clear about the difference between a quota and a production target. I think it would be extremely useful if we could have that definition very clearly stated in this House. But could I ask the Commission, when defining these production targets or quotas, to take into account the imports of products of that particular nature from other countries? Will they be exclusive or inclusive of these imports? How exactly will the Commission decide on the production targets?

Mr Andriessen. — (NL) I recall that this matter was discussed in a previous debate on agricultural policy in this Parliament. On that occasion the Commission pointed out that all the relevant factors would naturally be taken into account in fixing production targets, i.e. imports and naturally also exports. Those too are relevant aspects. But, Mr President, you know that the Commission is now engaged in embodying in concrete proposals the general guidelines laid down on agricultural policy in the May 1980 mandate. The Commission's intention is to submit those proposals later this autumn and it will then be able to indicate precisely and in detail how it intends to deal with the various factors involved in determining production targets.

Mr Fanton. — (FR) I must say that the Commissioner's last explanation has left me even more perplexed than Mr Maher.

I cannot understand — or perhaps the interpretation was at fault — how production targets differ from quotas.

When the President of the Commission told us in July that agricultural production targets are not quotas, what did he mean?

You answered this question just now by taking the example of sugar and saying that there are production quotas for sugar subject to different rates of levy. I do

not see the difference. I should like you to tell us as clearly as possible what the Commission considers a production target to be.

Mr Andriessen. — (NL) I am, of course, perfectly willing to comply with the honourable Member's request, but I can be no clearer — and I am not criticizing the interpreters here — than I was before; if the honourable Member finds my answer unsatisfactory — which I must assume to be the case since he said that he was perplexed — I think that he will have to wait (I hope not very long) until the Commission publishes its proposals on production targets. You will then see how the Commission considers that the various products covered by the common agricultural policy can best be administered in order to keep agricultural expenditure under control. That is the ultimate issue. I can be no clearer than I was before on this point, and for the rest I would refer you to the concrete proposals which I hope the Commission will be presenting to Parliament in the not too distant future.

Mr Prout. — I wonder whether I could in the form of a question suggest to the Commissioner the answer to the question? It seems to me the distinction is as follows: breaking a quota is in itself a breach of the law, but breaking a target is not in itself a breach of law but could subsequently lead to a more stringent regime being imposed upon the defaulter if the Commission so wished.

Mr Andriessen. — (NL) That aspect will be considered in more detail in the legal supplement to our proposals.

President. — Question No 11 by Mr Petersen (H-338/81):

The Community has set itself the specific objectives of reducing its dependence on oil to 40% by 1990 and generating 70 to 75% of its electricity from coal or nuclear energy by the same date.

Will the Commission propose an equally specific objective as soon as possible for the development of new forms of renewable energy, which create jobs, save foreign exchange and are not harmful to the environment, and which have also now become competitive? I suggest that renewable energy should cover 5% of the Community's total energy requirements by 1990 and 15% by the year 2000.

Mr Pisani, Member of the Commission. — (FR) I share Mr Petersen's view and agree that new energies will enable jobs to be created and foreign currency to be saved, while also in most cases safeguarding the environment.

However, the Commission cannot embark on the path of fixing precise statistical production targets. We are

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dealing here with new technologies which are developing at an extraordinarily rapid rate. I attended the world conference on new and renewable sources of energy in Nairobi this summer and I learnt from the experts that in a matter of months the time required for solar energy to become competitive had been cut by half through a new discovery. There is thus the risk that we may fix a target which is too low and discourage new effort, or else fix a target which is too high and thus distort to some extent the whole economic system. However, to give a more positive answer to Mr Petersen, the Commission's aim is to include these technologies in the definition of our quantitative targets as soon as their capacity has been better defined.

Mr Petersen. — (DA) I should like to thank Mr Pisani for the positive attitude to this subject which he has just shown. On the question of specific objectives, may I point out that the Danish Government, in its energy plan which it is working on at the moment, is thinking in terms of 5% of total energy requirements by about 1995. I regard this as very little, myself, but at least it is a specific figure. I think it is important that the Commission should begin setting precise targets. Even though Mr Pisani indicated his position, I should like to ask whether the Commission is aware that renewable sources of energy have remained competitive from the investment angle, whereas oil prices are going up by from 3% to 4% each year.

Mr Pisani. — (FR) The Commission hopes that use of new and renewable energies will be increased and that their share of overall Community energy supplies will increase from year to year. The Commission intends to take action — on which it will consult Parliament — to ensure faster progress and the more rapid attainment of more tangible results. In the present state of its knowledge, the Commission does not feel qualified to indicate precise figures which might be considered binding; such figures could turn out to be inadequate and risk discouraging initiative or on the contrary prove too ambitious and distort our economic forecasts. As soon as the Commission is in a position to introduce into the Community's energy forecasts detailed figures for new and renewable energies, it will do so. I must say that the work now being done by the Danish Government in this area is extremely interesting. It shows at all events that a method of forecasting does exist. In the present state of our knowledge, we do not feel able to give more precise figures.

President. — In view of the large number of speakers on this question, I am closing the list of speakers.

Mr Galland. — (FR) I should like to put the question differently. Knowing that an average 15 to 20 years elapse between a discovery and the full-scale industrial exploitation of a new form of energy, does the

Commission not think that this Assembly should be told in no uncertain terms that a target of 15% with an increase from 5 to 15% over 10 years is somewhat unrealistic or even utopian?

Mr Pisani. — (FR) In answer to the first part of your question, Mr Galland, I would tend to say that long-term forecasts are relatively easy to compile. To the extent that we allow ourselves a longer period of time there is a reasonable chance of seeing the necessary technologies developed fully. But for the short and medium term it is unlikely that the increase in the rate of discoveries and technological implementation will be sufficient for precise figures to be given, as Mr Petersen would like. That is precisely why I made my statement a moment ago: let us make an effort and try to ensure that we know the real capability of our technologies not only in technical but also in economic terms. Let us also look at the oil price policy which will be followed by the individual Member States, since that plays an important part, and we shall certainly be able to give Mr Petersen and propose to the Member States numerical targets in, as I see it, a few years time.

Mrs Ewing. — May I make a plea to the Commissioner to remember that we have two sources of energy — one of them not renewable, certainly — peat and wind. It does seem that the Community is guilty of rather poor house-keeping when in the larder it has two perfectly satisfactory things where the technology already exists and which it fails to exploit. A delay of fifteen years would really be tragic in far-off windy peripheries which could generate enough electricity for all the needs of certain islands without any difficulty and with no advance needed on the technology that already exists. To some extent, the same is true of the vast resources of peat in several of the Member States.

Mr Pisani. — (FR) I find that suggestion very interesting, but the use of wind on a number of islands represents figures which are extremely low or even insignificant measured against the scale of Community consumption. I want to stress that there is no contradiction between our effort to develop these forms of energy and accelerate their utilization to ensure that they become competitive, and our observation that today they do not account for a significant proportion of the Community's overall consumption. There is no contradiction between these two affirmations. I hope that our inability to indicate significant figures at this stage will not be equated with a belief that we are not making a considerable effort to attain that goal.

Mr Purvis. — The Commissioner seemed to agree with Mr Petersen about the environmental benefits of these alternative energies, and yet, of the two that have been mentioned so far in this question Time —

Purvis

peat and wind — peat was met by a storm of protest by the environmentalists, especially in the Socialist Group, when proposals were made for its exploitation. Could the Commission estimate the environmental impact of, say, windmills to replace a 2 000 megawatt power station?

Mr Pisani. — *(FR)* I would like to quote a little parable to Mr Purvis. It is obvious that cars pollute and it is equally obvious that the use of horses was far more agreeable; it is, however, equally evident that if all the petrol-driven cars now running in Paris were to be replaced by horse-drawn vehicles, you would need roughly the same number of horse-drawn vehicles to remove the horse-manure that you need to carry passengers today; it is all a question of scale. If, in the present state of our knowledge, we wish to find a solution to certain marginal problems or problems of detail, the technologies are acceptable. But if we wish to achieve a change of scale overnight without any new improvement of these technologies, respect for the environment is by no means as assured as has been claimed. A proliferation of solar screens is liable to pollute the landscape, while a proliferation of generator fans would have an even more polluting effect. That is why, despite our close interest in these forms of energy, we cannot maintain that they represent an immediate substitute for the types of energy used at present.

Mr Deniau. — *(FR)* Mr President, I wish to speak. I have tried to speak three times today without being called.

President. — Mr Deniau, I have just proposed that the speaker's list be closed. I did not see you make any objection, and the reason you did not make any objection is that you were not even in the Chamber. You may now insist on having the floor, but there is nothing I can do about it. The list remains closed.

Mr van Minnen. — *(NL)* I wish to return to the subject of this question, for one thing because France and Paris are no longer the centre of Europe. For the time being the Community has larger supplies of wind than of horse-dung or sunshine, although we are witnessing a strange phenomenon that the least amount of energy is being derived from the sun in the very areas where it shines the most.

I want to put a further question to the Commissioner, because I was not satisfied by his original answer. Why cannot the Commission at least indicate target figures which need not be in any way binding but which we need badly in political terms to encourage the development of these new forms of energy. I should therefore

like the Commissioner to indicate when this target data will be submitted to Parliament.

Mr Pisani. — *(FR)* There is a major difference between the energies about which we are talking this evening and all the other forms of energy on which the economic activity of the European Community is founded. Conventional forms of energy are characterised today by the massive scale of the production installations. Determination of the economic implications of these phenomena is therefore relatively easy. On the other hand new and renewable energies are characterised at present and will be for a long time in the future — if not for ever — by their extraordinarily wide dispersal. The use of biogas, of small waterfalls, of solar or wind energy involve very small plants. As things stand at present, determination of the prospects for using solar or wind energy is based solely on the number of installations sold; we have no other reasonable statistical data.

Working on the basis of this data and of our desire to promote certain techniques, we could obviously indicate figures without being at all sure that they will be attained. Having said that, I want to draw the Honourable Member's attention to the following point: either we can fix what seems to us a reasonable price, in which case we may fall short of the real situation and discourage effort, or on the contrary we may fix a relatively high level of intervention for these new energies and thus perhaps introduce an extraordinarily damaging factor into our economic forecasts.

In answer to the last part of the question, I shall simply say that the time will come when our knowledge will be sufficient to make reasonably reliable forecasts.

Mr Adam. — Mr Pisani's last answer ignores the fact that the Community does not give financial assistance to pilot projects in the fields of biomass, wind and wave energy, although these were included in the original Council resolution in, I think, 1978. Gasification and liquefaction and solar energy have enabling financial legislation. Will therefore the Commission give an undertaking to bring forward enabling legislation for these other renewable sources of energy at an early date?

Mr Pisani. — *(FR)* Pursuant to the second part of its mandate, the Commission has drawn up a report on a European energy strategy. I would emphasize the term European strategy rather than common policy; it is an important distinction, but that is not the subject of our debate. This document deals with a number of problems, in particular the problem of coordinating policies and of providing incentives for certain policies. This document will be submitted to Parliament very shortly. It is, if I may say so, extraordinarily interesting and provides an answer to a number of questions which have been put this evening.

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

Mr Deniau. — (*FR*) Mr President, I have asked to speak because I did not understand your observation just now. I have been continuously present in the Chamber since the previous question, which I followed just like the present question; I merely wanted to ask Mr Pisani for a technical clarification. I find it regrettable that you did not allow me to speak on these two questions concerning energy. I am, of course, a new Member of this House and you may not have recognized me just now because I was not sitting in my own chair, but I was present all the same. I think that the reason for which you refused me the right to speak was unjustified. May I put my question to Mr Pisani now?

President. — The Assembly itself has repeatedly expressed the wish that the number of supplementary questions should be curtailed. That is why I announced just now that I was going to close the list of speakers. Since there was no reaction from anybody, I presumed that everyone was in agreement.

I call Mr Deschamps.

Mr Deschamps. — (*FR*) Mr President, during the last part-session I too fell victim to this limitation on the number of supplementary questions during Question Time to the Commission and Council. I asked the Bureau for clarification and was told at the time that five supplementary questions were authorized and had already been taken when I asked to speak. I should like to know whether the same limit is fixed at each part-session. In that case we should obviously be in a difficult position; must we put our names down before Question Time even begins to be sure of being called to speak on a particular question, or does the number of questions we are authorized to put vary depending on who is in the President's chair?

President. — Mr Deschamps, it is impossible to say in advance exactly how many supplementary questions there will be, because that depends also on the way Question Time is going. However, at any given moment the Chair must be in a position to close the discussion of any particular question. That is why I try to solve this problem by actually asking Members if I may close the list of speakers. Perhaps Mr Deniau did not understand me. There is no question therefore of limiting the number of supplementary questions. Anything I do here I do it with the assent of Parliament.

I call Mrs Castle.

Mrs Castle. — Mr President, is it not absurd that after an hour and a quarter we are still only on Question No 11, out of 49 questions tabled? It is quite clear that even people like myself who are relatively high up at No 18 are going to be crowded out by the fact that you, Sir, have been far too lax in allowing supplementaries, and that we need in the Chair a President who will select supplementaries, not call everybody who wants to speak, and above all insist that the length both of the questions and of the answers is severely curtailed.

President. — Mrs Castle, the problem of the Chair is always not to be too lax on the one hand nor too stringent on the other, and I try to steer a middle course.

As its author is absent, Question No 12 will be answered in writing.¹

Question No 13, by Mrs Ewing (H-366/81):

Will the Commission give an assurance that, in considering proposals for the establishment of a European Fisheries Research Centre, they will site the Centre, or a part of it, in the Highlands and Islands of Scotland, in view of the predominant importance to that area of the fishing industry and of the need for greatly increased research into its problems and into those of fishing in the sea areas where Scottish fishermen seek their living?

Mr Andriessen, Member of the Commission. — (*NL*) The Commission has made no proposal to set up a European Fisheries Research Centre, because it believes that the creation of an establishment of that kind is not a matter of absolute priority for the attainment of a common fisheries policy. The Commission has, it is true, submitted other proposals in connection with the development of fisheries research, namely, a proposal to provide EAGGF support for the construction, equipment and modernization of centres for technical support, occupational training and scientific and technical research on fisheries and aquaculture, as well as a proposal for a Council regulation on the coordination and development of fisheries research. Those Commission proposals will be found in document COM (80) 420/final of 18 July 1980, but they have unfortunately not yet been approved by the Council. The Commission naturally hopes that the Council will soon recognize the need for research into fisheries problems to be extended substantially.

Mrs Ewing. — I understood that the fisheries subcommittee had been asked to do a report on a proposal to set up such a centre. In view of the Commissioner's answer could I ask for a little clarification? Where is it proposed to site the centres he mentioned in his original reply? Could I ask him to take my proposal very seriously? It is not an entirely partisan proposal,

¹ See Annex of 14. 10. 1981.

Ewing

because it can be argued objectively that the Scottish Highlands and Islands have the richest waters in the Community, a tremendous dependence on the fishing industry, many and varied fleets and a pool of expertise already established in the Institute of Marine Biology. If this proposal were taken seriously, it would show at least that the Commission meant it when it said that it cared very much for peripheries. I would ask him at least to bear my suggestion in mind when he gets down to translating the idea into action.

Mr Andriessen. — (NL) As I said just now, the Commission is not at present considering a proposal to establish a European centre. That being so, there is also no proposal to consider the location of such an institute. However interesting the Honourable Member's ideas on the location of such an institute may be, the Commission cannot take account of them, since it is not looking into the creation of such an institute.

Mr Purvis. — I must agree with the Commissioner. I have doubts about European research centres, whatever they are, wherever they are. Why not encourage existing research establishments, several of which already do exist in Scotland? But the biggest fisheries problem, as the Commissioner suggested, is the lack of a common fisheries policy. May I ask a specific question on an aspect of that and on the marketing arrangements that were apparently agreed in a rather undetailed form a few days ago? Salmon netting and salmon farming are important industries in Scotland and other parts of the Community. This year Norway is doubling its exports to 8 000 tonnes, the Faroes are sweeping up all the wild salmon and preventing them from getting too . . .

(The President urged the speaker to put his question)

Does the Commission feel it can technically and legally differentiate between wild and farm salmon, and what steps does it intend to take to protect wild salmon netters against overfishing in the Faroes . . .

Mr President. — Mr Purvis, I rule that question out of order. It is not related to the question we are dealing with.

Mr Hutton. — I intend my question to be related to the subject. I wondered if the Commissioner was aware that there is in the Budget, in Chapter 3, provision for joint fisheries research programmes, and in line 633 there is a policy on education in the fisheries sector. Would he give us an assurance that Scotland will get its full share of both of those programmes?

Mr Andriessen. — (NL) My answer to the question as to whether a fair share should go to Scotland is in the

affirmative, although at this stage I really have no idea whether there will be any share at all. I suppose that the Commission has in the past included a number of fisheries research projects in its activities, and it seems obvious to me that Scotland should get its share of those activities.

Mr Calvez. — (FR) Can the Commission tell us whether the Community's budget for 1982 will allow more intensive research on aquaculture to which the Commissioner alluded a moment ago?

Mr Andriessen. — (NL) I cannot say at this stage whether research into aquaculture will be doubled. One priority of the Commission clearly relates to this area of research and it is bound to be intensified; I cannot say yet whether it will be doubled.

Mr Fanton. — (FR) Further to Mr Calvez's question, I gathered that the Commission was willing to go along with Mrs Ewing's request, subject to a reservation regarding the site. I should like to know whether the Commission is prepared to accept the amendments to be tabled by the Committee on Agriculture with a view to increasing the appropriations and enabling the projects which appear to be approved by the Commission to be put in hand.

Mr Andriessen. — (NL) I think that at this time many budgetary aspects of fisheries policy must be left to the budgetary authority, namely, Parliament and the Council. I believe there is a misunderstanding here; I stated at the beginning of my answer that the Commission was not considering the creation of a central fisheries institute. If I understood the Honourable Member's question rightly, he suggested that the Commission did have plans of that kind. I shall therefore repeat that the Commission is not considering such a project at present, so that the Honourable Member's question is out of order as far as the Commission is concerned. Naturally the Commission will indicate its views on the proposal when the sub-committee on fisheries has delivered its opinion on this matter. I cannot, of course, anticipate that opinion at this stage.

President. — Question No 14 by Mr Collins (H-369/81):

Is the Commission satisfied that all Member States, including the United Kingdom, have complied with the requirements of the bathing water directive and can it say how many beaches in the United Kingdom have been found to comply fully with the terms of the directive?

Mr Narjes, Member of the Commission. — (DE) My answer to the Honourable Member is definitely no.

Narjes

The period of two years laid down in Article 12 of the directive for the entry into force of the statutory and administrative provisions was not respected initially by five Member States. The Commission therefore set in motion the procedures stipulated in the Treaty. Thereupon two Member States, including the United Kingdom, fulfilled their legal obligations.

The United Kingdom authorities have designated 27 bathing areas to the Commission, but these include no inland waters and certain well-known beaches on the Channel, e.g. in Brighton, are also left out. The Commission therefore finds itself obliged to reactivate proceedings against the United Kingdom for failure to comply with the Treaty.

Thirdly, the measurements notified by the British authorities for the 1979 bathing season showed that the values of the measured parameters did not exceed the binding values stipulated in the directive.

Mr Collins. — The answer, I must say, lives up to my expectations. And it demonstrates, very clearly, does it not, that the method of collecting these statistics is utterly lunatic? I wonder if the Commission would not agree with me, therefore, that in spite of this directive many people in the Community, including bathers as far apart as the Mediterranean and the Clyde coast at Prestwick, Ayr, Troon and Girvan, are still being subjected to bathing water which is full of all kinds of untreated sewage? Would the Commission not agree that an urgent review is needed even now of the efforts — or lack of them — to implement the directive as it stands and of the way in which certain Member States — including the United Kingdom obviously from what the Commissioner has just said — have been able to avoid action by exaggerating the length of beach in general use and so quite cynically manipulating the statistics and ensuring that even children are still exposed two years on to substandard, unhealthy and disease-ridden environmental conditions?

Mr Narjes. — (DE) I can only repeat that the Commission has reactivated its proceedings for infringement of the Treaty against the United Kingdom, partly because of the circumstances cited just now by the Honourable Member. May I also point out that the measurement results notified to us relate to certain designated beaches, while no results are available for the other areas mentioned by the Honourable Member.

Mr Boyes. — I think the Commissioner's answer bears out my criticism of the United Kingdom's efforts in defining bathing beaches because I think you will agree with me that the criteria used led to some comical, absurd definitions of what a bathing beach was. We in the United Kingdom are used to absurd,

comical decisions by the United Kingdom Government. However, these often lead to tragedies: areas of great need being denied essential funds. I should be glad if the Commissioner would comment further on the methodology used by the United Kingdom in an effort to prevent it from using exactly the same system in future.

Mr Narjes. — (DE) I believe I have made it clear that we are not satisfied with the way in which this regulation has been applied up to now. The beaches which have not been already covered would have to be individually investigated in order to ascertain to what extent changes are desirable or necessary. May I point out that Member States can be granted a lengthy transitional period to bring their bathing areas into line with the provisions of the directives; that transitional period is as long as it could possibly be and has not yet expired.

Mr Hutton. — May I thank the Commissioner for the answer he has given about the United Kingdom attitude. Would he say though whether he intends to pursue the same methods as he has pursued in the past in dealing with the United Kingdom Government or will he now adopt rather more stringent measures towards that government in the hope that it will now comply with these regulations?

Mr Narjes. — (DE) The Commission proceeds objectively according to the relevant procedures and without regard to the country or government concerned.

Mr Eisma. — (NL) Am I right in believing that the Commissioner's negative answer to Mr Collins's question relates to practically all other beaches in Europe? The questioner has not told us why bathing water in the United Kingdom and the persons swimming in it are so much more important than those of other Community countries.

Mr Narjes. — (DE) No, that was not my answer. I was replying to Mr Collins's specific question about the application of this regulation to the United Kingdom and British beaches. May I add the following in answer to your question: out of the five countries which did not comply with the regulation in good time, two, i.e. the United Kingdom and Germany, did subsequently do so. Belgium, Italy and the Netherlands are still in default.

President. — The first part of Question Time is closed.¹

(The sitting was closed at 8.05 p.m.)

¹ Agenda for the next sitting: see the minutes of this sitting.

ANNEX

Commission action on opinions on its proposals delivered by the European Parliament at its September 1981 part-session

1. As agreed with the Bureau of Parliament, the Commission informs Members at the beginning of every part-session of the action it has taken on opinions delivered at the previous part-session in the context of parliamentary consultation.
2. At its September part-session the European Parliament delivered 8 opinions on Commission proposals in response to Council requests for consultation.
3. At the part-session 4 matters were discussed in connection with which Parliament delivered favourable opinions on or did not request formal amendment of the proposals mentioned below:
 - report by Mrs Baduel Glorioso on the directive concerning procedures for the entry of goods for home use (COM (81) 74),
 - report by Mr Helms on the proposal making provision for certain technical measures for the conservation of fishery resources (COM (81) 43),
 - report by Mrs Fourcade on the proposal for a regulation defining the territory of the Community for customs purposes (COM (80) 658),
 - report by Mr Donnez on the directive concerning the activities of physicians.
4. In 4 cases the European Parliament asked the Commission to alter its proposals under the second paragraph of Article 149 of the Treaty:
 - report by Mr Nyborg on the Commission proposal for a directive on the limitation of noise emitted by hydraulic and rope-operated excavators and by dozers and loaders (COM (80) 468 final)
 - The Commission did not have an opportunity at the time of the vote to say that it was unable to agree to alter its proposal.
 - report by Mr Gabert on two proposals, for a directive and a regulation, relating to combined transport (COM (80) 796 final)
 - An amended proposal is under preparation.
 - report by Mr Doublet on the regulation concerning the obligations inherent in the concept of a public service in the field of transport (COM (80) 907 final)
 - An amended proposal is under preparation.
 - report by Mr De Gucht on the directive on the coordination of laws, regulations and administrative provisions relating to legal expenses insurance (COM (79) 396 final)
 - The Commission is preparing an amended proposal.
5. The Commission also expressed its views during discussions concerning it and took note of the European Parliament's opinions on the:
 - report by Mr Michel on the assessment of Community development policies and the role of the European Parliament,
 - resolution on the organisation of the market in fishery products and the fishery negotiations,
 - three resolutions of fishery policy,
 - resolution on giving effect as a matter of urgency to the already proposed set of measures designed to re-establish balance in the wine sector,
 - resolution of the free movement of goods within the Community,
 - resolution on the Thai Government's decision at the Bangkok Conference and on South-East Asian refugees,
 - resolution on El Salvador,
 - report by Mrs Wiczorek-Zeul on trade relations between the EEC and the Gulf States,
 - report by Mr Moreau on economic developments in the Community during the first half of 1981 (COM (81) 324 final),

report by Mrs Salisch on the repercussions of energy problems and technological development on employment in the Community (COM (80) 16 final),

report by Mr Ceravolo on employment and the adaptation of working time (COM (79) 188 final),

report by Mr Calvez on Community employment policy (COM (80) 186 final),

report by Mr v. Wogau on the 1981 Commission Programme for the achievement of Customs Union (COM (81) 23),

report by Mrs van den Heuvel on the violation of human rights in Guatemala,

report by Mr Malangre on the Bill on British nationality,

report by Mr Turcat on Europe's space policy,

report by Mr Aigner on the appointment of four members of the Court of Auditors,

report by Mrs Viehoff on the education of the children of migrant workers,

report by Mrs Weiss on setting up an exhibition on the Community's contribution to European development as the first step towards the creation of a Museum of European Unification,

report by Mr Adonnino of the draft Amending Budget No 1 of the European Communities,

resolution on the presentation before Parliament of the draft 1982 Budget drawn up by the Council,

report by Mr Kellett-Bowman on the discharge to the European Foundation for the Improvement of Living and Working Conditions,

report by Mr Kellett-Bowman on the discharge to the European Centre for the Development of Vocational Training.

SITTING OF TUESDAY, 13 OCTOBER 1981

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IN THE CHAIR : MR ROGERS

Vice-President

(The sitting opened at 9 a.m.)¹

1. *Enterprises and governments in international economic activity*

President. — The first item is the report by Mr Caborn, on behalf of the Committee on Economic and Monetary Affairs, on enterprises and governments in international economic activity (Doc. 1-169/81).

I call the rapporteur.

Mr Caborn, rapporteur. — On the subject that is under discussion with this particular report, there are probably more experts and there have probably been more words spoken than on any other subject. And I can assure you there are many volumes.

My second point is that when this report has gone through all the stages of parliamentary procedure I hope the recommendations contained in it will indeed have action taken upon them, because the subject has been under discussion for a considerable length of time, as I shall explain later, and very little action has been taken to implement many of the recommendations that have been made not only by this Assembly but also by the Commission.

I should like to explain to the Parliament why we have the Vredeling proposals going through at the same

time as this report on multinationals. This report actually comes out of a previous report by Mr Lange, which asked for a review to take place within three years. I was appointed rapporteur in early 1980, at a time when the Vredeling proposals were not yet public, and so there seem to be two discussions going on with similar objects behind them. The Vredeling proposals are, however, very narrow and specific and will we hope, form the basis of a directive in the not-too-distant future; whereas the report before you this morning is more wide-ranging and indeed covers many aspects of society other than the straight employee consultations within multinational companies. So I hope that will be taken on board and that when the time comes to consider the amendments to this document their authors may find it in their power to withdraw them.

I now turn very briefly to the report, because I think it is important that the background be known to the Assembly, for it is out of that background and the consultations which have taken place that the resolution before you this morning has emerged.

If we go back to the early 1970s, we find that this subject was on the agenda of the Committee on Economic and Monetary Affairs: whilst not in that particular framework and no question of such a framework was discussed, nevertheless the problem of the multinational companies was in fact brought before the Committee on Economic and Monetary Affairs. In 1973, the Commission submitted a communication to the Council on actions to be taken, because they saw certain problems as far as multinationals were concerned and submitted what I thought was a fairly progressive and good draft resolution to the Council of Ministers. Little action has been taken on that.

In 1974, Mr Leenhardt was appointed by the Committee on Economic and Monetary Affairs to draw up a report on the question of multinationals and what action should be taken by this Parliament. This

¹ Minutes — Documents received — Texts of treaties — Topical and urgent debate: see Minutes.

Caborn

was based upon the 1973 document that had been sent to the Council. I quote from the resolution it contained:

Expresses its belief that far too much time has been allowed to elapse before getting to grips with the problems caused by the unchecked development of multinational undertakings and that in the meantime they have gained a considerable lead over public authorities and trade-union movements in the internationalization process.

In 1977, a further report was drawn up by Mr Lange, along with Mr Sam Gibbons of the United States Congress. I will deal with the part that Mr Lange contributed on behalf of the European Parliament: equivalent measures were taken in the United States of America. Mr Lange again underlined in his report, which was accepted by this Assembly, that there should be a legal framework and indeed political accountability on the part of multinationals within the Community, and he went on to outline a whole series of areas that ought to be looked at by the Commission with regard to taking action.

This report of 1977 by Mr Lange also had embodied in it the need to review the whole situation some two or three years later. Hence the report you have before you this morning, which is the outcome of that review.

With regard to action at the Community level, I have already explained that in 1973 a draft resolution was sent from the Commission to the Council embodying some, as I see them, progressive moves, but little action has been taken. This is clearly dealt with in paragraphs 83 to 85 of the explanatory statement.

The international arena is also a very important area, and there have been significant moves since the middle 1970s. The UN Commission on Transnational Corporations was established within the UN Economic and Social Council in 1974 and is now operating. This body has set itself the task not only of setting up a UN secretariat but also of examining certain conditions and terms of reference, conducting research into various aspects of multinational activities, establishing an information tank on multinational corporations and acting as consultant to governments on multinational corporations and related issues. Since 1975, it has met some 13 or 14 times, and according to the last communiqué from its chairman, it should report this year.

Alongside that, UNCTAD produced last year a code of conduct on the restriction of business practices, and this year it is hoped there will be one on the transfer of technologies.

Also, the ILO have produced a tripartite code which is up for review this year. And the OECD, which was probably the first body to actually be on the scene in terms of putting forward a code in 1976, have a code and guidelines for operation of multinationals. That

too has been reviewed and certain amendments were made. One has got to underline, though, that these are all voluntary codes, even though pressures have been brought upon these multinational organizations to try and have more mandatory control over them.

The fourth section can probably be a little more subjective. It is an area that I think is of prime concern. I have got to say that, as I have been doing this report, I have consulted with many bodies, ranging from UNICE who represent the employers and the multinationals to the ETUC on the labour side to the American Chamber of Commerce, to the World Council of Churches, to the small and medium-sized businesses, to the environmentalist groups and all who are concerned, for probably different reasons, about the role of multinationals. It is from that type of background and discussion and consultation that some of the key concerns embodied in this report in section four have been drawn.

So in my conclusion this morning, and against the background of the concern that has been shown about multinationals, I would say that the starting point of this Assembly — and I hope that colleagues on the other side of the Chamber will take note of this — the starting point from either '74 in the Leenhardt report, or from the Lange report of '77, is clearly to move in the direction of a framework of law in which multinationals should operate. I hope that those on the other side of the House will reflect and perhaps withdraw a number of the amendments that have been put down, which would take us back to a pre-1973 situation.

As to my conclusions, I have looked at three major areas, which are all multinational-related issues: disclosure of information, transfer pricing and merger control. I think these are three areas that ought to be very seriously looked at.

As far as disclosure of information is concerned, there are certain actions that have been taken by the Commission but I believe they do not go far enough. I also believe that society in general ought to know what multinationals are doing, they ought to be more transparent and therefore disclosure of information should not be solely for those who actually work inside those establishments.

Transfer pricing is an area that has been investigated by the Commission but at this point in time there is no initiative being taken. We are asking in this report quite clearly for certain action to be taken.

On merger control, yes, there is before the Council a draft directive and, hopefully, the Council of Ministers will activate that directive.

On the last point I have asked that a monitoring group be set up within the Committee on Economic and Monetary Affairs, and I believe this not only to be right on this occasion and for this report, but I think it

Caborn

is also the role of this Assembly, if it does anything, to monitor the decisions that have been made and assist with their implementation. I hope, then, that the monitoring mechanism will be approved and that it will mirror what is happening in society. There have been wide-ranging consultations on this report, and I hope that we mirror those concerns not only in the report but also in a monitoring mechanism which is outlined in the report.

Mr President, I hope that the people who have got amendments down will, in the light of what I have said this morning in my report and in the light of the position of this Assembly, consider withdrawing certain of those which would take us back to a pre-1973 situation.

Just to go back to 1974 and the paragraph I quoted from Mr Leenhardt's resolution I would suggest that the concentration of multinationals is considerably greater now than it was then. That concern therefore is much more widely felt than it was in '74. Mr Leenhardt said that no action was taken then. I hope that from 1981 onwards this Community will in fact start taking action, not only on this report this morning, but indeed on the general framework that was laid down by Mr Lange in '77.

President. — I call the Socialist Group.

Mr Lange, chairman of the Committee of Budgets. — (DE) Mr President, ladies and gentlemen, we should certainly be grateful that the Committee on Economic and Monetary Affairs has succeeded in submitting a report on enterprises in international activity at this time. If we look at the general situation in which we find ourselves — and in this respect I can only underline what the rapporteur has to say — we are today in a more difficult and, to put it differently, a worse situation than in the first half of the 1970s.

Particularly important at that time was the question of the concentration and international activities of undertakings, which then gave rise to the activities of an international nature to which the rapporteur has referred. I should like to take up what this Parliament — before it was directly elected — stated in its resolution in 1977, not least at the request of the Commission, when we called not only for internationally binding rules to govern the activities of undertakings operating internationally but also for the same to be done in the Community. But even though this is what it wanted at the time, the Commission has not yet drawn any conclusions. To this extent, therefore, the Commission's attitude must be criticized.

In the meantime we have had a question with debate, in which the Commission again had to admit that nothing had been done. The Commission has not fulfilled its mandate and negotiated with the United

States. It has not fulfilled its mandate and sought legally binding international agreements in the OECD but confined itself to what was proposed in these organizations, that is to say, the OECD and also the UN, which virtually allows the voluntary application of certain rules or guidelines. Our experience of the voluntary application of OECD guidelines since 1976 is anything but encouraging.

The undertakings have increasingly pursued an extremely robust market policy, particularly those which have grabbed additional profits since 1973 as a result of the first dramatic increase in oil prices and of the conduct of the oil-producing and oil-exporting countries. Profits have been made only by these countries but also by the oil companies, and in the meantime they have also developed into proper energy undertakings since they no longer confine themselves simply to oil as a source of energy.

This is a development which in fact is capable of undermining all the political decisions of the various States, something that has already happened in some cases, as past experience has shown. We requested the Commission in 1973/74 to examine the conduct of the multinational oil companies as regards the prices charged within the various groups of companies. At that time the Commission was unable — I might even say unwilling — to submit this question to a more thorough investigation and to find out whether these undertakings had in fact infringed the rules on competition contained in the Treaties, although the Commission did argue that this could not be proved.

We are firmly convinced that there have been abuses. We are firmly convinced that these undertakings have acted as an oligopoly, which should have resulted in the Commission taking action.

We cannot have non-political forces reducing policy to the absurd, which has already happened in some cases as a result of the conduct of undertakings operating internationally. This is no longer a reference to the oil companies alone, but also to other undertakings which in some parts of the world are attempting to influence certain political developments to suit themselves and to undermine the decisions taken by the local population and government. I need only quote the example of Chile, where a certain large company was very actively involved in the overthrow of the Allende Government, and the installation of the Pinochet regime. All in all, this is an intolerable situation.

Furthermore, the oil multinationals that have become energy companies have also made a substantial contribution to the considerable increase in the cost of living and rates of inflation in the European Community. What they have done is far from socially acceptable. The market conduct of these undertakings is in some cases completely out of keeping with what is in the interests of society as a whole. They are in fact a threat to what the market economy stands for.

Lange

At this stage, I must make one criticism. The second subparagraph of paragraph 1 of the motion for a resolution refers to the social market economy. This is in fact complete nonsense, because the economy as such does not have a value. It is not until income is achieved and distributed that certain values occur. We cannot therefore talk about a social or a free or any other kind of market economy, only of the market economy. But it is also obvious that things cannot simply be left to the free interplay of market forces in the market economy, as various Members repeatedly claim. I need only quote the inventor of the term 'social market economy', Alfred Müller-Armack. He said, when the effects of the first recession of the 1960s were being felt in 1966/67, that the market economy was not a robot which could settle and regulate everything by itself: there had to be controls from outside.

This control function can only take the form of policy which must create the appropriate basic conditions to prevent undertakings from usurping political power. It would therefore be a good thing for the word 'social' to be deleted from this subparagraph. The market economy has no value in itself, and it can be used to justify anything that needs justification. It is no use shaking your head. This is ideology . . .

(Interjection)

. . . No, no, Mr Brok knows what I mean. I know these people who obstinately and repeatedly describe the *social* market economy as the only panacea. But we should for once talk about the economy and economic necessities very objectively and without ideological bias. There may then be a better chance of agreement than many people think possible.

The Socialist Group endorses all the demands which the rapporteur or the Committee on Economic and Monetary Affairs has put forward. I cannot, of course, assess the amendments which are not yet available because they are still being printed. But as far as I can judge, we should try to retain the spirit of this report and require the Commission to enter into international negotiations at long last. As we said at the time, start with the Americans and then go on to the Japanese at a later date. We must fill in the political blanks if we are to bring economic activity under general control.

To conclude, as we have been saying since the early 1970s, it is not our intention to subject large undertakings to a witch-hunt. Our only interest is in seeing these undertakings able to operate internationally within a legally safeguarded framework, which will be safer for them too. Then, I believe, many of the political necessities and the chances of reaching agreement on them will look more favourable than they do today. If we succeed in this, as outlined in the proposals now before us, which are only a small selection of the ones we adopted in 1974 and 1977, we shall be taking a step in the right direction. If, then, the Commission takes action in this area, we may make some progress and

not find yet again that although the Commission makes declarations of intent, it does not do anything.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Beumer. — (NL) Mr President, my group is very largely in favour of the Caborn report. We feel that it strikes a reasonable balance between social and company interests, this also being adequately expressed in the conclusions. In reply to what Mr Lange has said, my group regards a democratically regulated market economy, a market economy geared to meeting social needs, as the most suitable form both for the functioning of industry and for the improvement of living standards. If government assumes the responsibility of creating the required conditions, particularly as regards the social aspects in the broadest sense, it is commensurate in this assumption with the positive action the market can take, and the principle of freedom with responsibility and the productivity of this dynamic economic and social system should be combined with active solidarity, the highest possible level of involvement and responsibility of all the participants in the economy. From this stems the need for worker participation and involvement, the sharing of power rather than its concentration.

Like the power of governments, power that is concentrated in industry should be subject to controls; all the more so where such power conceals fairly extensive means of exercising influence. Hence the need for mechanisms and structures that make this possible, while allowing the firms concerned to operate as effectively as possible and taking account of the task they have to perform and the responsibility they have to bear. This basic position must result in the adoption of the unequivocal legislation we advocate.

The transfrontier nature, Mr President, of certain entrepreneurial activities may have certain weaknesses, particularly with regard to the position of employees, for example when decisions are taken outside the country in which some of the employees are working. This is also true of information, and it is therefore important for satisfactory, clear agreements to be reached on the question of information.

The development economist and Nobel Prize winner Tinbergen has always stressed that the know-how and organizational capacity of the multinational undertakings must be assessed positively when it comes to their ability to contribute to the development opportunities of the Third World. The consequences of multinational activities may be so drastic, particularly for the most dependent of the developing countries, that there is a need for legislation, and that is why the resolution originally adopted by my group and also included in the Caborn report says: 'Multinationals operating in developing countries should make a greater contribu-

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tion to the development of these countries than they have done to date'.

Elsewhere this resolution states: 'Urges that the internal structure of the multinationals should be more transparent to enable the State, as the defender of the general interest, to prevent any possibility of the economic power of the multinationals developing into an uncontrollable political power'. That is what we said in the resolution, Mr President, and for all these reasons we should like to see more explicit legislation. Our view is that, from the point of view of legal security to the benefit of government, society and the undertakings themselves, it stands to reason that a system of binding regulations should be progressively introduced where they are considered necessary.

It is after all the custom in industry itself for matters of importance to be governed by set rules, and I would also refer to what the Commission said in its communication to Parliament in 1978:

'Since they have no legal force, the guidelines alone cannot serve to improve the position of, for example, a creditor or a worker who has been made redundant', which means that, at a given moment, problems 'can be resolved only by adopting binding rules creating legal obligations'. It should be admitted in this context that at international level the administrative sector has undoubtedly lagged behind the private sector, whose structures have made considerable advances, and that there is little evidence of an administrative structure, international structure, with sufficient formal authority, which leaves entrepreneurial structures the kind of freedom which may result in excessive power.

When we speak of directives on multinational undertakings we wish to underline that, if they can be enforced, they should be enforced at Community level and that this could be an important step towards international agreements on a larger scale. In November 1972 the Commission said in its resolution to the Council that the existing framework of national legislation was too small and that a more effective counter-balance must be established at both Community and international level. The rapporteur himself says that binding regulations at Community level may in themselves be more effective and may serve as a basis for such agreements. What does surprise me, Mr President, is that the rapporteur can say this when I know that his party is considering turning its back on the EEC. It is more than ever true to say, Mr Caborn, that the goal you advocate of a better social balance cannot be achieved unless it is within a Community context. I believe that if the attempt is made through agreements among the nation States themselves you will not achieve your own objectives. The wheels may grind slowly within the Community, and this also applies to creating a better link between the economic and social aspects, which we see as the other side of the same coin. But outside the Community the wheels will grind even more

slowly and less effectively. Steps taken will have only a limited effect. Do you not yourself describe, and rightly so, as an important achievement a regulation on the mass dismissal of workers, the rights of workers when changing employers, the protection of workers when their employers become insolvent? I feel that although this has all taken a very long time and there is still a great deal to be done these are major achievements which are not acknowledged outside the Community. It is less than is needed, but is more than would have been done elsewhere.

A final remark on the control group for which the report calls. My group feels that a proper discussion of the demands with respect to codes of conduct for multinational undertakings should be possible under the normal working methods of the Committee on Economic and Monetary Affairs and would also have a sufficiently supervisory and stimulating effect. As a result of a proposal we made, the request for a report from the Commission every three years has become a request for two-yearly reports, an added reason for this being, as the rapporteur has rightly said, that too many important proposals and directives relating to final decision-making are still on the shelf. We view this with concern, Mr President, and we also encounter undesirable delays and backlogs. Take, for example, the directive on mergers and also the seventh directive. We therefore feel that an up-to-date list of the problems and of those causing them should be compiled as a matter of the utmost urgency. With the two-yearly reports from the Commission, the periodical reports from the IMF Committee and the OECD reports from the national authorities, we believe that the Committee on Economic and Monetary Affairs will have adequate means of making a proper assessment by using its normal working methods. We do not therefore need this control group, the assumption being that we of the Committee on Economic and Monetary Affairs are sufficiently attuned to these developments.

President. — I call the European Democratic Group.

Mr Beazley. — Mr President, the European Democratic Group considers that the Caborn report, both the resolution and the explanatory statement, deals with a subject of the utmost importance, not just for the European Community but for the free world. The subject of multinational firms is one which unfortunately gives rise to much emotion, not only in this Chamber but also in many sections of the Community at large. My group therefore believes that it is of paramount importance to define exactly what the real problem is and to seek solutions which are realistic and practical and based on the genuine facts of the case. We therefore very much regret that the resolution is a composite one, one which arose out of a compromise and we believe an unsatisfactory compromise. We shall, together with other groups in

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this House, seek to amend the resolution, because although it arises from an own-initiative report and a referral to committee, it has a most important bearing on other company legislation which will shortly come before this House.

I will briefly explain where the difficulties lie in this report. The case is extremely clearly put in the explanatory statement. We will start with Section IV entitled 'Some key issues of concern'. The concern is divided into two categories. The first is very briefly expressed as, and I quote *in toto*: 'specific cases of corrupt practices and interference in national political processes, environmental pollution, defective products, etc.' This is indeed a very mixed bag. No one, least of all multinational firms, would attempt to justify the first two items. Of course, corrupt practices are in no way a specific feature of multinational firms as compared with national firms, and the incidence of political interference is, from the overall point of view, an extremely rare occurrence and totally unjustified as a general criticism. I believe that the multinational firms' reputation in regard to pollution control and the standard of their products is a high one.

The criticisms of a more general nature which follow, relating to concentration, possible diseconomies of scale, the appropriateness of products and processes, the impact on employment and financial transfers, are equally varied and, I believe, unsubstantiated. Paragraph 51 which follows says:

It is very difficult to establish a list of key issues on a worldwide basis. It is, however, possible to make some key remarks and to outline some key assumptions.

I repeat, 'assumptions'. On this very slender basis the report attempts to establish, and I quote: 'The need to establish countervailing power'. Here we have the nub of the problem according to Caborn:

It is the challenge multinationals pose to national sovereignty and the failure to establish adequate countervailing power at international level.

The justification follows in paragraph 53. It admits:

While governments are not powerless and multinationals not completely footloose, the latter's size, their flexibility and supranational goals nevertheless make them less accountable to national policies and objectives than purely national firms.

The report follows that up in paragraph 54 by saying

Their global reach makes for a striking contrast with trade unions, in that union organization is essentially national in scope.

This is the basic case which the report argues. Here is the mismatch between national sovereignty and trade union power in the one hand and multinational enterprises on the other, and the case must be answered.

Now multinational trade is believed to be a good thing. It has been over many centuries the basis of the prosperity of the West, on which our civilization and social standards are based. Multinational trade requires multinational companies to exercise it. What is the nature of the world in which we live, and what is the *raison d'être* of the European Communities? It is a world of two superpowers based on different ideologies and different forms of society. It is a world dominated in industrial terms by the USA and Japan, but one in which the European Community is by far the world's biggest trader. The main economic strength of the European Community lies in its concept, not as yet realized, of its common market. The United States has had a common market for generations, a common market which, however, took generations to build. But Europe's common market is a world market. It is the least protected market in the world, and the European-based multinational companies which operate in it have to operate on a world scale and in a world market in order to be competitive.

The European market cannot and must not be considered in isolation. Hence the Caborn report quite understandably looks for international agreements to supplement European ones. The question is not whether he is right or wrong. The question is this: is his proposition practical and realistic in the foreshortened time scale? He has to bridge the gap between the national base of Members States' sovereignty and of trade union power and the scope of the European Community in the world. Multinational firms cannot operate worldwide without a decentralized organization. The resident managing director must be responsible for taking the majority of the decisions relating to his authority in the territory for which he is responsible, and naturally this is within the guidelines of his company's policy. Decentralized multinational authority must match the legal authority exercised by sovereign states, local trade unions and representatives of capital and labour. This is the way in which the mismatch to which I have previously referred is matched.

The pressure therefore is on the European Member States to harmonize as far as possible their diverse financial structures, monetary and tax systems, labour laws, social laws and health laws. Because of the disparities between these traditional systems based on long usage the process will necessarily be a slow one. Trade union and worker representation organizations must likewise be developed step by step.

My group therefore agrees with transparency and regards merger control, transfer pricing and information disclosure as matters of the utmost importance. It believes furthermore that the Community's competition policy is vital in this respect. Therefore we consider that the guidelines and codes of practice at present established by OECD and ILO, which must of course be continuously updated, together with the work being done at the United Nations combined with

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the Community's competition policy, represent the best way of dealing with the mismatch between the multinationals on the one hand and national sovereignties and trade union and worker representatives' interests on the other.

President. — I call the Communist and Allies Group.

Mr Bonaccini. — (*IT*) Mr President, ladies and gentlemen, permit me first of all to congratulate Mr Caborn on his report. He has succeeded in identifying the essential points on which further decisions can be based.

I would like to reassure Mr Caborn in regard to the amendments we presented after having approved his motion for a resolution. What do these amendments mean? Substantially they are aimed at effecting improvements in the style and, in some cases, in the content of certain paragraphs in the resolution. Because the rapporteur asked us to bear in mind the overall political significance of the resolution, our support of these amendments will be combined with a readiness to distinguish between style and political import when necessary, although we naturally hope that our own formulations may be adopted.

The issue we are discussing is fundamental to the economic and social life of our Community, and as such it was one of the first questions to be taken up by the Parliament elected by direct suffrage in 1979. From this viewpoint I tend to share the views expressed a moment ago by Mr Lange, who spoke with the authority of his knowledge and of his past and present work on this subject. The situation is worse today; the Commission deserves to be strongly criticized for its activities. In fact, the situation has worsened not so much because of factors beyond our control as because of a failure to accomplish what we were authorized to do.

Firstly, the Commission failed to present a united front either in international meetings or in other discussions. It wasted much time with legal questions which had no reasonable foundation. Secondly, it failed to grasp the crux of the problems we were facing.

I wish to say immediately that we have no desire to persecute the multinational companies. Such an attitude would be foolish. I want therefore to assure Mr Beazley that we do not approach this question solely from an emotional viewpoint, even though the harm done by multinational companies has in many quarters not been forgotten. On the contrary, we approach it with a strong sense of realism, with an awareness of the facts deriving from the structure of these companies, from their new social policy and from their actual behaviour.

We cannot but be aware of what multinationals have done, in Europe and elsewhere. As the report states,

they have in some cases been a source of economic development. We do not dispute this. At what cost, however, ladies and gentlemen? At the cost of the dissipation of environmental resources and the exploitation of human ones, of widespread speculation, and of political repercussions (which have been mentioned here in the case of Chile but which we could perhaps list at greater length for other countries); all this accompanied by side effects on the lives of our own societies, due to the violation of rights and the evasion of laws which we are all bound to observe.

There are two possible ways to approach this problem. One, for example, can be found in an amendment, and it is represented by the demand to harmonize the conditions of competition. This is an important point, but in our opinion it is inadequate. It is necessary to make a general political evaluation.

We are dealing here with a large concentration of economic, social and political power. It is therefore necessary to decide upon the means of dealing with this power which, unlike our national companies, has no equivalent countervailing power to balance, at least in part, its effects. In the case of multinationals such countervailing powers are weak, due to the very structure of these companies, to their wide dispersion and to their modes of action.

Moreover, the multinationals are not in the same positions as nations, which must always reckon with other nations or with international organizations and act within a national or international legal framework. These companies possess economic, social and political structures which function outside such legal frameworks.

We cannot therefore persist in renouncing a function which should properly be ours. In this regard I would like to emphasize two paragraphs which are particularly important to me: firstly paragraph 12 concerning binding regulations on this subject. We can no longer be content with general appeals and trust to the behaviour of those who have demonstrated their inability to conform to the standards set forth in such appeals. I am encouraged by the fact that the speaker for the EPP expressed agreement on this point. I am somewhat less encouraged by the fact that there was no agreement on the subject of monitoring, the other key issue (paragraph 18). To renounce surveillance is, in our opinion, to renounce the very *raison d'être*, the essential role of Parliament.

This is why we appeal to those colleagues who still share this view to change it, and to launch measures that will permit us to go on to other proposals (I remind you of the Commission's 'Vredeling-Davignon' proposal), more solidly based and more responsive to the demands of our society.

President. — I call the Liberal and Democratic Group.

Mr Berkhouwer. — (*NL*) Mr President, I should like to be as positive and constructive about the Caborn report as possible. And yet I find that the multinational or, as I would prefer to call them, transnational undertakings are treated with some prejudice in this report. Certain accusations are made, even though UNICE has already said that they have no foundation. Underlying this report is the idea, or rather the biased idea, that the multinationals escape the sovereign control of the nation States. But what, Mr President, does this sovereignty mean in the process of planetarization in which the present generation lives, strives and works? Has there not in fact been a breakdown in the link between the universal, the global dimension of some undertakings with world-wide operations and the increase in the scale of political control, which does not have the same universal range? Is that not the crux of the problem? And because of this alleged evasion of national sovereignty, the resolution calls for the introduction of a system of binding regulations at the level of the European Community. So it is to be binding regulations at Community level? Is that necessary? Does that fit in logically with my views? Where their activities in the national markets are concerned, the transnational undertakings are, after all, bound hand and foot by national legislation and particularly by the tax laws of the nation States. And if we were to add up what the multinationals pay in taxes, especially company taxes, to the benefit of the public in the Member States, a far more favourable view might often be taken of these companies. But because of the lack of communication between their universal scale and our very deficient political coordination, our individual and separate EEC rules are bound to fall short of the universal dimension of such firms and undertakings. And where multinationals in the Community of the Ten operate across the frontiers, they are subject to the EEC's rules on competition in the internal market, which are among the most effective mechanisms and give the Commission the opportunity to exercise its supranational powers effectively. Think of the fine the Commission recently imposed on Michelin. And then there are the extensive decisions taken by the Court of Justice in Cases 85 and 86 on the provisions of the Treaties that concern competition.

We have Community and national, social and fiscal and company law. Are we then to have separate, new binding legislation specifically for the multinationals that operate in the internal market of the Ten? For the time being, Mr President, my group does not see the need for this proposal. The conclusion I therefore draw from my brief, six-minute statement is that we are opposed to the resolution, because we feel more attracted to what has been said in the resolution tabled by Mr Jackson, Mr Sherlock, Mr Forth and others. Whether this view can be changed to support for the resolution will depend on whether the amendments we have tabled are adopted.

President. — I call the Group of the European Progressive Democrats.

Mr Deleau. — (*FR*) Mr President, I wish to join with the other speakers in paying tribute to our rapporteur, Mr Caborn, even if I do not see eye to eye with him on everything.

It has to be said, in relation to the matter in hand, that there do exist codes of practice which, while of a non-binding nature, are nevertheless becoming widely accepted by the international business community: I refer to OECD guidelines and the ILO tripartite declaration, and the code of conduct currently being prepared by the United Nations is also likely to be of a voluntary nature. In the Committee on Economic and Monetary Affairs we felt obliged to challenge the restrictive attitude of our rapporteur, who favoured the establishment of a framework of binding regulations at Community level to ensure tight control over the activities of multinational companies. The European Parliament, had it gone along with the rapporteur's initial proposal, would effectively have been advocating a fundamental change in the very character of the codes relating to multinational companies at a time when the trend seems to be more and more towards the principle of voluntary codes.

Naturally, for Parliament to have adopted such a position could only have served to strengthen the case of those who want a binding United Nations code of conduct, coupled with a supranational authority capable of enforcing it. It is easy to see the kind of risk this would have entailed for undertakings in OECD countries, especially those in the European Economic Community. It would in the circumstances have been disastrous, politically, for Europe to be contemplating and advocating measures of this sort. The principle of rigid legislation on these points is therefore objectionable in itself. The Group of European Progressive Democrats could certainly never go along with it. We accordingly today welcome the amendments adopted in committee to Mr Caborn's draft resolution, which now give the text a completely different slant, that is to say, it comes down firmly in support of the OECD guidelines. But we nevertheless remain vigilant, while at the same time steering clear of any tendency to be dogmatic.

In fact, while the economic crisis is raging just about everywhere, we find that the multinational companies based in the Community are engaged in a series of direct investment operations in the underdeveloped countries. It is essential therefore for us to determine precisely what effects these investments are having in our own countries as well as in the underdeveloped countries and to equip ourselves with the means to prevent any untoward side-effects on the social level. Now, given their present unutilized production capacity, these multinational companies, whether European or whatever, should be capable of producing and

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exporting a large part if not all of what is being produced by their foreign subsidiaries — the problem being seen in terms of the level of investment, which is at the present time too low in Europe — and thus permit a reflation of the economy and a return to full employment. The problem is also a social one to the extent that, when it comes to the fundamental question of safeguarding employment, employees are more often than not powerless in the face of the facts, which are all to do with the strategy of the multinationals. And so, to deal with this situation, governments should, when they attract a multinational company to a given country, obtain from it at the outset undertakings in the social sphere. Intervention by the public authorities cannot take place *a posteriori* because that is very costly. It must take the form of prior agreements concluded with the multinational company in the context of a genuine dialogue.

These are fundamental problems in relation to which multinational undertakings and public authorities must adopt a responsible attitude. At a European level, the crisis, which is already beginning to undermine the very foundations of the common market, is having a particularly harmful effect on European undertakings, including those multinationals less powerful than their American counterparts. In consequence, some of the European multinational companies are now attempting to follow the American example, in particular by increasing the level of their investments in the developing countries. Without question, industrialization of the poorest countries is something to be encouraged, but the creation of jobs, often precarious, in these countries, cannot be achieved at the expense of workers in the developed countries.

That then, Mr President, is the position of the Group of European Progressive Democrats. We are certainly in favour of the Community taking circumspect action to regulate the activities of multinationals but, I repeat, we are absolutely opposed to any framework of binding regulations. We have accordingly put down a radical amendment to paragraph 12 of the resolution. Our group's final verdict on the Caborn report will depend on the fate of this amendment.

IN THE CHAIR: MR MØLLER

Vice-President

President. — I call the Non-attached Members.

Mr Romualdi. — (IT) Mr President, ladies and gentlemen, the multinationals are generally accused of

many unpleasant practices, and often even of execrable ones. They are subject to accusations of an economic nature, that is, of creating monstrous oligopolies capable of exerting a highly destructive influence in the entire sector in which they operate, until they succeed at last in controlling the markets and thus putting an end to free competition. Political accusations as well are levelled at them; they are said to exert so much pressure on the governing bodies of the individual countries where they are active that they inevitably become the true centers of power within those countries, determining to a high degree the interests and decisions at issue on the international level. This applies particularly to their presence and activities in the Third World, where according to many they have become actual instruments of a policy of neo-colonialism. It was even said here a short time ago that Pinochet was brought to power by some multinational or other.

In this Parliament recently — or to be more exact in the ACP-EEC Consultative Assembly — some Members had no scruples about attributing to otherwise unidentified multinational companies the responsibility for what is happening in Angola and Namibia and also for apartheid in South Africa; this is, in our opinion, irresponsible. There is no doubt that large economic interests have often dictated certain political attitudes, but to make this a result of the existence of a certain type of enterprise with capital, interests, and directorates distributed among several countries, like the multinationals, is to surrender to demagoguery and indulge in amateurish generalization, whether in the political or in the economic sphere. On the other hand, it can be argued that the activities of the multinationals, their formation and their operation should be subject to laws and responsible regulations concerning their composition, their organization and their budgets. Certainly some of their excesses are harmful and therefore to be combated, for we feel, as others do, that politics should take precedence over economics. But it is equally certain that these multinationals also have their merits, mobilizing on behalf of commercial and productive activities forces, experience and capacities that would otherwise remain inactive or insufficient.

We feel that the Caborn report is a good example of action in this regard; it has an accurate appreciation of the merits of the multinationals and aims at defending them. It is equally fair in warning of the dangers of multinationals and in combating them, suggesting the creation of adequate structures of balance and control based on provisions, laws, codes of conduct, multilateral agreements, cooperation between countries, free competition, and harmonization of the too widely differing national, commercial and tariff legislations. Such differences should be eliminated as much as possible for they are open to abuse.

Romualdi

What we appreciate most in the Caborn report is the reference to the proven necessity for the phenomenon of the growth and development of the multinationals in bringing about the convergence of our European economies. Through them, enterprises in the individual Community countries can pool their efforts, their ideas, their capital, and their techniques to meet the need for a true economy of European scale which is competitive with the other world economies. This should not be done at the expense of Community social development, but rather for its protection, assuring greater expansion and strength in both the political and economic spheres. Such a process would be on the one hand a safeguard for the coordinated development of life and of the social progress of our workers as laid down in the Treaties, and on the other hand a guarantee for a more solid basis of freedom and independence for our peoples.

President. — I call Mr Fich.

Mr Fich. — (DK) Mr President, the European Community is now 25 years old and the question may be asked: What has the Community done in these 25 years to gain control over the multinationals? The answer is very simple. It has done nothing. One may also ask: Why has the Community done nothing all these years to gain control over the multinationals?

Well, there are three answers to that. Firstly, the political will has been totally lacking. There was no wish to control them in any way, because it was felt that they had to be used in the economic competition with the USA and Japan. People wanted to use them to meet the threat which they thought was coming from the multinationals of these two countries.

Secondly, the EEC Treaties do, of course, quite clearly encourage the development of multinationals; they are regarded in these Treaties as the summit of economic endeavour.

Thirdly, throughout these 25 years the Community institutions have been dominated and are still dominated by higher powers. We know that at the present time three out of the ten in the Council of Ministers can be regarded as Social Democrats, Socialists or Communists. We know that in the Commission five out of 14 and in this Parliament perhaps 160 out of 434 can be regarded as Social Democrats, Socialists or Communists. We see, therefore, that those who want to control multinationals are a minority, albeit a large and significant minority, in all the Community institutions.

Now we get this proposal, in fact there are really two proposals. There is Mr Caborn's report and shortly we shall have the Commission's proposal to improve disclosure of information on these companies. I must say that Mr Caborn's report strikes me as an extremely

moderate bit of writing. I do not think it can be called revolutionary in any way. Nor would I even call it really progressive. And I must say to Mr Beazley, who criticized it, that if the multinationals really behave as Mr Beazley says this moderate bit of writing cannot embarrass them in any way. It will not have the slightest impact on them.

I believe Mr Caborn has gone to great lengths to reach a compromise with other political groups and I believe he has gone to such lengths that it is necessary to amend his report; I hope the amendments I have tabled will be adopted.

I also want to say this: despite the fact that this report is such a moderate bit of writing, it has run into opposition from the employers and I find that hard to understand. The employers must surely grasp sooner or later that the Community cannot exist simply for the farmers and the leaders of industry. They must grasp that the workers' organizations are not prepared to accept that any longer, and yet up to now the only response we have heard of from the employers has been outright rejection. It must be understood that the workers will not consent to undertakings being shut down over their heads. We have seen dozens of examples of this. We have seen Citroën shut down in Belgium. We have seen Philips closing various factories in the United Kingdom. We have seen Lee Coopers's in Denmark moved and we have seen Ford's assembly plant in Denmark, to take a few examples. So we see how these undertakings can simply shut down without the workers having any say in the matter, and we have no means of controlling this at present.

I wish to conclude by saying that the Community is failing utterly in those fields which the workers' movement considers central. This is true not only in regard to the multinationals, but also other things. And it must be obvious that this cannot continue. I think this is a test case of whether industry is prepared to meet just one of the least of the workers' demands. If this is rejected, it may well happen that the workers will lose confidence in the Community as an instrument through which they can see their ideas implemented. Then it will be obvious that what is supposed to be a Community for the people is just moonshine and nothing else. I consider this a test of whether Europe for the people is a reality or simply moonshine.

President. — I call Mr Tuckman.

Mr Tuckman. — Mr President, you will not be surprised that I come at this from the other point of view. From my point of view, the multinationals have contributed very substantially to wealth, both here in Europe, the United States and Japan, the developing countries, and many jobs and the standard of living of a large number of people depend on it. And I think it

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has got to be remembered that this is not an easy job. We are trying to feed something like 4 000 million people now, against 1 000 million in 1900. The figure is going up, and the demands for a high standard of living are going up.

Now how does one create wealth? Well, mainly by having enterprises that are willing to take a risk, are willing to do new things, and have managers who are confident and not frightened and hemmed in and hedged about. I think wealth-creating depends on accepting and creating change, and in that connexion, to take the matter a little beyond my own country, I think one of the worst words in the whole of Europe's vocabulary is the German word *Besitzstand*. It was very good once, but today it means sticking to what you have got regardless of whether you are still justifying it in current terms. A free society depends on letting the consumer choose, and if you want to see how it does not work, look at Poland, where instead of choice they have got queues. We have old Galbraith, the American retired ambassador: he maintains that once you have a big corporation it goes on for ever. Well, if you look at the large number of corporations which are no longer, that gives him the lie or at least shows he is mistaken. Multinationals are based on specialization, on size of market, and they take attitudes and goods from one country to the other.

Somebody on the other side mentioned corruption. Well, corruption seems to me fairly normal in many countries, and it is precisely the West, with its notion that this is not proper, which has brought one element into the world scene which was not there before. Having said a lot of positive things, may I now make a very critical remark? Top management of multinationals have obviously done very well, but if I look at their public relations, I would call them an utter failure. They have produced a lot of good, but the reputation in which they stand is hardly worth mentioning. They have nearly lost the battle for public opinion and I appeal to the heads of these multinationals to put together an effective campaign of explaining themselves: it is really no good putting people on this who are retired from some other kind of work.

So I am against the suggestion of law and restriction in this field. If — this is what my group say — you pass some of these amendments, we may be able to vote for this report: otherwise not.

Summing up, when I look at the total picture I see this Caborn report as utterly destructive. It will destroy our ability to produce, to adapt ourselves to change and to meet challenge.

There was an old chap called Oswald Spengler. He forecast the decline of the West. What I ask myself is, is Mr Caborn a prophet of decline or does he want to bring it about?

President. — I call Mr Rogers.

Mr Rogers. — Mr President, it is a pleasure to follow Mr Tuckman and perhaps to think very quietly upon what he has just said. Very typically, he has responded with remarks of freedom and Poland. I am not quite sure what this has to do with this argument, but one could well ask him, freedom from what and for whom? Or, freedom from whom and for what? He really ought to define his terms and his logic a little further than he did in that very rhetorical speech that he has just given us. When he spoke of people from this side talking about corruption, I think he had forgotten that it was his own colleague, Mr Beazley, who in his speech mentioned corruption and the specific cases of corruption that are known within the area of multinational operations. Then he talked about a mixed bag. These multinationals really are a mixed bag, and I think that people who have perhaps a strong interest in maintaining a very loose control over multinationals should apply themselves a little more diligently and realize that society ought to be ordered for people and not necessarily for profit.

I should like to pay tribute to Mr Caborn for the work he has done in preparing this report and also to all our colleagues on the Committee on Economic and Monetary Affairs who put in some very formidable and useful amendments which allowed a reasonable report to come through at the end. I was also very pleased to hear what Mr Beumer said in relation to his group's preparing to support this resolution.

The key issue at stake in this report is not what benefits the multinational companies give to the world at large by way of creating jobs and creating wealth. This is taken for granted. They do make a contribution, and that is not disputed in this discussion. The so-called advantages of cash movement, of technology and trained personnel which are mentioned in the European Democratic Group's amendment: no one is arguing about this at all. No one is arguing about the fact that multinationals encourage private investment. No-one is arguing about the fact that it is necessary to contain the monopoly and cartel position the multinationals adopt. No-one is arguing about the need to encourage competition — again points made in their amendments. What is at issue in this debate — and people from the other side really should be honest and face up to this — is the immoral and illegal transfer-pricing system which is operated by multinational companies.

What we are talking about in this debate is the international theft of money from national governments. That is the key issue in this debate: international theft of monies from national governments, governments that individually are either afraid or unable to act to apprehend what would in effect be a criminal offence if practised by individual businessmen or companies operating strictly within a national framework. As for

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our Conservative colleagues on the other side, their own government has seen fit to bring in legislation relating to this; and, although at the present moment he does not enjoy great popularity within his party, as Mr Edward Heath said some time ago: what we need to eradicate is this very unhealthy face of capitalism that we see manifested in the multinational companies.

The multinational companies treat national governments with disdain in the Western world, and in the developing world have assumed the role of colonial powers. We know very well of the long-standing actions of multinationals in these areas, and it really is hypocritical of some of my Conservative colleagues to talk, as they have in their amendment, of the particular advantages for developing countries while not accepting the very often feudal role adopted by mining companies, for example, in many African States.

In a far more subtle way, our own countries in Europe are held to ransom by the same companies, who know no authority, are responsible only to themselves and ignore democratically elected governments — governments that we are elected to represent and the people whom we are elected to represent. The truth of the matter is that the rest of the economy has to see its share of the tax burden increased because of this lack of control of multinational companies.

The methods and techniques of transfer-pricing are well known, but the aim of transfer-pricing is to avoid paying taxes legitimately levied in the Member States. There is a need for greater transparency in this area, and no one can deny it.

Let me ask you one question: what have they to hide except the truth? What did Caterpillar Overseas have to hide when taken to the Court of Justice by the Belgian Government? What did Sant have to hide from the French Government? What did Hoffmann-La Roche have to hide from the present British Government under their British Competition Act of 1980, brought in by our Conservative colleagues' friends in Westminster? We know that Hoffmann-La Roche indirectly transferred profits from the United Kingdom to Switzerland, in the six years up to 1972, of at least £ 22 million, when the declared profits of Hoffmann-La Roche in the United Kingdom came to a mere £ 3 million. What did they have to hide except the truth?

When we see small, specific examples on this scale, is it not surprising that legitimate businessmen, taxpayers and governments want to act and create a proper framework within which multinationals need to operate?

Mr von Bismarck referred in the committee to the social market. I understand that what he means by this is the socially committed market, and if that is so, then he is quite right in requiring it. But I do know that it is normal to ask storeholders to pay their rent for the site

on which they trade. This is quite the normal thing in a town or a village or a city: you set up your site and you sell your goods and you pay a rent, and it is no less equitable to ask multinationals to pay their rent — to pay their share of the tax burden on the economies of the member countries.

No market can operate fairly when people cheat, and in simplistic terms this is really what transfer-pricing means. In this Parliament and in the European Community, there is a great deal of talk of fair competition. We have drawn up rules and funded a department within the Community to implement these rules relating to fair competition, but the multinationals treat them with contempt, as they do under Article 86 of the Treaty in often abusing their dominant position. Some national governments cannot or will not act. It is about time that they did, either through the European Community or by some other form of international arrangements.

President. — I am not wholly sure that one is entitled to speak of 'hypocrisy' to describe opinions expressed by other honorable Members in this Chamber. We may discuss opinions expressed but we cannot fail to appreciate their motivation, so I doubt whether the word is admissible.

(Laughter)

I call Mr Frischmann.

Mr Frischmann. — *(FR)* Mr President, we are on the whole satisfied with Mr Caborn's report, even if it does contain one or two questionable generalizations. The important thing, as far as we are concerned, is that it is a synoptic report and contains proposals that we can support.

It is right, certainly in our opinion, to seek to monitor the activities of multinational companies, contrary to the impassioned speeches in their support that we have just been hearing, and that for three main reasons.

Firstly, to protect and extend workers' rights. All too frequently large companies use their power to lay off or penalize workers, staff and trade union officials without any regard to existing social legislation. Similarly, repression and despecialization due to work being broken down into simple tasks and to the general deterioration in working conditions call for some system of monitoring in compliance with international legislation and agreements where such exist. In particular, the right to disclosure of information must be guaranteed and extended.

Secondly, to give the States and the Community the means whereby they can exercise better control over their actions in dealing with the present economic and social priorities, which are, as we all know, employ-

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ment and inflation. It is therefore in the public interest to have some form of effective control over the activities of multinationals in order to curb fiscal and financial speculation; a code on transfer-pricing, mergers and financial restructuring operations is thus clearly necessary.

Thirdly, to monitor the impact of their activities in the developing countries where they have become established. There is all too often, not to say invariably, a total mismatch between what the multinationals are doing in these countries and what the real needs of these countries are, both as regards jobs created and the type of investment required. As a rule traditional activities, and the craft trades in particular, disappear to be replaced by an activity that does not bring sufficient benefits to the host countries. Similarly, there is no real transfer of technology since, for various reasons, the multinationals remain so to speak separate from the economy of the countries concerned.

Needless to say, controlling the activities of the multinationals does not constitute a panacea. It will not result in any radical change in the present economic order or disorder, but it is a step in the right direction, an attempt to 'clean up' international economic activity.

For this reason we are putting forward two proposals by way of amendment. Firstly, we are proposing the setting up of a subcommittee of inquiry and surveillance comprising members appointed by several of our Parliament's committees. The task of this subcommittee would be to monitor the development of the situation at international and Community level and to make proposals on specific topics, such as the publication of information on transfer prices, mergers, and the definition of the legal and economic nature of a multinational company. Secondly, we call on the ACP-EEC Consultative Assembly to set up a joint committee of inquiry to investigate the role of multinational companies in determining the prices of ACP primary products. Our proposals are therefore quite straightforward. Our hope is that they may lead to positive progress on this important question of multinationals.

President. — I call Mr Spencer.

Mr Spencer. — Mr President, any colleague who cares to go through the record of this debate this morning will find a rich crop of passion and cliché; he will find the multinationals blamed for inflation, for Chile, for pollution, for violation of rights, for corruption, for behaving in a feudal manner.

Now I would recommend to those who have got perhaps carried away by their rhetoric this morning a small humorous book published in the United Kingdom called *The Hitchhiker's Guide to the Galaxy*,

because on the front of the *The Hitchhiker's Guide to the Galaxy* there is a flashing sign which says 'Don't panic'. And I think 'don't panic' should be a guiding light for politicians who seek to legislate in this field.

I am sympathetic to the point made by our colleague, Mr Beumer, when he said that he foresaw a framework of law in this area. Now that is a fairly easy statement to make; the devil, as always, is in the details: what kind of framework? What kind of law?

Just to support the argument that there should be a framework, I would like to refer briefly to my colleague Mr Tuckman, who mentioned Spengler. In my experience, if someone mentions Spengler, the best antidote is Toynbee. Toynbee referred to the growth and decline of civilizations. Multinationals are a classic example of the adaptive ability of the modern Western civilization: they are part of the genius of the whole operation. That they are part of the genius of the whole operation does not, however, mean that they should be beyond law or beyond democratic control.

If you are going to find a way of legislating for incredibly complex organisms such as multinational companies, you must for a moment put aside your rhetoric and concentrate on understanding two or three areas absolutely to your fingertips. You must understand the structure of multinational business as it is in reality, not as politicians portray it, whether it be from left or right, in their speeches.

Secondly, you must understand the technical, legal problems of extraterritoriality and what the Community can do and what it cannot do. Otherwise you will just take us down a cul-de-sac and produce merely another series of papers for the Council's wastepaper basket.

Thirdly, you must see the multinationals, if you genuinely wish to influence them, as something affected by almost all Community legislation in the field of company law and not as something just to be sniped at on occasions like this or occasionally with bits of specially and rather politically directed bits of legislation like Vredeling.

I did not mean to mention Vredeling this morning, but having done so, may I encourage Members, having vented their spleen on multinationals this morning, when we re-assemble in this place in some months to debate the details of Vredeling, to apply themselves to detailed policies, detailed practical ways of managing this subject and to put the rhetoric aside just for a bit?

President. — I call Mr Moreau.

Mr Moreau. — (FR) Mr President, before saying anything else at all I must congratulate Mr Caborn on his work in the report, for although we finally did

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reach a compromise in committee, in the course of the discussions he had to tackle a number of problems.

Our debate comes at a difficult time and I am very much aware that every time the subject of multinationals comes up we are entering an extremely sensitive area in which rational arguments can very easily be obscured by prejudices. But given where we stand today, and whatever opinions we may hold on the state of the economy and on the rules that should apply to it, I believe it is impossible for us not to recognize the importance for the Community of establishing a code of conduct in respect of multinationals.

What is it, in fact, that is at stake today? Through the problem of the multinationals, what is at stake is the right of the Community itself and the Member States of which it is composed to shape the future development and protect the legitimate interests of each of our peoples.

Contrary to what may have been suggested, this is not a moralistic view. We are not interested in judging the multinationals on the basis of morality, our basic criterion is our capability, as a Community, to share in determining our own development and to ensure that the power to make the essential economic decisions remains in our hands.

Now this is very difficult with the multinationals. In fact, the way they are developing today they are fulfilling functions that I would call ambivalent. In the first place there are the economic functions, which I shall not go into and which others have already covered. For my part I believe it would not be a good thing for the Community to resist the development of trade on a world scale; anything that helps promote international trade is a good thing. But multinationals are fulfilling another function, which can be extremely dangerous at times. Other speakers have already dwelt on this, but I should like to come back to it nevertheless.

Unquestionably they hold a position of power, challenging the authority of governments, through the kind of investments they are known to favour and through their political and economic activities in some countries. I hardly think I need say any more for it to be clear the kind of power these multinationals can wield, power which has increased over the years as, with the expansion of international trade, they have also gradually acquired financial power, power in the field of research, power to dominate markets, which allows them to impose their will on governments and challenge their legitimate authority.

It is therefore clearly up to the Community to have the political will, not so much to enact rigid legislation on multinationals, as to lay down a framework within which the activities of these multinationals can be made to conform to economic laws while at the same time observing whatever rules the Community and the

various Member States may have established for themselves.

We have no wish for our part to indulge in polemics, that goes without saying. Certain concepts have found their way into the motion for a resolution before you because amendments were adopted within the Committee on Economic and Monetary Affairs which referred expressly or implicitly to an idea which we ourselves reject: the social market economy — we should like to know what this is exactly!

However, taking into account the rules governing the Community, taking into account the present needs, it is essential to have a Community framework to regulate the activities of multinationals on our own territory, on the understanding that this Community framework is not a closed one. By that I mean that agreements have to be made with other institutions and that we cannot simply ignore what is being done elsewhere.

This policy should in our view be based on four essential components. The first is respect for competition policy. And as I see it this Parliament does not take sufficient account of the constraints of competition policy at common market level, at the level of our Community.

Secondly, — and this is stated very clearly in the report — the need for greater transparency, by which we mean among other things the disclosure of information, control of transfer-pricing and control of concentrations and mergers. If we succeed in making progress on these three points at Community level, and if the Commission, if the Council of Ministers would only indicate how these three requirements can actually be fulfilled then I am quite convinced that we shall have taken a step which will ensure, without in any way impairing the necessary autonomy and independence of these companies, that their activities can be made to bring still greater benefits to the Community and its Member States. But I should also like to make another point, because I know it is a subject that will undoubtedly be hotly debated in a few months' time. It is absolutely vital for us today to establish procedures whereby employees may be consulted and informed.

Lastly, the need for monitoring by Parliament. I know that this point has been discussed in our committee but I do feel it is essential, whatever form this monitoring may take, that the Committee on Economic and Monetary Affairs in particular should have the power to call for a report at regular intervals.

In conclusion, I believe it is impossible for us to allow the multinationals to continue to do as they please without drifting into protectionism, without wishing in some way to curb the essential dynamism of these undertakings. This Parliament must show its firm determination to establish a Community framework

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and not be satisfied simply with a few codes of conduct that may be drawn up by this or that body. Unless we do provide such a Community framework the multinationals will continue to play their own game, that is to say will continue to refuse to be accountable either to governments or to bodies such as the Community.

President. — I call Mr Christopher Jackson.

Mr Christopher Jackson. — Mr President, it is no criticism of Mr Caborn's hard work to say that he has struggled to combine some incompatible political thoughts. I certainly don't doubt the sincerity of those who want to impose great restrictions on multinationals, but I believe the way that they are proposing will bring much more harm than good. We have in English a saying that a camel is a horse designed by a committee. The report in front of us is indeed a camel of a report. The Treaties founding the European Community breathe a spirit of competition and free enterprise, and we can see the great benefits that free enterprise and competition have brought to the Community over the years and indeed the benefits brought by transnational companies in terms of economic progress to the peoples of the world. Our concern must be that such investment and such progress should continue.

In the amendment which I have set down with colleagues I make some positive proposals for Commission action regarding private investment in developing countries, a topic of very great importance. I also recognize the disquiet caused by the activities of a very small minority of multinationals. I certainly don't condone those, but the need for discipline is adequately covered by the concept of a United Nations code and by the OECD guidelines in the context of the existing powers of national governments and of the Community.

Mr President, there was no operation by which I could see Mr Caborn's camel, containing parts of his choosing and parts of others' choosing, becoming a horse of which this House should approve. With colleagues I therefore tabled a single amendment, Amendment No 24, covering all the operative paragraphs of the resolution. I am grateful to Mr Berkhouwer for his support on this. This is an exceptional measure, but this is an extremely important report. I would appeal to all Members not only to read this substituting Amendment No 24, but to support it when the vote comes.

President. — I call the rapporteur.

Mr Caborn, rapporteur. — Mr President, I would suggest to Mr Jackson that when you are going through the desert of life, the chances of coming out

safely at the other end are far greater if you are on a camel than if you are on a horse, because it is actually more practical to be on a camel in a desert than a horse. Furthermore, when Mr Spencer talks about rhetoric and clichés, I hope that they were not being attributed to myself. I think the report has tried to be very objective. I think my contribution as rapporteur for the Committee on Economic and Monetary Affairs, though possibly out of character, was objective. However, when one compares some of the statements that have been made in this Assembly this morning with statements made in the Committee on Economic and Monetary Affairs, on behalf of groups or by individuals, one sees some total about-turns taking place since our discussions in committee.

However, I do not even want to put it in that context. This House can do what it likes with this resolution. It can do what it likes with the Vredeling proposals. To reject them, however, is to fly in the face of reality. You can talk about the OECD and United Nations codes being voluntary codes. That is true, but if you scratch below the surface and discover the pressures that have been building up on the United Nations and the OECD in those discussions, you will find that they are due to the weaker sections of the Community trying to fight their case. Now you can turn your back on them, but I tell you that unless you are big enough and politically competent enough to gauge these pressures and channel their force, then you will find it manifesting itself in many different directions. That could well mean that the type of activity you have been arguing against this morning may well become more and more prevalent in the future.

You can argue superficially, as you have done from the Right this morning. However, I have consulted a wide range of people from small and medium-sized businesses, who are afraid of the monopoly position and fearful for their outlets, to the World Council of Churches, to the environmentalists. We have had many discussions with them. If you want to reject their advice, then by all means do that, but I would suggest that you are doing it purely in pursuance of your political dogma of total support for multinationals. These latter are not above criticism. If they have nothing to hide, then they could accept what I am proposing here. Indeed, as Erwin Lange said, it could be an insurance policy for them. If you want to reject this very modest move, then I would suggest that reactions will come in many different ways.

President. — I call the Commission.

Mr Narjes, Member of the Commission. — (DE) Mr President, on behalf of the Commission I should first like to join with all those who have expressed their appreciation for the rapporteur's work.

The debate on this complex subject is so difficult because there is too much confusion in this House and

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outside on hand the one about the evidence and the actual situation on which rules are to be laid down and on the other about the terms and concepts used to discuss the problems.

As regards the evidence, we would do well, I believe, to drop the idea that the rules governing the relationship with the multinational companies should be based on circumstances that were a feature of the banana companies in the period before the First or Second World War. Multinational companies are not necessarily large. I would point out that after the Treaties of Rome entered into force we in Europe set ourselves the goal of bringing about as many transnational mergers and joint ventures as possible. In Brussels we even have a 'marriage bureau' to encourage such mergers. I feel it would be going too far to take up each and every comment that has been made, but it seems essential to me to point out that there is a link between effective competition, the consumer's freedom of choice, undertakings' right of establishment, freedom to trade, workers' freedom to choose their workplace and many other economic freedoms on the one hand, and the civic freedoms of the same citizens/consumers on the other. This link must not be overlooked.

As regards the differences in concepts, I should like to take up what has been said by Mr Lange, who is unfortunately not here at the moment. He quoted Professor Alfred Müller-Armack, whom I also much admire and who maintained that the dangerous political power arising out of concentrated economic power can be best controlled by effective competition and that there are links between the effectiveness of competition and the concentration of politically relevant economic power. I cannot therefore quite understand why the Commission should be reproached for doing nothing in the past. Nine years ago, I believe, the Commission submitted to the Council of Ministers a proposal for the control of concentrations, on which a decision has not yet been taken. But I do not think it is quite fair to want to blame the Commission for the Council's indecision.

Mr President, the horse and the camel have already been used as symbols for various positions, but I should like to refer to the elephant and modify an Indian proverb: 'The elephant is a farmer's best and greatest possession. But those who rest in its shade at midday do well not to sleep too soundly, because elephants too may move in their sleep.'

It seems to me that the motion for a resolution before us has drawn the right conclusion. The international undertakings play a decisive role in our economic development and our economic prosperity: efficient raw materials supplies, the constant search for technological innovation and hence the constant development of goods and services, of new goods and new services, which are competitive on the world markets. There is no denying the contribution the multinationals make to the public good in this way.

At the same time, however, the sheer size and not always adequate transparency of their world-wide activities arouse feelings of concern in many people who are directly affected or who observe the scene. To the resulting questions politicians must find answers which do not impede the undoubtedly positive economic role played by these undertakings in our national economies but which also prevent abuse. The Commission has taken account of this in the policy it has hitherto pursued. But it is always difficult to strike a balance, and the Commission, of course, is particularly appreciative in this connection of Parliament's contributions and opinions and of the support it has received in this way. It therefore generally welcomes the motion for a resolution which Parliament has put forward to help make the debate on this difficult problem more objective. It would also welcome it if the Committee on Economic and Monetary Affairs continued to take an interest in the problems connected with multinational companies by producing further reports.

The Commission shares the view expressed in the motion for a resolution that specific Community measures are needed in the areas of transfer prices, the control of concentrations and above all information. To that extent I agree with the list which Mr Moreau has just given us.

In reply to Mr Lange's criticism that nothing has been done about transfer prices, I should like to say the following. As regards the fiscal aspect of the transfer price problem, the Commission submitted a number of proposals for directives as long ago as 1976 to 1978. The Council adopted these proposals between 1977 and 1979, and they entered into force in 1981 and apply to indirect taxation.

As the control of transfer prices is primarily a problem for the national tax authorities, the Commission has made a decisive contribution with its two directives, which have not yet been fully implemented in all the Member States.

The Commission has also considered whether and to what extent a transport price problem is relevant from the competition angle. It has come to the conclusion that there is no generally conclusive evidence of infringements of competition law.

The Commission is very concerned that particular emphasis should be placed in the provision of information by multinational undertakings under the competition and social policies. If there is more information a great deal of the mystery, if I may put it that way, will be removed from the large undertakings. It will do away with many of the misconceptions on the way they work. Many of the target areas will also disappear. Unless they provide extensive information the large multinational undertakings cannot hope to enjoy a wide measure of public confidence. Information is also a means of preventing the abuse of economic

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influence. Statutory and far more incisive reforms can be made superfluous by information.

In this context there is an urgent need for the early adoption of the seventh company law directive on group accounts, which will represent a major contribution to the transparency of undertakings. In recent weeks the Commission has repeatedly seized the opportunity to remind the Council of the need for this seventh directive to be adopted as quickly as possible.

The report suggests there should be more information. We shall look into this and, as requested by paragraph 13 of the motion for a resolution, we shall report to the European Parliament on the findings of our examination within the coming twelve months. The motion for a resolution also stresses the importance of various international initiatives taken in particular in the United Nations and the OECD to create a broadly applicable framework for the activities of the multinational undertakings based on agreements. The Commission has been and will continue to be actively involved in this process. I should like to take this opportunity to clear up a misunderstanding. The resolution of 19 April 1977, to which Mr Lange referred, read as follows:

'The European Parliament notes, however, that such international negotiations are only likely to succeed if, at the same time, appropriate measures are taken at Community level and calls on the Council, therefore, to adopt without delay the proposals submitted by the Commission and supported by Parliament and expects the Commission to submit as soon as possible all the proposals called for by the European Parliament in its resolution of 12 December 1974 but not yet presented.'

If the Community is to be international active, in other words, capable of negotiating at international level, it must first put its own house in order and have a generally effective company law. Hence our great interest in seeing these rules adopted by the Council in the very near future.

Community measures cannot, by their nature, solve all the problems which happen to arise in connection with undertakings that operate world-wide. The creation and maintenance of a constructive business and investment climate, particularly in the developing countries, largely depends on the establishment by mutual agreement of criteria for the activities of multinational undertakings which respect the legitimate interests of all concerned.

This alone prompts me to point out that the Commission has followed with serious concern the decline in investments, especially in the tapping of raw materials and in mining, that has been evident for some 8 or 9 years in the developing countries, because we are convinced that there is a link between this decline and the growing uncertainty about the legal aspects of investments in the developing countries, an uncertainty which it is in the interests of both sides to remove as quickly as possible.

To conclude, Mr President, I should like to say that the Commission largely endorses the policy towards multinational undertakings explained in the motion for a resolution. It feels that the Community's policy should not be a crusade for or against the multinationals, but should help to create a balanced framework for their activities in an economic environment in which industrial and social change can be mastered in an undogmatic manner.

Above all, multinational undertakings must not be discriminated against simply because they are multinational, certainly not in Europe, as I said at the beginning. Genuine problems should be discussed objectively both at Community and at international level. Our goal should be to find acceptable solutions, which should not impair the ability of these undertakings to continue making a major contribution to the economic and therefore social prosperity of the Community as they have done in the past.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

2. European securities market

President. — The next item on the agenda is the report by Mr Collomb, drawn up on behalf of the Committee on Economic and Monetary Affairs, on the creation of a European stock exchange (Doc. 1-290/81).

I call the rapporteur.

Mr Collomb, rapporteur. — (FR) Mr President, shortage of risk capital is at the root of the Community's economic difficulties over the last several years. In a continually changing economic climate, faced with severe competition from outside, the Community has to become more competitive. It is necessary to invest, to raise risk capital to finance productive investment in the field of advanced technologies, energy and industrial restructuring. Increasing the rate of investment in the Community is, moreover, one of the essential priorities of the fifth medium-term programme. The essential function of raising risk capital belongs to the stock exchanges.

The purpose of the report that I am presenting to you today is to promote the creation of a European market system for securities. In other words, the report sets out the conditions and the measures necessary for the improvement, rationalization and interpenetration of the national markets of the Member States. Indeed, the stock exchanges of the Member States cannot be left on the sidelines of the process of European inte-

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gration. On the contrary, they must be involved in it fully. To this end, the stock exchanges must be able to attract investors from the whole of Europe, from this market of 250 million people, using up-to-date communications technology to meet the legitimate requirements of shareholders. In other words, and this will be my intention, this report seeks to create a truly European market system for securities based on modern principles and appealing to large and small investors alike.

The function of stock exchanges is to match supply and demand of capital to be invested in securities. However, before they can play their full role in the Community, which it is in the interest as much of maintaining the general level of economic activity as ensuring a better distribution of resources that they should, a number of conditions must be met which at present unfortunately are not. In its present state the European stock market is too compartmentalized and is governed by divergent fiscal rules. The free movement of capital, which is one of the objectives of the EEC Treaty, must become a reality. Certain countries of the Community have recently lifted restrictions in this respect, nonetheless progress in this area since 1958 has fallen far short of expectations. In Denmark, for instance, residents do not have the right to acquire securities quoted abroad. In Ireland the purchase of foreign securities is subject to exchange controls. Finally, in Italy, residents are required to deposit with the Bank of Italy 50% of any sums invested abroad.

The removal of restrictions on the movement of capital should also mean free access to all stock exchanges in the Community. The establishment two years ago of the European Monetary System, creating an area of relative stability in the Community, should make it easier to bring about this free movement of capital, which is an essential prerequisite of a European market system for securities. At present, transactions in securities are all too often subject to discriminations and distortions because of insufficient harmonization of direct and indirect taxation. It is to be hoped that the suggestion contained in the fifth medium-term programme, the establishment of a European fiscal model for the gradual abolition of tax frontiers, will be followed up with concrete proposals that will, it is hoped, bear fruit in the near future.

The establishment of a genuine European market system for securities must ultimately mean the removal of administrative barriers created by the different rules applied in the various Member States concerning admission to the stock exchange and trading methods. Although some progress has been made with the adoption of a first directive coordinating the maximum conditions for admission to stock exchanges, much still remains to be done. Unless all these various fiscal and administrative conditions can be met the Community will be robbed of the chance to establish a truly European market system for securities. There was a good illustration recently of the disadvantages

of the present compartmentalization of stock exchanges when the Milan stock exchange a few months ago had to suspend trading because of excessive speculation on a market that was too restricted, lacking in transparency and from which foreign securities are virtually excluded. In contrast, the Community has everything to gain from a dynamic European stock market, which could in particular help in the recycling of petrodollars.

With the recent advances in computerization the climate is now particularly favourable for interpenetration of the markets, making it all the more necessary to exploit the whole European market. In fact, computerized systems for recording transactions are now being used extensively throughout the Community, enabling a whole range of operations, from placing the order to delivery, to be handled by computers. This should lead not only to lower costs but also to increasing protection for the investor. In future, every investor should have immediate access, at a bank counter, to information on the performance of securities, dividend results, an indication of prices, trends and have the possibility of placing orders there and then. With the aid of a computerized communications network the American stock market, which has a national market system in which seven stock exchanges participate, is able to handle 40 to 80 million shares daily. Rationalization of the European stock market will also eventually require measures to harmonize the opening times of stock exchanges. Similarly, it will mean the gradual phasing out of securities in tangible form, a measure that would simplify administration and reduce costs. Last but by no means least the establishment of a European stock market should be used as an opportunity to effect certain necessary reforms in the operation of the stock exchange system in general so that the saver can have access to all the information he may want and be fully protected. If the stock market is to appeal to increasingly broad categories of savers who may wish to participate in the expansion of undertakings it is essential for them to have equality of status. The Commission must therefore ensure strict application of the code of conduct on securities transactions adopted in July 1977. Measures must also be taken to prevent the use of privileged information and make transactions as transparent as possible. The Commission will have to draw up proposals in this area. Finally, the need to develop investment in securities across the whole social spectrum — which is indispensable if we are to revitalize the stock exchanges and be able to raise the maximum resources necessary for productive investment and without which savers will turn to other forms of investment — means that there is a case for offering tax incentives to savers and for coordinating such measures at European level.

In conclusion I should like to make the following few observations. The creation of a European stock market must not take place at the expense of regional stock exchanges. On the contrary, these exchanges, so vital

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in promoting small and medium-sized firms and encouraging regional development, should benefit from rationalization programmes. The establishment of this European market system for securities — a term we prefer to 'European stock exchange', favouring as we do at this stage interpenetration rather than integration — should moreover be done gradually and must meet the requirements of the issuers, investors and intermediaries.

I should like the Commissioner responsible to give us some indication of what the Commission has done in this area since the colloquy on this topic in November 1980 organized by DG XV. In once again expressing my thanks to Mr Petronio, who sponsored the original motion for a resolution, I hope this report will be as favourably received by this House as it was by the Committee on Economic and Monetary Affairs.

President. — I call the Communist and Allies Group.

Mr Leonardi. — *(IT)* Mr President, ladies and gentlemen, the Italian Communist Group is essentially in favour of the motion for a resolution tabled by Mr Collomb on the gradual creation of a European stock exchange. We take this attitude because we believe that in this way we can monitor the operations of the stock exchange within our Community, encourage investments and protect savers.

Naturally the proposal must be seen in the framework of a greater effort, aimed at the convergence of our economies and the implementation of common industrial policies to increase the profitability and competitive capacity of European industry in respect to the rest of the world. It is necessary to bear in mind that today the function of the stock exchanges in all countries is limited as regards the flow of capital from the saver to industry. Nevertheless within its limits it should be protected, made transparent and stimulated.

In view of this situation, in view of the fact that our Community as a whole must greatly increase its investment effort if it is to maintain and develop its competitive ability; in view of the fact that, in all our countries, saving is done mostly by families, which must find channels for investing without having to turn constantly — as has been done in recent years — to 'shelters' such as real estate, where prices have risen to impossible levels, thus aggravating the problems in the field of construction; in view of all these circumstances, it is certain that a European stock exchange will be of considerable assistance in the great task of restructuring our industrial sector and bringing it to a higher competitive level, particularly with respect to the United States and Japan.

It is of course necessary to begin with the existing situation, and as the rapporteur has pointed out we must be aware that in our countries the situations vary

considerably: indeed, there are completely different legal systems in France, in Italy, and in the United Kingdom. There can be no question therefore of integration; and I think that the talk of those who support the creation of a 'Euro-exchange' is absurd. It is rather a gradual integration which is necessary, to be aided by the application of ever more advanced techniques in the field of data processing. It is clear that all this is connected with the attainment of greater freedom in the transfer of capital and of increased monetary stability within the Community.

Having said this, I recommend to the Commission that it acts upon the resolution and make an inventory of the obstacles presently existing in the field of securities, concentrating above all on what can gradually be attempted today to encourage the flow of family savings into industry. It is particularly appropriate to examine the situation in our respective countries as regards investment funds which, in our opinion, should be the instrument for encouraging this flow of family savings into industry. In my country, for instance, there is no law regulating investment funds, and those which exist must be controlled on the basis of Luxembourg law.

Given these observations, we will support the motion for a resolution.

President. — I call the Non-attached Members.

Mr Petronio. — *(IT)* Mr President, about a year ago I presented a proposal for the creation of a European stock exchange: this was in fact the title — perhaps somewhat premature — of the proposal. In Mr Collomb's report, which the Commission considered excellent, the title was changed — fortunately, in my opinion — and it became a report on the creation of a European securities market. The difference is substantial or even more than substantial; leaving out of account the anti-supranational aspects, I would say it is a question of careful strategy.

My proposal was discussed not only in Parliament, but also at the meeting in Brussels organized by Commissioner Tugendhat and by officials of the Directorate for Financial Institutions.

Representatives from all the stock exchanges of the world were present, from the president of the New York Stock Exchange, which handles nearly 80 million shares a day, to the presidents of the London, Paris and Milan Stock Exchanges, and of all the other great financial market-places. There were also representatives of what at that time seemed to be opposing interests: that is, the banks, for this capital which flows into industry can follow a direct route, through the formula of capitalization, or an indirect one, though at higher prices and at the cost of considerable indebtedness, through the banks.

Petronio

The meeting was truly productive, involving as it did a practical, cordial, concrete collaboration between Parliament and its Committee on Economic and Monetary Affairs, the Commission and private individuals who operate in this sector on a daily basis. The Collomb report is the fruit of this collaboration; it traces the progress that was made and the difficulties that were encountered.

For example, questions were raised concerning the location of the securities market and the currency in which shares would be traded. I had been thinking, rather naively perhaps, of our ECU as a possible currency for security transactions. There was the question of whether the English, the French, or the Italian schedule of trading would be adopted, whether the futures market would be chosen, whether the traditions of one stock exchange would prevail over those of the rest. There were too many difficulties; therefore, instead of speaking of integration and of 'Euro-exchange' we speak of interpenetration, in a coherent and timely shift in strategy. This interpenetration presupposes a series of stages. I hope, then, that Parliament will approve not only the Collomb report but also the various actions to be subsequently carried out. It is necessary to list in order of difficulty and of priority all the existing obstacles of a technical, legal, political, financial, and administrative nature. Italy is a macroscopic example of the impossibility of investing in foreign shares, since half of the investment must be paid into a fund bearing no interest deposited in the Bank of Italy. This is an enormous customs barrier erected in the form of protection . . .

(The President asked the speaker to conclude)

What I believe to be important at this stage is to request the Commission to act along these lines, taking advantage of the work of the *ad hoc* working party for the elimination of technical obstacles to trade. It is necessary to give practical consideration to the marriage — or, as Commissioner Tugendhat called it, the happy marriage — between the inflow of risk capital, its free circulation, investments, and the savings which finance innovations and new technologies, and the savings offered us by new technology in data processing, telematics and electronics. This great combination could truly constitute a practical step forward in demonstrating that interpenetration is the first step towards integration, and that integration is not a Utopia but rather a goal attainable by gradual, small but definite stages in the interests of the financial future of Europe.

President. — I call Mr Bournias.

Mr Bournias. — *(GR)* Mr President, I wholeheartedly support the motion's explanatory statement on the creation of a European market system for securities; this is an important and a very topical issue because

securities suffer both from the poor monetary policies pursued by the different States and from the lack of tax and other incentives and the restriction on the free movement of capital.

It is no exaggeration to say that in many countries including Greece the stock exchanges are in a state of decline with shareholders losing money continuously; this situation does nothing to help small and medium-sized undertakings or regional development. On the other hand, as the explanatory statement rightly states, the creation of a genuine European market system will contribute greatly to the development of sound local small and medium-sized undertakings which, of course, cannot subsist in the company of the giant corporations, multinational or otherwise, which feature on the international stock exchanges. Under this system small and medium-sized undertakings will be able to widen their sphere of influence and will be able to find investors in the broad European private sector. In this way they will eventually be able to do without the urgent State and Community aids they (occasionally) receive today, aids which do nothing to promote their long-term development and deprive the region where they operate of the economic and social benefits which such development would undoubtedly bring.

I endorse the views of the rapporteur, Mr Collomb, and I hope that his proposal will contribute to the implementation of a stable European market system for securities once, that is, the legal, fiscal, administrative and technical prerequisites have been carefully studied.

President. — I call Mr Gondikas.

Mr Gondikas. — *(GR)* It is generally acknowledged, Mr President, that the Community suffers from a shortage of capital which hampers efforts to overcome the crisis in the various economic sectors and aggravates unemployment. But it is also a fact that huge reserves of capital lie fallow for want of a suitable opportunity for investment in the various national exchange markets. Many investors in a position to invest capital productively in a country different from their country of residence are prevented from doing this because of the enormous restrictions on the free movement of capital. Crippling taxes, both direct and indirect, are still in force so that often securities are rendered unprofitable. From this point of view this report by our colleague Mr Collomb is of great significance. We believe that the Commission should do everything within its power to formulate concrete proposals enabling a realistic European market system for securities to be set up. A practical and effective system of this kind would prove very useful in promoting the competitiveness of industry and the development and creation of job-opportunities, while at the same time guaranteeing on the one hand the

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activities of national exchange markets and on the other hand safeguarding the investor from fraudulent transactions. In Greece we have already established a series of measures, fiscal and otherwise, aimed at encouraging stock-exchange activity. I believe that similar measures are being taken in other Community countries. Let us therefore investigate as soon as possible how to put the unused capital in Europe to the best possible use.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — Mr President, as Mr Collomb said in his speech introducing this debate, his report was inspired originally by a resolution put forward by Mr Petronio — a copy of which is indeed annexed to the report — and I, like him, would like to pay tribute to the work that Mr Petronio has done in this Parliament in drawing attention to the need to create a European market system for securities.

There is some difficulty over translation and interpretation in this rather complex field. I would therefore, so that there can be no possible doubt at all, like to repeat the words 'European market system for securities' because that does render very much more faithfully the ideas which we have than the words 'a single European stock exchange'. They appear so similar in some respects, but they do represent fundamentally different concepts and I would like to make it quite clear, particularly in relation to the amendment by Mr Delorozoy on behalf of the Liberal and Democratic Group, that we share his view that it would be inappropriate to create a single stock exchange and that we are in favour of freedom of choice for the consumer and are in favour — as I would make clear in my few remarks — of building on the stock exchanges which already exist and creating much closer links between them.

The view of the Commission is that the report now before the Parliament is of outstanding quality. We share Mr Collomb's assessment of the need to pool the scarce European resources of risk capital. We share his view about the technical development in telematics enabling closer links to be formed; we agree with him that market forces will call for closer links of this sort as a consequence of the continued monetary integration of the Community. We also agree — and this is something which I have said many times before, but which I will certainly say again now — that the regulations of stock exchanges cannot be changed overnight and that one should proceed on a step-by-step basis, assessing at every stage of the operation where one has got and how next one can proceed. We are dealing here with very delicate organisms, with delicate systems, and it is very important not to rush too fast or to have too rigid a view as to what is required.

Now, several remarks have been made both by Mr Petronio and by Mr Collomb concerning the general agreement that was reached at the symposium that we held last November on the need to build on existing national stock exchanges and on the fact that changes would come gradually and that the system should be flexible and adaptable to change and therefore not heavily regulated. That, too, is a point which I would wish to stress.

I was asked by Mr Collomb what had been happening since. Well, we have, as a follow-up to the symposium, been considering, with the stock exchanges themselves, united together in the Committee of Stock Exchanges in the EEC, what practical steps can be taken to implement the new system on a step-by-step basis. The overall aim of the proposed system is to permit stock exchange orders to be transmitted to the market where prices and other conditions are most advantageous to the investor, whether it be a purchase or sale order that is involved. This implies the ability to find out what prices are ruling on other markets, the ability to transmit the order to that other market for execution and the ability to clear the transaction once executed. The collaboration of the stock exchanges themselves is of paramount importance to the success of the implementation of the proposed system, based as it will be on the creation of links between the various national stock exchanges. It is the stock exchanges themselves which know the market best and they which are best equipped to devise and set up the necessary technical means for implementation of the new system. We for our part will spare no effort to maintain the momentum on the creation of new links between the stock exchanges, momentum which has built up over the last year. We also intend, at an appropriate moment, to consult a wider range of interests including public authorities, industry, investors and, of course, banks.

Mr President, a number of amendments have been tabled. As of this moment I have only four. I have Amendments 1 and 2 in English and Amendments 9 and 10 in French. It is perhaps symbolic of the state of the Community that the two Amendments which have been tabled by a Frenchman should be in English and the two which have been tabled by Englishmen should be in French. But, nonetheless, I think none of them pose any problems for us and I think indeed they reflect fairly well our own thinking. So that if they are voted on I am sure we will have no difficulty in incorporating them into the text. As I say, we only have the four amendments, 1, 2, 9 and 10. Therefore, at this stage, I am afraid, there is nothing I can say about the other amendments which presumably lie between the two, but as soon as we get them, we will study them as carefully as possible.

President. — The debate is closed.

The motion for a resolution will be put to the role at the next voting time.

3. *European health card*

President. — The next item on the agenda is the report by Miss Hooper, drawn up on behalf of the Committee on the Environment, Public Health and Consumer Protection, on a European health card (Doc. 1-960/80).

The debate includes the oral question to the Commission by Mrs Schleicher and others on behalf of the Group of the European People's Party (Christian-Democratic Group) (Doc. 1-519/81):

Subject: Aspects of European public health policy

In answer to our oral question with debate of Tuesday 12 February 1980, the competent Commissioner, Mr Vredeling, stated that the Commission is to consider in depth in various working parties important subjects connected with public health such as smoking, drugs, alcohol abuse and the use of medicines, etc., and 'hope to be able to submit practical proposals to a meeting of the Council of Public Health Ministers in the first half of this year'.

It is regrettable that no such Council meeting has yet taken place. This is all the more unfortunate as the Ministers of Health meet so rarely and thus the public is given the impression that the Community is not interested in public health.

We have been asked to call upon the Commission to inform us:

1. What studies on specific aspects of health policy have actually been concluded,
2. What concrete proposals it intends to submit to the Council of Public Health Ministers,
3. When and where the third meeting of this Council will now finally take place?

I call the rapporteur.

Miss Hooper, rapporteur. — Mr President, I welcomed, and the Committee on the Environment, Public Health and Consumer Protection welcomed, the two motions for resolutions concerning a European health card brought in the main by individual members of our committee. The idea of facilitating free movement within the Community by ensuring that health problems are minimized and an individual's health needs will be equally satisfied wherever he happens to be in the Community is a most attractive one. Consideration has previously been given to the question both by the Commission and by the Council, particularly in relation to the aim of eliminating form E 111 and facilitating free medical attention throughout the Community. However, nothing practical or effective has come out of that consideration. The committee therefore concentrated on making a

small advance by taking a step in the right direction whilst fully realising that this would not meet all the wishes and hopes of the movers of the two motions for resolutions.

The basic achievement of my report, Mr President, if it is accepted by this Parliament, will be to place before the Commission and the Council a request for action which they cannot ignore or find excuses to avoid. I must make it clear that what the committee is aiming at is to ensure that the Community gets to work in producing a standard form of health card which will give the basic essential information about its holder's health. I quote some detail, but do not wish to confine ourselves to any detail: for example, a blood group, a particular medical history or a particular course of treatment undergone by a patient. In this respect the use of the card for donor requirements, the requirements of giving organs for use for medical purposes after the death of victims of an accident or of a patient, could also, we would hope, be included in this — and to present this sort of information in a form which is readily understandable anywhere in the Community, and therefore to concentrate on encouraging people, particularly those people who are at risk and who have serious medical histories.

This has already been done within the Community, particularly in Germany and Luxembourg, and although in those countries it is estimated that between 8 and 10% of the total population are regarded as being people with particular medical conditions or being particularly at risk, the use of these cards has been more widely accepted and people, members of the Community other than those particularly at risk, have taken advantage of the card. I hope very much that this would be the case throughout the Community once we have achieved a standard form of health card within the Community. Once experience has been gained at this level, I feel that we can move forward to the next step which, we hope, will be the elimination of form E 111 and equal treatment throughout the Community.

I draw attention, Mr President, to the opinion of the Legal Affairs Committee which stresses the need for confidentiality and respect for each individual's privacy but since we are recommending a voluntary system I believe that this is implicit in my recommendation. I hope therefore that the Parliament will support this report as an important first step in the right direction and I should mention, in relation to the amendments which have been tabled, that I have not accepted certain amendments which go beyond the concept of having a voluntary card and a card which is particularly useful for categories of people who are at risk because of a particular health condition.

But before sitting down, I would like also to welcome the motion for a resolution which has been joined with this report in our discussion because I feel that in order to achieve the proposals and recommendations

Hooper

of my committee in relation to the health card, it will be necessary to have an early meeting of the Council of Ministers and it will be necessary to have a specific and concrete programme advanced. So I welcome the fact that the motion for a resolution is timely and coincides with the intentions behind our recommendations in the report.

President. — I call the Socialist Group.

Mrs Krouwel-Vlam. — (NL) Mr President, this Parliament and its predecessor have witnessed many and long speeches by many Members on many occasions over many years on the introduction of a European passport. This simple matter, which appeals to all the citizens of Europe, was held up by a number of silly things, such as the type of lettering to be used and the colour of the passport. It has taken a long time, but his passport will be introduced in a few years' time. This leads me to express the sincere hope that progress towards the introduction of a health card will be quicker. With the European elections of 1984 in view, it seems to me it would be an excellent idea to implement this sound proposal very quickly. We must try to discuss matters which are tangible for the people so that they may know that there really is a European Community. Let us make the introduction of a European health card in the near future one of the many pieces of tangible evidence that show we are actually building a genuine and strong Community in the interests of its 260 million inhabitants. There is a serious need for such a document to be introduced in view of the significant increase in transfrontier traffic among the Member States, involving holiday-goers, migrant workers, students and so on. The health card I envisage must contain the most important information about the bearer, for example, that he has been fitted with a pacemaker. It might also indicate that the use of certain drugs will result in a rapid and satisfactory recovery in the event of illness. It will also be useful in the event of an accident abroad. As regards the motion for a resolution I should like to make a few comments, which are also reflected in amendments that have been tabled.

The right to health is a fundamental human right, and it is a right which should be guaranteed by the Community, not only in words but through real action. Furthermore, the introduction of a health card may help to reduce costs by preventing the unnecessary repetition of examinations. But, far more important is that this document can substantially increase the chances of effective medical action being taken in an emergency. The card would be issued on a voluntary basis, but the holder will derive full benefit from it only if it contains all the information about him rather than the summary that is proposed in Miss Hooper's report.

In its opinion the Legal Affairs Committee has made some very good suggestions which, Mr President, are

also to be found in the motion for a resolution tabled by my group and which are really essential if effective action is to be taken in emergencies, with account taken of the wishes of the holder of the health card.

As regards my amendments, I should like to say the following. The addition of 'and/or accident' after the words 'illness' is necessary in the second indent of the preamble because of the many road accidents which occur particularly during the holiday period. The fifth indent states that people living near frontiers receive the existing E 111 form. That is not correct. People who are insured in a certain way have a right to this form. The text of my amendment is therefore a better reflection of the situation. In paragraph 1 the word 'voluntary' can be omitted. This is clearly explained in paragraph 4. The last part of the sentence in paragraph 1 can also be deleted, we feel. Our view is that the card must be introduced. The political will must not be excluded from the outset by unfavourable circumstances. In paragraph 2 the words 'in these circumstances' can be deleted in view of my justification of an amendment to the text of paragraph 1. In paragraph 4 we should like to see the name and telephone number of the family doctor added. This is very important if further information is to be obtained. We shall undoubtedly be discussing organ transplants at some time in this Parliament, Mr President, but in view of the grave shortage of donors in the Community account must be taken of the wishes of the holders of health cards to make organs available for transplant. The data given in paragraphs 7 and 8 must be amended. Owing to the belated consideration of this subject by Parliament, they are no longer up to date, but the rapporteur has already referred to this.

The introduction of this health card fits in very nicely with the action programme already announced in 1980: better health at lower costs. We have not yet noticed a great deal of this programme, but the health card may provide the first impulse for the implementation of a more complete health action programme.

There are enough stimuli for a European health policy, and they can and will be discussed in this Parliament sooner or later. Without a doubt they will form part of a harmonious and effective policy in the large area of public health. As regards the practical side of the introduction of the health card, the authorities at a more local level will have an important task to perform in stimulating interest and providing information.

When issuing passports, and soon European passports, they can refer applicants to the possibility of including a supplementary sheet in the passports. This sheet can be completed by the family doctor to serve as the health card. The introduction of the health card will not cause any budgetary problems. It will not cost the Community anything. It may even result in savings for the various health insurance funds.

Krouwel-Vlam

Mr President, this health card is so simple that its introduction should not take too long. Furthermore, the year 1984 will soon be upon us.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Ghergo. — *(IT)* Mr President, ladies and gentlemen, in this Chamber we have often deplored the scant attention which is paid to health problems and I myself, along with other colleagues, have sent questions to the Commission on this subject more than once.

In the second — and unfortunately the last — Council of Ministers of Health in 1978, the Council itself, as Miss Hooper reminded us, asserted its readiness to consider proposals from the Commission concerning the creation of a European health card. Two motions for resolutions were presented: one signed by myself and other members of the Group of the European People's Party and another signed by Socialist Members. The two motions have many points in common; in particular they agree on the need to create this European health card.

The question is not a new one, and it has been dealt with in various ways by different countries. It presents certain aspects which are doubtlessly extremely complex. Above all it is necessary to establish the nature and purpose of such a document. We believe that the problem should be approached from two directions, one medical and the other administrative. From the medical viewpoint, the card should contain information which, especially in case of emergency, can guide the physician as to the treatment most likely to be effective. Naturally the privacy of the individual must be respected, and for this reason certain items such as blood type, chronic illness, diabetes or intolerance to certain drugs could be included on the health card only with the prior consent of the person in question. From the administrative viewpoint the card would attest to the individual's right to health care in his country of origin, and therefore his right to receive such care in the host country under present bilateral agreements. In this regard the card issued with an appropriate code number, could ease the long and complicated refund procedures effected on behalf of the country which granted the health care by the country which is actually liable for it.

In addition, this document would take the place of the present Form E 111 now in use in all Community countries; this was emphasized both in the Socialist motion and in the opinion delivered by the Legal Affairs Committee on the question.

I ask Miss Hooper to pardon my absence from the meeting on 27 November when the text submitted to us today was first approved; I could not attend

because I was delayed in Italy by the National Council of my party, and I regret that I was thus unable to make the remarks that I am now obliged to put into my amendments. Miss Hooper's report develops the theme of the two proposals with a restrictive kind of logic: it is thought desirable to issue cards only to people particularly at risk, that is — and I quote — 'to those who suffer from serious chronic illness and who for this reason have a particular need for rapid and adequate health care'. In my opinion such an approach is unacceptable because it would introduce a sort of discrimination — a kind of official state of physical impairment — in regard to a certain category of citizens, and because from the medical viewpoint there are difficulties in identifying the specific clinical conditions in which this health document should be granted. The decision should be left to the individual physicians, with the obvious possibility of different evaluations from one case to another.

But I am particularly opposed to this for another reason which has to do with the purpose of the document we wish to introduce: a document concerning chronic or serious illness is not suitable in case of accident, when certain factors cannot be known in advance. I therefore do not see how one can issue this document to tourists travelling in one of the Community countries, although it would be very useful in indicating the most effective treatment, as I said a moment ago. It seems to me more logical, as I proposed in my amendments, to grant the document not only to people who are either already ill or threatened by serious illness, but rather to all those who make a specific request for it.

This is a small thing; it can be considered a health passport and I believe it to be the first step towards the unification or the standardization of health care in the Community countries which would enable the European citizen to enjoy the right of free medical treatment wherever he may be. I would like to remind you, however, that the Community is in a difficult phase; we are all aware of it, especially when we visit our constituencies. I think that a decision of this sort which, as the preceding speaker has said, would cost nothing — since certain funds which were not spent on the appropriations for last year's budget could be used for the first issue — would be a sign of our responsiveness to the electorate we represent in this Chamber.

I conclude not by asking for a recommendation, as Miss Hooper has done, but by urging the Council to give a mandate to the Commission so that it may make concrete proposals along the lines indicated in this report, in harmony with those we are now formulating.

President. — I call the European Democratic Group.

Mr Sherlock. — Mr President and colleagues, firstly I must commend the opinions of the Committee on

Sherlock

the Environment, Public Health and Consumer Protection and the Legal Affairs Committee for their practical approach. This may appear minimal, but conceivably it is the maximum attainable at present. Eventual fusion into one document of clinical information and evidence of entitlement is a worthwhile target, and one day the disappearance of Form E 111 will be welcomed by all of us. To me, as a medical practitioner in a busy seaport and a popular holiday resort for many years, clinical information would be like reaching out and finding a comforting hand. I can assure you that on a wet quayside in a howling gale with an unconscious foreign seaman lying on the ground at your feet, you are in one of the loneliest places on earth. A little help would certainly be welcome. I see no reason for any restriction of this card, which could be demanded by anyone whether he was a patient at major risk or not. The sole factor would be the request by the patient, even if at that stage he is only a potential patient; that would be the sole requirement. I think Mr Ghergo can put his mind at rest there.

I wish, however, in the three minutes I have got, to look a little at the wider scene of public health. More and more Member States are moving toward tax-supported schemes and to some extent away from insurance schemes. They are finding that the inverse equation that the better health services you provide, the more you have to spend, is even truer now than it was when it was first thought up in the days of the war. Costs are running at an alarming rate. For example, in the UK in 1980, 11 235 million pounds — 6% of the gross national product — was required for medical and allied spending. I maintain that the Community should have a part to play in improving the health of its citizens and could implement programmes more effectively in some cases and in some cases, as Mrs Krouwel-Vlam has hinted, even at less cost than that borne by individual States.

It would be tedious to go into them in too great detail, but drug abuse, tobacco, alcohol, health education in particular are headings under which some aspects of research could be included. I would remind you that so many of our diseases are self-inflicted; for example, the only dietetic disease of any significance in the Community is obesity.

The Committee on the Environment, Public Health and Consumer Protection is not only long in name but widely ranging in its responsibilities. It is a very important committee of this Parliament. Topics on its agendas relate at certain times to virtually every Directorate-General in the Commission, and often its work flows from something other than public health in the first instance. Many departments of Member States' governments are involved, and at Council level we have a multiplicity of Ministers concerned. A programme for positive future action and a proper recognition of public health as an area of responsibility should be better defined. Community Health Minis-

ters have met only twice in the history of the Community — in 1977 and 1978, though a third meeting has been long promised. Some more regular schedule would further encourage and enthuse the Members of our committee in their efforts towards a better life in better health in what then must become a better Europe.

IN THE CHAIR: MR GONELLA

Vice-President

President. — I call the Group of European Progressive Democrats.

Mr Nyborg. — (DA) Mr President, I should like to thank both Miss Hooper, the rapporteur, and the Committee on the Environment, Public Health and Consumer Protection for this report. This is a good and sensible proposal and I absolutely agree with the rapporteur that, if something proves difficult and you cannot do it in an ideal way, to satisfy every possible hope and wish, that is no reason to give up altogether. We must introduce a system on which achievement can be reached. I see no reason why we should restrict this health card to certain groups of people. If an illness is not treated correctly or if one is prescribed medicines one cannot tolerate, it is a very serious matter, and therefore it seems to me that what is needed is a voluntary system so that anyone who feels he needs it can apply for a health card. In this connection I should like to ask the Commission to consider and look into the possibility of including the European health card in its proposal for a European passport, so that the health card can be inserted in the last pages of the passport. We already have enough documents of various kinds on our pockets when we travel around the world.

President. — I call the Non-attached Members.

Mr Bournias. — (GR) Mr President, it is no exaggeration to say that public health in the Community is a topic of major importance; but it merits more of our attention and we must stop seeing it in purely national terms and adopt a more general viewpoint. Unfortunately, owing to the differences between the public health systems in the various Member States, it is not yet possible to implement a uniform policy and ultimately a common policy on medical care for EEC citizens; but such a policy should, I believe, be examined and implemented in the not too distant future. I believe that the proposal for a Community health card is a promising first step in this direction. The explanatory statement on the benefits to people travelling between Community countries, whether workers or tourists or businessmen, convincingly argues that it

Bournias

would be useful for each traveller to have his medical history readily available in an official and valid document; we agree with the rapporteur that this document should, for lack of a more suitable term, be called a 'health card' and not a 'passport', because the term 'passport' is misleading. This health card, which will be supplied to any citizens who want it free of charge and in terms of strict confidence and without this entailing any obligation — this must be adequately stressed so as to gain the confidence of the public — will allow the bearer to have with him at any given moment the details of his medical history, not only on journeys abroad and at home, but also when travelling. It will simply mean that the patient will not have to repeat his medical history, with possible omissions or errors, whenever he changes doctors, compelling each new doctor to undertake the various examinations and tests only to rediscover complaints which had previously been diagnosed, all of which entails expense and loss of valuable time, especially in emergencies.

Consequently I not only support Miss Hooper's excellent proposal but — as I mentioned before — I hope that this will prove to be first step towards a future coordinated system of Community medical care, which should be harmonized as far as possible in all Community countries.

President. — I call Mrs Schleicher

Mrs Schleicher. — (*DE*) Mr President, ladies and gentlemen, this is joint debate on the health card and a question put by the European People's Party, in which the Commission is asked what is happening generally about health policy in Europe. Eighteen months ago, in February 1980, we had a lengthy debate in this House on health policy.

The points emphasized in that debate have our support. But it has repeatedly been said that the problems must be discussed by the Council of Ministers of the European Community. Since 1978, however, there has not been a meeting of the Council of Health Ministers, and I should like to ask the Commission why this is. Could it be that the preparatory work the Commission was called upon to do was not adequate? Or was it perhaps that the preparatory work was adequate, but the will to draw conclusions was lacking? We feel it is really very important to know what is going to happen as regards health policy in the future. If the Member States are going to pursue their own health policies, but are unable to find the necessary common ground, we do not believe that lasting solutions can be found to certain problems in the European Community.

I should therefore like to refer once again to the points on which we want an answer from the Commission: what studies on health policy have so far been

concluded? What practical proposals does the Commission believe it should submit to the Council of Health Ministers? Does it see any chance of this subject being discussed again at European level by the Health Ministers? As you can see from this example of the health card, there are very many problems and very different systems in the various countries. The health card is a small step, a first step forward. Perhaps it would be a good thing if the problem to which Mr Ghergo has referred could be solved, but that is not possible as things now stand, and I should like to ensure that the first step can be taken, because the problem we are tackling is too great.

I therefore call on the Commission to tell us what chances there are of the health card as outlined in Miss Hooper's report actually being introduced, and what the prospects are for wider-ranging solutions being sought to the problems which Mr Ghergo, for example, has just mentioned.

President. — I call Mr Gondikas.

Mr Gondikas. — I understand, Mr President, the practical and humanitarian reasons for introducing this report and I want to congratulate Miss Hooper on her excellent work today.

However, I want to stress the importance of the voluntary character of such a measure and underline the necessity that the health card will be issued only at the request of the individual concerned. Otherwise I am afraid, Mr President, it will impede the mobility of our citizens and constitute an invasion of privacy in our lives.

I also absolutely agree with Mrs Schleicher, speaking before me, on the necessity of having a ministerial conference on the health issues, including this very important matter.

President. — I call Mr Eisma.

Mr Eisma. — (*NL*) Mr President, Miss Hooper's proposal for the introduction of this European health card is regarded as a first step towards the protection of categories of people who are at risk. The ultimate objective is the introduction of the health card for all European citizens. We too stress the voluntary nature of this card: the patient also has a responsibility. We therefore call on the Commission to report to the Council of Health Ministers on this subject as quickly as possible. Then comes the next stage, Mr President. The Council of Health Ministers should meet as early as possible. Miss Hooper, Mr Sherlock and Mrs Schleicher have also talked about this, and I can endorse their cries from the heart. We know what the situation was in the previous six months as regards the

Eisma

convening of the Council of Health Ministers. Under the Dutch Presidency it proved completely impossible to convene this Council. We hope that there will be a change under the British Presidency, as I was saying last July. Enough time has now passed. We call on the Council of Health Ministers to take account of Parliament's wishes in this respect as soon as possible and to take a decision without delay.

President. — I call the Commission.

Mr Narjes, Member of the Commission. — (DE) Mr President, I should like to begin by thanking the rapporteur for her report and joining with all those who have expressed their appreciation. My comments on the report and also the question form two distinct parts.

The report drawn up by Miss Hooper is a lucid summary of the problems connected with the introduction of a uniform emergency card within the Community, which may be vital for those who require urgent medical treatment in certain circumstances. The Commission welcomes this initiative and wishes to congratulate the rapporteur. For its part, the Commission intends to submit the question of the introduction of a health card, which is initially to be restricted to persons at particular risk, that is to say, those suffering from serious or chronic afflictions — and they account for about 8 to 10% of the population — to the Council of Health Ministers and, in so doing, to take account of the views expressed on this subject by the European Parliament. Whether the problems specifically connected with the donation of organs and with the handicapped should also be considered in this context, requires further careful thought.

What do we hope to achieve with a European health card of this kind? People who suffer from serious or chronic complaints will be able to apply for this card, which will contain only the most essential information on their specific affliction and which, directly or indirectly, will also facilitate freedom of movement within the Community. This aspect in particular justifies our taking up this subject.

If it is to serve its purpose, the introduction of a health card of this kind should, the Commission feels, be subject to the following conditions. Firstly, the information contained in the card should be available only to doctors, whose oath of secrecy should continue to apply. Secondly, the card must be constantly up-dated. Thirdly, the issue of such cards should be voluntary. Fourthly, the holder of this important source of information must have it on his person at all times.

In its preparatory work the Commission has taken account of experience gained in two Member States, the Federal Republic of Germany and Luxembourg. A

health card of this kind has been introduced in these countries in close collaboration with the medical profession. It is generally agreed that this experiment in Germany and Luxembourg has been successful and has also helped to improve rescue and emergency medical services. Not the least advantage of the introduction of a health card of this kind is that it would help to improve awareness of the European Community. It would make it clear to the citizen that the Community is also concerned about his health.

As regards Mrs Schleicher's question on the Community's public health policy in general, the Commission regrets that there are so few meetings of the Council of Health Ministers. As you will recall, the Health Ministers last met on 16 November 1978. Since then, several projected meetings have been repeatedly postponed for all kinds of reasons which are beyond the Commission's control. As we see the situation at present, we can only assume that the next meeting will take place under the Belgian Presidency, that is in the first half of 1982, since the ten Health Ministers of the European Community agreed at the last general assembly of the World Health Organization in May of this year that they should in principle hold a Council meeting, and as Belgium is basically prepared to convene this meeting, there is nothing to stop its being held in the first half of 1982.

The Ministers have placed the emphasis on the following areas: firstly, the economic aspect of the health services and above all the search for suitable means of reducing costs or at least stabilizing them while increasing effectiveness.

Secondly, the various aspects of health education aimed at prevention: combating excessive smoking among young people, persuading the public to eat food that is better for them, preventing the abuse of drugs and the excessive use of medicines. Thirdly, the development of transfrontier assistance in the health field in the event of disasters and dangerous diseases.

The Commission has taken various initiatives, organizing, for example, seminars and meetings of experts, and it intends to submit to the Council of Ministers at its next meeting proposals for closer cooperation at Community level in the area of health policy.

My answer to Mrs Schleicher's question as to what studies the Commission has carried out in the areas she referred to is as follows: a report on the measures taken in the Member States of the European Community against excessive smoking — prohibitions, information, education, research and penalties for unlawful conduct — is now being printed. In addition, the first part of a critical analysis of present and planned measures in the countries of the Community to combat excessive smoking has been completed. Part II will follow later this year.

Narjes

Thirdly, a comparative analysis on the situation in the Member States as regards smoking and the development of a problem for our society from 1960 to 1980 has similarly been completed this year. On the subject of food, a study on the teaching of dietetics in schools in the European Community, including a comparative analysis of existing programmes of dietetic education in the Member States, has been published. Similarly, a study on eating habits in the Community appeared in 1980. Finally, a study on the development of a model for the training of teachers of dietetics will be available at the end of this year. This study also discusses current legislation in the Member States.

A study on alcohol consumption and diseases caused by alcohol was published two years ago. Another report on the medical and social aspects of problems caused by alcohol in the European Community was similarly published two years ago.

As regards the abuse of drugs, a study of the motives and determining factors in the excessive consumption of medicines is almost complete and will appear this year. An initial study designed to provide a general insight into the magnitude of the problems connected with drug abuse throughout the Community is also in preparation. This study began in 1980.

On the question of health costs, the following studies have appeared in the series Social Policy (Series 78/1938): organization, financing and costs of health care in the European Community, the abuse of medicines, the trend in expenditure, the most important measures taken and the objectives underlying public action in this area. Another subject is hospital costs (Social Policy 79/39). Other studies on primary medical care in the Member States and the trend in expenditure from 1970 to 1976 and a study on medical technology using cost-intensive equipment are in preparation.

Apart from this, the Commission has organized numerous seminars. A symposium held by the Commission in 1980 on the doctor's role in health education came to the conclusion that specific Community measures should be taken in the field of health education in order to improve the health of the people of Europe and also to help curb spiralling costs.

In July of this year the Commission, the World Health Organization and the Federal Government organized a seminar on the development of a policy on health education — processes and structures.

The following seminars on health policy have also been held or are planned for the near future:

A seminar on health policy in 1978 in Luxembourg; a second seminar in October 1979 in Ispra; a third seminar in March 1980 in Luxembourg; a fourth seminar from 7 to 9 December 1981 in Luxembourg.

Proposals which are to be forwarded to the Council shortly and the relevant dates: a report on work completed since 1978 or still in progress is to be submitted at the next meeting of the Council of Health Ministers. The intention is to use these findings to make practical proposals on the subjects I have mentioned and to help strengthen European solidarity in the field of health policy.

Secondly, the Commission is aware that the European Treaties provide only a weak basis for activities in the health sector. I would point out that the Community does not have comprehensive powers in this sector and can only take complementary action in the areas allocated to it and that it must base any proposal for legislation on either Article 100 or Article 235.

Where both these articles are taken as a basis, there must be unanimous agreement within the Council. And it is for this reason in particular that a political impulse is needed from the Council if we wish to progress beyond what we already have. The Commission welcomes any support it may receive from this House in this respect and is very grateful to Members for drawing attention to this aspect of Community activity in the Member States. The Commission would therefore very much welcome a meeting of the Health Ministers in the very near future — it hopes this meeting will take place under the Belgian Presidency — and will then have an opportunity of reporting to the appropriate committee on further developments.

President. — I declare the debate closed.

The motion for a resolution will be put to the vote at the next voting time.

I call Mr Deleau on a point of order.

Mr Deleau. — Mr President, I asked to speak on a point of order. Yesterday afternoon I asked to be able to present to you that evening the report on special aid to Greece. Since the timetable did not allow for this, I wondered whether I could present it this morning.

I notice it is down for the end of this afternoon's sitting but since the agenda is so full I am afraid it may not be presented today. The reasons I gave yesterday are still valid. Our Greek colleagues, who are very interested in this debate, will have to leave us, as you know, because of their elections. I therefore suggest, Mr President, if it is possible, that this subject should be included at the beginning of this afternoon's sitting since I think it advisable that our Greek friends should be able to participate in this debate.

President. — Mr Deleau, I can only agree with what you have said. Of course the list contains an order that

President

has to be followed. However, I can assure you that the Presidency will seek, in the course of the debate, to accede to your wish but without excluding the possibility of a colleague making way for you.

I call Mr Gondikas.

Mr Gondikas. — (GR) Mr President, I should like to thank Mr Deleau for what he said and to add that his proposal must be adopted so that the Greek Members of this House can vote — if possible at 6 o'clock this evening.

President. — I can assure you that everything possible will be done to meet the requirement mentioned by you, taking into account of course the time factor to which you have referred.

4. Implementation of the 1981 budget

President. — The next item is the oral question with debate, pursuant to Rule 42 of the Rules of Procedure by Mr Notenboom, on behalf of the Group of the European People's Party (Christian-Democratic Group), Mr Dankert, on behalf of the Socialist Group, Mr J. M. Taylor, on behalf of the European Democratic Group, Mrs Scrivener, on behalf of the Liberal and Democratic Group, Mr Ansquer, on behalf of the Group of European Progressive Democrats, Mr Spinelli, on behalf of the Communist & Allies Group, Mr Lange, on behalf of the Committee on Budgets and Mr Aigner, on behalf of the Committee on Budgetary Control to the Commission of the European Communities (Doc. 1-522/81)

Subject: Implementation of the budget of the European Communities for the financial year 1981

On 6 November 1980 the European Parliament adopted a large number of amendments which were not unanimously rejected by the Council. Thus on the adoption of the budget by the President of Parliament in December 1980 they were definitively incorporated into the 1981 budget.

The most important of these amendments are the following:

Item 3030	Pilot projects on better housing for handicapped workers	+ 110,000
3071	European organizations of small and medium-sized undertakings	+ 120,000
3200	Technological development	+ 5,000,000 CA
3230	Use of coal in power stations	token entry
3240	Energy-saving	+14,000,000 CA

3241	New sources of energy	+ 28,000,000 CA
326	New initiatives in the energy sector	token entry
327	Energy balance sheets	+ 300,000
328	Studies in the energy sector	token entry
Item 3611	Assessment of research findings	+ 200,000
3740	Telematics	+ 1,000,000
3750	Industrial policy	token entry
3760	Industrial guidelines	+ 50,000
3780	Transport studies	+ 500,000
3781	Financial support for transport infrastructure projects	token entry
3921	Preparation of young people for their working career	+ 100,000
5010	Vocational training	+ 22,200,000
		+ 4,000,000
5011	Employment	+ 9,600,000
5100	Employment in certain regions	+ 19,200,000
		+ 27,000,000 CA
5102	Employment in certain economic sectors	+ 4,600,000
		4,000,000 CA
511	Measures for handicapped persons	+ 4,800,000
		+ 5,000,000 CA
530	Measures for frontier workers	token entry
540	ECSC social measures	token entry
550	Regional fund	+ 109,200,000
		+ 133,000,000 CA
560	Regional fund 'non quota' section	+ 10,000,000
		+ 7,000,000 CA
5610	Studies for integrated actions	token entry
5611	Integrated operations in the area of regional policy	token entry
590	Disasters	+ 1,000,000
930	Cooperation with non-associated countries	+ 50,000,000 CA
948	Evaluation of the results of Community aid	+ 100,000
Item 967	Cooperation with the Arab countries	+ 1,000,000

Under Article 205 of the Treaty, the Commission is required to implement the budget within the limits of the appropriations.

In view of the fact that the 1982 budget debate will be based among other things, on the way in which the 1981 budget is implemented, can the Commission say:

1. How the items increased or created by the European Parliament have been implemented?
2. How it intends to implement the budget in accordance with the decisions of the European Parliament before the end of the year?

President

3. To what extent certain expenditure has not been made owing to the lack of additional legal grounds which it feels may be necessary?
4. Whether it has encountered difficulties in implementing the 1981 budget with regard to articles and items other than those listed above?

President. — I call Mr Notenboom.

Mr Notenboom. — (NL) Mr President, Mr Commissioner, ladies and gentlemen, this oral question with debate introduces a traditional debate which we hold every October at the instigation of almost all the groups. They put questions to the Commission about the implementation of the current budget at a time when over nine months or three-quarters of its life has passed.

The Commission, in this case Vice-President Tugendhat, always answers these questions very thoroughly and precisely, and I am sure that Mr Tugendhat will do the same again this year. Particularly in the context of the budgetary powers of Parliament, which may increase certain political resources, it is important for Parliament to check on the budget during the current year rather than waiting until the debates on the granting of a discharge to see whether the Commission has correctly implemented the budget in accordance with the intentions of the budgetary authority, of which Parliament forms one half.

What is special about the 1981 budget, Mr President, is that the European Parliament adopted very few amendments at the second reading in December, far fewer than in the case of the 1980 budget. Parliament concentrated most of its activities in December on the well-known, much criticized exceptionally high increase in expenditure on the Social Fund under the 1980 supplementary budget and then, partly as the result of a request from the Commission, refrained from introducing a large number of amendments to the 1981 budget. That is why my question, which I do not need to read out because it has been distributed, lists almost all the items which, although included or increased on Parliament's initiative, were entered in the budget with the Council's cooperation or at any rate without the opposition of majority of its members.

One problem that arises every year is that of the supplementary legal basis. For some items of the budget a further legal basis is required, a decision from the legislative body, the Council. On that the Commission and Parliament are agreed.

We are not perhaps completely in agreement on the items for which this legal basis is needed and those for which it is not needed or on what the Commission must do if this supplementary legal basis is not created. We must consider this subject very carefully. If the Council should be unwilling to create a supplementary

legal basis of this kind, it would be departing from the decisions of the budgetary authority, and we cannot have that. We must therefore consult carefully first with the Commission and later with the Council to reach a precise agreement on this. We are, I feel, well on the way to doing this. That is why this Assembly decided — and I am now addressing you in particular as the acting chairman for the discharge for 1979 — this spring to set up a small committee, a temporary working party, of course, consisting of members of the Committee on Budgetary Control to discuss this problem in depth with the Commission before anything else is done. As acting chairman, I should like to remind you that this temporary working party has still not been set up.

This in fact a subject for the interinstitutional dialogue with the Council and Commission, but I feel that preparatory talks with the Commission are extremely important. If the Commission and the European Parliament are completely in agreement on these aspects, and we are well on the way to such agreement, our position in the interinstitutional dialogue will be stronger than that of the Council.

As regards the introduction, ladies and gentlemen, I hope and I am sure that we shall be given a detailed answer by Vice-President Tugendhat and that we shall find satisfaction in his answer in two respects. Firstly, we shall be given a reasonable insight into the implementation of this year's budget and we shall discover that Parliament's initiatives will be wholly or largely translated into reality, and secondly, we shall be able to derive from the answer a great deal of information that will be useful next week and later when we get down to the details of the preparation of the 1982 budget, which is what the Committee on Budgets will be beginning to do next week.

So much for my introduction, Mr President, Mr Vice-President of the Commission, to the questions. We are all counting on an interesting answer from Mr Tugendhat.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — Mr President, this debate, a few days before Parliament's part-session for the first reading of the following year's budget, has now become an established part of our budget tradition. The Notenboom question, as it is called, has taken its place along with the first reading and the second reading and the discharge. It seems to me thoroughly desirable that it should, because the oral question which has been put to us this morning about the implementation of the current budget enables us to enter into serious discussion with Parliament on what in our view constitutes once of the corner-stones of a permanent dialogue between our two institutions.

Tugendhat

A year ago, Mr President, at a previous meeting on the same occasion, implementation of the budget had been adversely affected by the difficulties that surrounded the adoption of the budget. However, as a result of the efforts made as soon as the situation had returned to normal, utilization rates showed considerable improvement over previous financial years. I am pleased to be able to tell the House that this improvement is continuing. This year, although the budget was adopted on time, difficulties were again encountered in the course of the procedure. The Commission did not allow these difficulties to stand in the way of implementing the budget.

This, Mr President, prompts me to emphasize once again just how much importance the Commission attaches to seeing certain loopholes in the budgetary arrangements removed when the Financial Regulation is revised. The Commission hopes that this revision will be carried out with a minimum of delay. The radically different interpretations dividing the institutions on certain key points are disrupting the smooth running of the Community. The Commission also hopes that the two halves of the budget authority will develop a better mutual understanding of each other's objectives and constraints in a manner which will stimulate rather than stifle development of the Community. This is one very good reason why the Commission is most anxious that the forthcoming inter-institutional debate gives rise to positive results.

The oral question with which we are concerned today involves a number of points which I will try to reply to as clearly as possible. These are technical points, Mr President, and inevitably my speech, therefore, is going to be a little lengthy, but as experience has shown on previous occasions, it really is important to take these matters on an item by item basis and get everything on the record so those who are not here as well as those who are can judge our record afterwards. So I hope the House will forgive me if it is oratorically a little tedious, but I think that the price is worth paying.

First of all, as regards the use of appropriations from items increased or created by Parliament and mentioned in the oral question, I have exact figures, which are available to the House, showing the present rate of utilization of the appropriations together with forecasts of the likely end-of-year position. So as not to extend the patience of the House more than is necessary, let me say that for the articles and items on the list I am going to give you, the Commission expects the commitment appropriations to be fully or almost fully used up by the end of the year. In some cases, however, particularly where appropriations are not dissociated, payments may not be made until some time in 1982. The articles and items are as follows:

Item 3030 — pilot projects on better housing for handicapped workers,

Item 3071 — European organizations of small and medium-sized undertakings,

Article 327 — energy balance sheets,

Article 328 — studies in the energy sector,

Item 3611 — assessment and utilization of research results,

Item 3704 — studies in the field of telematics,

Item 3760 — studies on industrial guidelines,

Item 3780 — studies preliminary to financial aid in respect of transport infrastructure,

Item 3921 — preparation of young people for their working career,

Item 5010 — aid in the field of vocational training and geographical mobility,

Item 5011 — aid to promote employment,

Item 5100 — aid to improve the employment situation in certain regions,

Item 5102 — aid to improve the employment situation in certain economic sectors adapting to technical progress,

Article 511 — measures for handicapped persons who do not qualify for aid under Article 4,

Article 550 — Regional Fund, Quota Section,

Item 5610 — preparatory studies for integrated actions,

Article 590 — aid to disaster victims in the Community,

Article 948 — evaluation of the results of Community aid in the field of development cooperation.

As regards the other items quoted, the situation is as follows. Item 3200, Community technological development project: though at 30 September 1981 the utilization rate is still low, 48.4 % of commitment appropriations and 49.80 % of payment appropriations, the Council will shortly be approving a seventh series of projects involving some 26 million ECU which, when additional appropriations have been transferred to this heading, will mean that all the commitment appropriations will be used. The bulk of the payment appropriations will also be used by the end of the financial year in accordance with the Council's new decision. It cannot be ruled out, however, that a certain sum still available may lapse.

Item 3240, the Community energy saving programme: of the 43 million ECU available, roughly 20 % has been committed. A further 15 % will be used following decisions taken by the Commission. For the remainder a second series of projects is being prepared under the authority of my colleague, Mr Davignon, and this should use up the commitment appropriations still available.

Item 3241, programme for the development of new sources of energy: the Commission took a decision on solar energy and sent it to the Council in accordance with Regulation No 1302/78. The commitments will

Tugendhat

total just over 16.5m ECU. The Council has also recently approved a decision on geothermal energy involving 5.4m ECU. By the end of the year commitments should amount to roughly 2.7m ECU. A draft decision on the gasification and liquefaction of coal is being prepared. The sum involved is 36m ECU, which is above the ceiling set by the Council. All the 1981 payment appropriations will be carried over to 1982, and this has been taken into account in the preliminary draft budget for 1982. In addition, despite the efforts made, some payment appropriations — the exact amount is not known — carried over from 1980 could well lapse on 31 December 1981.

The position of Item 3241 exemplifies the problem of ceilings fixed by the Council on appropriations in the rules constituting the legal base. As the House already knows, the Commission laid proposals before the Council and Parliament last October with the aim of replacing ceilings fixed by the Council with new purely indicative amounts, so that projects considered to be essential can go ahead. Parliament unfortunately has not yet given the opinion requested by the Council. To break the present deadlock, the Commission has just decided to suggest an *ad hoc* solution to the Council which would allow the financing of the major projects for gasification and liquefaction of coal and thus enable the budget appropriations to be committed before the end of the year. It hopes that the Council will neither obstruct the Commission nor frustrate the clear wish of the budget authority.

Article 560, the Regional Fund non-quota section, is still getting under way. In October 1980 the Council adopted five specific measures, and in June this year the Commission approved four special programmes which correspond initially to three of these measures. The Member States have received notification of the Commission's decisions, together with precise conditions for implementing the programmes. To ensure most effective implementation, discussions are now taking place with the Member States concerning the use of the appropriations. The results of these discussions are of far-reaching significance because they will determine the extent to which this form of Community expenditure will be additional to national expenditure as well as the extent to which it will fulfil Community objectives. What is negotiated for the first batch of projects under the non-quota section will set a precedent for subsequent action. The Commission, like Parliament, hopes that in future the non-quota section will be called on to play a relatively more important role. It is therefore essential to get the terms right from the outset even if this is temporarily at the expense of budget annuality.

Article 930: financial and technical cooperation with non-associated developing countries — all the commitment appropriations remaining from 1980 have been used. The low rate of utilization of 1981 appropriations is the result of the recent implementation of the new procedure provided by the regulation of

17 February 1981 on financial and technical aid to the non-associated developing countries which sets up a committee under the Commission to give an option on each aid proposal. With this new procedure under way since July 1981, the rate of commitments should speed up between now and the end of the year. Since all payment appropriations had been used up by 30 May, the Commission had to obtain a further 44 million ECU in amending budget No 1 for 1981, and 16 million ECU by means of an additional transfer authorized by the budget authority.

Article 967: cooperation with the Arab countries at regional level. Utilization of these appropriations will depend mainly on the decisions concerning the financing of activities in connection with the Euro-Arab Dialogue which will be taken at the ministerial meeting scheduled to be held before the end of the year.

Mr President, I now come to the headings which carry the token entries. Certain distinctions should be observed. First of all, there are those headings where in the present circumstances the Commission does not intend making any proposals in the immediate future. Nevertheless, it has left the way open for action by proposing in the preliminary draft budget for 1982 that a token entry should be made against these headings. The headings in question are: Item 3230, the use of coal in power stations; Article 326, the new Community initiative on energy; Item 3750, aid for certain crisis-hit industrial sectors; Article 530, measures for frontiers workers.

Three other headings call for a brief explanation. The first is Article 540, special contribution to the ECSC for social measures in connection with the restructuring of the steel industry. In the preliminary draft amending and supplementary budget No 2 for 1981, the Commission proposed that the remainder of the first instalment of the programme of temporary social measures in connection with the restructuring of the steel industry should be financed by transferring 62 million ECU from the general budget to the ECSC budget. In letter of amendment No 1 to the preliminary draft budget for 1982, the Commission similarly proposes earmarking 50 million ECU for the second instalment of this programme.

Secondly, Mr President, with regard to Item 5611, Community measures in the framework of integrated operations for regional development, the Commission proposed in the letter of amendment No 1 to the preliminary draft general budget for 1982, that 30 million ECU be allocated to finance measures in the housing sector and related studies in Belfast, Northern Ireland. The object of these measures is to provide for the financing of activities not covered by the existing financial instruments.

The third heading is Item 3781, financial support for transport infrastructure projects. Here the Commis-

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sion was anxious to avoid proposing the entry of appropriations where implementation is not assured and therefore in the preliminary draft budget for 1982 has reserved the right to propose that appropriations should be entered once the Council has reached decisions on the proposals made.

The Commission has also been asked in the second part of the question about the outlook concerning the implementation of the budget between now and the end of the year, and about problems that may arise in respect of other headings than those already mentioned. Without being over-optimistic I can say that in most sectors the utilization of 1981 appropriations confirms the estimates put forward by the Commission in support of its initial requests for appropriations. There has, however, been one notable exception. Aggregate expenditure on agricultural market support has been markedly lower than the original estimates, and I can say that the current forecasts confirm the accuracy of estimates given in the preliminary draft supplementary and amending budget No 2 for 1981. The recent adjustments within the European monetary system will, of course, affect expenditure and resources. The effect on the current financial year will be only slight, and the estimates on which the second rectification for 1981 are based remain valid. For 1982, however, the realignment will have significant repercussions. It is expected that agricultural guarantee expenditure will rise by some 370 million ECUs and that own resources from agricultural levies will rise by about 120 million ECU. Parliament will be provided with more details on the matter in the very near future when the Commission submits an addendum to its recent rectifying letter.

I would ask both halves of the budget authority to consider these budget changes as mechanical consequences flowing from the EMS realignment, in much the same way as the cost reductions in the rectifying letter flow from changes in the *conjuncture*. Neither phenomenon can or should be taken as indicative of any underlying change in the budget implications of the CAP.

The outlook, Mr President, for the utilization of appropriations allocated to structural funds is quite satisfactory, except, as I have already explained, as far as the Regional Fund non-quota section is concerned. As in 1980, the Commission is expecting all the Social Fund appropriations to be used up. It is also expecting virtually all the appropriations for the quota section of the Regional Fund to be used up by the end of the financial year. The decisions to be taken on the third series of projects that have been submitted to the Regional Fund Committee will bring the level of commitments up to about 750 million ECU or 50 % of the appropriations. These results show that appropriations are being used more quickly, as was already the case in 1980, as a result of the reorganization of the procedures for submitting requests for assistance. This gratifying state of affairs is additional justification for

the entry of an additional 200 million ECU in payment appropriations in the first supplementary budget for 1981.

On the whole, the Commission does not foresee any special problems as regards utilization of the EAGGF (Guidance Section) appropriations, although this does not rule out the possibility of a few transfers, as happens every year. I should like, Mr President, to add a few comments on one or two headings within the Guidance Section.

First of all, Item 8011 — marketing and processing of agricultural products, in particular in the Mezzogiorno. The payments likely to be made are much lower than estimated, since the Member State concerned has failed to send in applications for reimbursement on time. I should like to bring this matter to the attention of Parliament. Under Article 871, we have financial participation in inspection and surveillance operations in the maritime water of Denmark and Ireland. The Member States concerned have not submitted sufficient applications. The commitment appropriation should therefore remain largely unused at 31 December. The Commission has taken this into account in its request for appropriations for 1982.

Lastly, the utilization of development aid appropriations should not create any particular problems as regards food aid, Chapter 92, specific measures for cooperation with developing countries, Chapter 94, and exceptional measures to assist developing countries and other non-Member countries, Chapter 95. I should add that as far as the implementation of the financial protocols with the Mediterranean countries, Chapter 96, is concerned, political difficulties are being encountered in the utilization of some of the appropriations, e.g. in the case of the protocol with Cyprus and the technical difficulties in financing projects submitted by the EIB, as well as the case of the protocol with Greece where payments are now being made. Commitments and payments in connection with the protocols with the Mashrek and Maghreb countries are also being delayed to some extent, in particular in the case of the Maghreb. Nevertheless, the Commission is expecting commitments to speed up considerably between now and the end of the month, in view of the fact that the protocols expire on 31 October.

Mr President, I should now like to say a few words about the matter of the legal basis for expenditure raised in this question. The question of an additional legal basis appears to have raised no problems during the implementation of the 1981 budget, because no appropriations were entered under headings for operations without an assured legal basis, these operations being grouped in Chapter 100. As regards the principle of the legal base, the Commission, like Parliament, trusts that this will be resolved in the inter-institutional debate which Parliament called for on 10 April. I very much hope that this dialogue will soon become a

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reality, for it seems the ideal place for resolving problems of this kind. A working party, as suggested by Parliament in its resolution of 18 June accompanying the discharge, could help this overall solution.

Mr President, much of my statement, as I warned at the outset, has been taken up with technical details and figures, but, as I also said at the outset, I considered this the best way of supplying the information which Parliament requires. In conclusion, I would like to emphasize that the Commission is still endeavouring to improve implementation of the budget, giving due regard to the positions adopted by Parliament and to the ideas which Parliament has developed. Your vigilance, the vigilance of this House, is an integral part of the democratic control of the financial management of the Communities, which is your responsibility. The Commission, for its part, regards the work carried out at Mr Notenboom's initiative in the Committee on Budgetary Control and the Committee on Budgets as aiding and advancing its own efforts.

Mr President, in that spirit I have given what is, I know, a very long reply. I thank the House for listening to me and I will, of course, be here after lunch to listen to the further contributions to the debate.

President. — If our business is to proceed smoothly I must now declare the list of speakers closed.

(The sitting was suspended at 1 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR FRIEDRICH

Vice-President

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Konrad Schön. — *(DE)* Mr President, ladies and gentlemen, on behalf of my group I should first like to thank Commissioner Tugendhat for so detailed an answer to this question and in particular to the questions put by Harry Notenboom, a member of my group. However, Mr Commissioner, my group will be examining your answer with some care when we have it in writing. As you yourself have admitted, since your answer was a very technical one, we must examine it for its political implications.

Above all, there is the eternal and tiresome question of the creation of legal bases when it comes to implementing or safeguarding a certain policy under the

budget. I should like to ask you what are we going to do if the Council constantly refuses to perform certain legal acts. Is it true to say that, for example, when the budget has been adopted here, the Commission repeatedly says with respect to matters of detail that we first need a legal basis created by the Council? Or are we prepared to endorse the necessary legal nature of the budget from the outset? I have also been instructed by the members of my group to ask the Commission if it might be prepared to join with Parliament in steadfastly facing up to the Council if it constantly refuses to perform the legal acts you have called for. When we of this Parliament, as part of the budgetary authority, have taken our decision, if we intend to pursue a certain policy, for example, under the procedure for conciliation with the Council, I feel it is about time this question was answered.

The European People's Party welcomes the fact that you support the proposal made in the report drawn up by Mr Irmer on behalf of the Committee on Budgetary Control that a working party or a committee, whichever you want to call it, should be set up to consider these matters in collaboration with the Commission.

We insist on this being done soon even though some people may think that this is superfluous or unnecessary or that yet another body is being created. I, at any rate, consider this to be so important that I will say on behalf of my group that we insist on this meeting, we insist on this committee, so that this issue can at last be examined and resolved.

President. — I call the Liberal and Democratic Group.

Mrs Scrivener. — *(FR)* Mr President, the Commission has given us a number of technical explanations, for which I am grateful. However, it is the political aspect of the problem that clearly interests us most of all, and that is why this debate on the implementation of the 1981 budget is by no means of minor importance since it takes place less than a month before the first reading of the 1982 draft budget.

I should not like anyone to lose sight of the fact that any increase in appropriations voted by Parliament at the first reading and not rejected by the Council implies automatic implementation. In this case, the question of legal grounds does not seem to enter into it. A decision has been made by the budgetary authority, I would go so far as to call it a political act. The Commission is thus under an obligation to abide by it. The oral question put jointly by all the political groups is based on this premise. A colleague from my group, Mr Irmer, will be dealing in more detail with this question of the legal basis in a minute or two.

I should like for now to lay stress on the principle of the budget year. This principle implies, on the one

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hand, that it is unacceptable for there to be a supplementary budget after the end of the financial year, for the year has twelve months and not thirteen or fourteen. It will be recalled, incidentally, that the Liberal and Democratic Group opposed the supplementary budget for 1980.

This principle also excludes the possibility of any correction of estimates of revenue during the course of the financial year. This time I have to point out that the year has twelve months and not nine or ten. The purpose of an amending budget should be to make provision for necessary new measures that might have cropped up in the course of the year and not to correct estimates of revenue. This would be to treat own resources arising from VAT simply as national contributions. We firmly believe that if there are any savings in the EAGGF (Guarantee Section), the sums thus made available should not be refunded to the Member States but be left in the budget to finance common policies.

Of course it is unlikely that a new project financed in this way could be launched and developed in October or November of a financial year. That is why I am suggesting that the funds released through savings achieved in this or that sector could be put into a suspense account rather than being refunded to the Member States in the form of a reduction in VAT in the following financial year. A reserve would thus be built up which could be used later as and when the need arises. And let me say that by doing this the European Community would be seen to be acting that much more responsibly. If such an idea were to be accepted, and it seems highly desirable that it should, there would obviously have to be a change in the Financial Regulation. Well, now is the time, given that the Financial Regulation is in the process of being revised. By such a move we should be strengthening the financial autonomy of the Community, which is an essential factor in the proper organization of Europe.

Mr President, I have very briefly mentioned the one or two ideas that I wanted to bring up in the context of this debate, and I very much look forward to hearing the Commission's reaction to them in a short while.

President. — I call Mr Irmer.

Mr Irmer. — (DE) Mr President, ladies and gentlemen, we all know that the Community is in the middle of a crisis. The Community is stagnating, and little or nothing is working any more. The reaction of the public is accordingly one of discouragement, unwillingness and apathy towards Europe. One of the causes of this is without any doubt to be found in the fact that the policies which Parliament wanted to introduce have failed because the Council of Ministers has blocked everything with its inactivity. And we call on the Commission not to put up with this any longer.

Parliament can no longer tolerate a situation in which, as part of the budgetary authority, it inserts certain resources in the budget, the Commission then proposes a regulation, Parliament approves this proposal for a regulation and nothing happens because the Council blocks everything by doing absolutely nothing. The Commission should take note of this and it should bear in mind that it is more dependent on Parliament than on the Council: unlike the Council, this Parliament has a powerful means of exerting pressure on the Commission: we can dismiss it. Let that not be forgotten.

Ladies and gentlemen, what we have here is a legal question, and the thought of proceedings before the European Court of Justice does not disturb my composure in the least. For if a Member State should take action because the Commission has implemented the policy provided for in the budget and has the backing of Parliament in this, I am sure we would win before the European Court of Justice.

The Court would decide that the budget as such plus the Commission's proposal plus the approval of this proposal by Parliament carried greater legal weight than mere inaction on the part of the Council. But, by extension, this is also a political question and therefore concerns the *raison d'être* of this House. How will we look to our electors in 1984, after the great hopes aroused in 1979, if we have to admit that we have not succeeded in overcoming the stagnation of the European Community? We will rightly be told that we could have stayed at home.

We will also be told by the electors that they do not intend to vote because they are not interested. Consequently, the credibility of each and every Member of this Parliament is directly connected with this question. To the Members of the Commission I can say that we shall certainly do our duty here. We ask you to take this as seriously as we do, and we shall not back down.

I have tabled an amendment to what was originally item 3750 and is now Article 772 of the 1982 budget: Community operations in favour of certain crisis-hit sectors of industry. I appeal to Members to adopt my amendment when we vote on the budget, and I would then ask the Commission to implement this policy. It dates back to a proposal made by Commissioner Davignon, on which Mr Spinelli drew up a report for our Parliament, but nothing was done about this in 1978 or 1979.

This is a classic instance of how we can gain acceptance for our theoretical position. This also concerns an area in which the Community is waiting for action and in which the citizens of the Community expect the Commission and Parliament together to do something even if it is contrary to the will of the Council or

Irmer

contrary to its inability to introduce the policy all of us consider to be the right one.

(Applause)

President. — I call Mr Notenboom.

Mr Notenboom. — *(NL)* Mr President, I do not have a great deal more to say. Statements have been made on behalf of a number of groups. As the first signatory of the joint question, I should merely like to thank the Commissioner for his detailed reply. We very much appreciate the fact that he puts so much into this annual debate and gives Parliament such a detailed reply. I would add that the absence of a reaction to every answer should not be interpreted as agreement. This Commissioner himself has said that his reply necessarily had to be very technical. The aspects to which we do not react will therefore be very carefully studied, and the answers will undoubtedly have an effect, quite apart from the words which have been spoken in this debate. Each committee will without a doubt study the answers that have been given on these points, and the Committee on Budgets will certainly take advantage of the many detailed replies next week.

The main point continues to be what Mr Schön and Mr Irmer have just referred to: what do we do if the Council remains inactive? We must stop criticizing each other and cooperate. Only a few of us need then prepare a common position of the Commission and Parliament on this, as I said when presenting the question. That will be far more fruitful than our continuing to criticize each other. A solution must be found, and that has been the most important aspect of this debate. I conclude by thanking the Vice-President once again for his willingness to take these questions so seriously and to give so detailed an answer.

President. — The debate is closed.

5. *Insurance against civil liability for motor vehicles*

President. — The next item on the agenda is the report by Mr Zecchino, drawn up on behalf of the Legal Affairs Committee (Doc. 1-427/81) on the

Proposal from the Commission to the Council (Doc. 1-466/80) for a second directive on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles.

I call the rapporteur.

Mr Zecchino, rapporteur. — *(IT)* Mr President, the draft directive that Parliament has to consider

intended to continue the harmonization of the laws of Member States relating to insurance against civil liability for motor vehicles. This is an area of particular social importance, and also of especial significance in promoting trade.

The need for harmonization has grown together with the increase in the flow of traffic, and it was already felt in 1949 to such a degree that the Road Transport Sub-Committee of the UN Economic Commission issued a recommendation designed to reduce divergence in insurance schemes. The most important precedent for this directive is, however, the 'London Convention' of 1953 which instituted the well-known 'green card', which has greatly facilitated exchange and the harmonization of insurance systems.

As regards specific Community precedents, the directive draws on the directive of 24. 4. 1972 which, based on the existing 'green card', aimed at an improvement in the harmonization of legislation, provided for the abolition of frontier checks between Member States and introduced the possibility of claims for damages caused by uninsured vehicles — naturally always in the context of compulsory insurance. This draft directive is founded on this precedent. The directive consists of five articles and has two fundamental objectives: the technical improvement of certain provisions in the 1972 directive, and increased protection for the victims of accidents. It thus extends compulsory insurance to cover damage to property as well as personal injuries, raising the ceiling and guaranteeing uniform minimum ceilings in Community territory for personal injuries caused by unidentified vehicles, and including the driver's family among the insurance beneficiaries. A balance ought to be struck between these two goals set by the draft directive, and the Legal Affairs Committee has worked in this direction while emphasizing another necessity, that is, the containment of costs to the benefit of consumers.

Let me now turn to the details of the proposal. Article 1 of the directive stipulates that the insurance contract shall be extended to cover damage to property. This provision is particularly directed towards the United Kingdom where insurance cover for damage to property is still not compulsory.

Article 1 also provides for the establishment of guaranteed minimum ceilings in each Member State.

This is obviously a minimum ceiling and it does not affect or abolish higher limits which may already exist in Member States.

Article 1 (3) provides for compensation for damage to property or for personal injuries caused by an unidentified or uninsured vehicle. This is an issue which the Legal Affairs Committee has considered with great care. Consultation with a number of advisory groups, including the Economic and Social Committee, has led the Committee to believe that it would be advisable to

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limit the extension of cover to purely personal injuries caused by an unidentified vehicle.

Article 2 is designed to protect the injured party where individual legislations allow the existence of contractual provisions which would in some way exempt the insurer from paying compensation. The Legal Affairs Committee has in my opinion improved the text of the directive by expressly providing for clauses which limit the insurer's responsibility — clauses which, once adopted, cannot be used to deny compensation when the damage is caused by a vehicle driven by persons without authorization or a valid driver's licence, or when the vehicle is being driven in breach of technical legal regulations or safety standards.

Article 3 of the draft directive extends insurance cover to members of the driver's family. The Committee has debated whether to provide such cover only for personal injuries or to extend it to include damage to property: the Committee has finally decided in favour of the exclusion of damage to property for the simple and obvious reason that its inclusion could potentially give rise to abuse.

Article 4 aims at the technical improvement of the text of the 1972 directive. Basically it amends the definition of 'territory' by adopting the criterion of the territory where the vehicle is registered rather than that of the Member State where the vehicle is most frequently driven. The Legal Affairs Committee has also decided in favour of an amendment, marginal perhaps but meaningful, which specifies that the registration plate must be properly issued, in order to avoid abuses occasioned by a simple reference to the registration plate.

The Committee has had to face a politically sensitive problem with regard to Article 5. As was said before, there is a need to increase ceilings; such increases would inevitably provoke serious domestic consequences for the general economy — for inflation in particular — in the Member States where much lower ceilings are currently permitted; Greece and Italy are a case in point.

For these reasons the Legal Affairs Committee proposes a progressive implementation of the new minimum ceilings so that the Member States which at present have lower ceilings may approach the higher limits called for in the directive by gradual stages. There is a series of amendments on this point which seek to extend the two-year deadline established by the Legal Affairs Committee for compliance with the directive.

There are also amendments to extend this period still further by reason of the precise considerations I have just touched upon.

This directive merits an extremely positive overall evaluation, although it does not solve all the problems involved in the harmonization of the laws of the

Member States and fails to cover various other important concerns.

The European Parliament should ask the Commission to get to grips quickly with the harmonization of national legislation on the functioning of the Guarantee Fund, on general legislation on liability and of compensation procedures. Subject to these reservations I believe Parliament can adopt the Commission's proposal.

President. — I call the Socialist Group.

Mr Sieglerschmidt. — (*DE*) Mr President, ladies and gentlemen, I find myself in the pleasant situation of largely agreeing with the rapporteur's remarks. The subject of the insurance of motor vehicles against civil liability concerns almost every citizen in the Community, since it affects particularly those who, in this age of great mobility, travel backwards and forwards between our countries by car.

What is so important — particularly for us members of the Socialist Group — about this directive, which is certainly no epoch-making event, but which undoubtedly represents a step forward in the harmonization of the insurance of motor vehicles against civil liability? One reason why it is important is that it will increase the protection provided by the Community or by the Member States to such an extent that no one can slip through the net, particularly in intra-Community transport.

Mr President, a few months ago we were discussing the victims of violent acts. There are also victims of violent acts in road traffic, who may find themselves in great difficulties if the guilty party can no longer be traced. The directive is intended to remedy this situation. But it is also designed to prevent the insurers' bureau and the tax-payer from being unduly burdened and so, in particular, abusive claims being made for damages. The directive must pursue both these objectives in a balanced way, and in the Legal Affairs Committee we have endeavoured to find a compromise.

I believe that the franchise proposed by the Legal Affairs Committee in Article 1 is a good thing. The same is true of the clearer wording the Legal Affairs Committee proposes for Article 2, under which members of the family will have insurance cover with respect to personal injuries but not to material damage.

We also consider Article 5 to be particularly important. It is intended to ensure not only optimal freedom in the provision of services but also the freedom of movement of motor vehicle owners within the Community, so that they suffer no disadvantages when moving with their vehicles from one country to another within the Community.

Sieglerschmidt

We have recently discussed a petition on this subject in the Committee on the Rules of Procedure and Petitions. When moving from one country to another, holders of vehicles should be able to enjoy the same conditions at their new place of residence as regards both the possibility of taking out insurance policies and in particular of being granted bonuses.

Quite a number of amendments have been tabled, Mr President. Unfortunately I am not able to comment on them because they were not all available until 3 p.m. I would draw the Bureau's attention to this. Amendments cannot be discussed during the general debate as the Rules of Procedure prescribe if they are not available early enough.

Nevertheless, I should like to say the following: the Legal Affairs Committee adopted the proposal before you by 15 votes to 2, by a large majority therefore. However, in view of the considerable number of amendments, some of which have been tabled by members of the Legal Affairs Committee and on which various things could be said, I think it can be concluded that it was not so simple to arrive at a compromise. On the other hand, I believe I can say from our point of view that this compromise is quite a successful one, even though there are various points, Mr President, which I would be quite happy to see in a different form. During the vote on the amendments we must try to achieve as large a majority in favour of a directive which can generally be regarded as positive, as was achieved in the Legal Affairs Committee.

(Applause)

President. — I call the Group of the European People's Party (Christian-Democratic Group)

Mr Malangré. — *(DE)* Mr President, ladies and gentlemen, I should like to begin by thanking the rapporteur for his work and saying that both my group and I myself, of course, welcome and support this matter. We are happy that further and better protection will be afforded in this way to the increasing contacts between the citizens of the Community and against the greater risks and dangers involved.

But I should like to draw your attention — and I do so in line with the criticism which Mr Sieglerschmidt has just voiced — to two amendments tabled by Mr Luster, both of which seek to enable the Member States to make the obligation for payments to be made from the compensation fund and the insurer's obligation to pay subsidiary.

The payments insurers have to make are usually recovered through the motor vehicle civil liability insurance premiums. Any increase in the obligation to pay automatically leads to an increase in the premium to be

paid by individual drivers, and above all those who meet their contractual obligations. This seems to me socially justified only when it is a question of compensating for the damage suffered by the victims of road accidents. Hence our amendments, which seek to introduce or maintain the principle of subsidiarity throughout the directive. To conclude, I can say that we are completely in agreement with the arrangement as a whole. We are glad that this step is now being taken.

President. — I call the European Democratic Group.

Mr Prout. — First of all I would like to welcome the report and congratulate the rapporteur. The proposal on which the report is based is the latest stage in an international legislative process which began in fact before the foundation of the European Community, but which has now been taken under its wing. I would like to comment on the amendments tabled by two members of my group, Mr Tyrrell and Lord Harmar-Nicholls, and on some of the amendments tabled by the Committee on Legal Affairs itself.

Mr Tyrrell's amendment to Article 1 (1) merely seeks to exclude from it 'goods in transit being commercially carried'. He argues simply that such goods will always be insured by the prudent consignor. The question at issue in Article 1 (2) is whether compulsory insurance cover for personal injuries should be limited or unlimited. Lord Harmar-Nicholls' amendment supports the principle of unlimited cover and seeks harmonization along these lines throughout the Community. In support of his view I can do no better than to quote the House of Lords Select Committee on the European Communities in its report on the Commission's proposal. It states: 'The purpose of compulsory insurance is to guarantee compensation for the victim of a road traffic accident if his loss was caused by the negligence of the user of a motor vehicle. If the courts award damages for personal injuries in excess of the limits of insurance, these limits are too low to fulfil the purpose of a compulsory scheme. There could be the unfortunate effect that trivial injuries might be fully compensated but the most seriously injured victims receive only a part of their entitlement to damages.'

Now as for Article 1 (3), our concern here is over allegations of damage to property caused by unidentified vehicles. Common sense suggests that such a provision is open to abuse and that this concern is widespread is clear from the number of amendments tabled to the article in this House. The issue here is whether compensation should be paid only for damage exceeding a given limit or whether the risk should not be insured at all. On balance my group is inclined to take the latter view.

In the case of Article 2, we are firmly behind the position taken by the Committee on Legal Affairs. We

Prout

believe that it is an essential complement to the harmonization of compulsory cover that insurers cannot repudiate on the grounds stated in the amendment.

Article 3 is also important. It removes a hidden trap for many driving abroad who do not realize that their families are not automatically covered under the laws of certain Member States, for example in Italy. If the husband's negligence causes a car accident his family would simply not be covered. Now they will be.

Finally, Mr President, in pursuit of the principle of freedom of services, my group wholeheartedly supports the committee's introduction of a new Article 5. It is extremely important that insurers should be able to fix premia in accordance with market principles.

President. — I call the Group of European Progressive Democrats.

Mr Flanagan. — Mr President, much of what I intended to say has already been said in this debate. I share the misgivings about Article 1 (3), which seeks to impose the obligation of insurance to cover damage to property, as distinct from personal injury, in respect on untraced or unidentified vehicles. I share the misgivings of other Members of the House who feel that such a clause in the directive would amount to an invitation to abuse.

I should say in this connection that in Ireland we already have what we regard as a very high, if not an excessively high, level of cost for insurance cover, and we realize that very high awards of damages by juries, as compared with other countries, certainly do contribute to that. However, that gives us no cause for complaint in regard to the directive.

I have tabled an amendment which is somewhat different from the amendment down in the name of my colleague, Mr Nyborg, who will also be speaking in this debate. However, we share the same basic approach, and indeed I believe that the form of words is not as important as the purpose, which is to try to avoid the imposition on Member States, by means of a directive, of an obligation which would place an undue burden on insurance companies and their clients in those Member States or any of them. I do not fully agree, which is natural, with everything that has been said in regard to this particular matter, but the general sense of what I am putting forward here is, I hope, quite clear. While there is no objection to the protection of property, as well as cover for personal injury, in regard to uninsured identified cars or vehicles, it is a rather different thing, and an avenue open to too great abuse, to include untraced vehicles as well. That is the purpose of my amendment and the basic purpose of Mr Nyborg's amendment, on which he will speak later on.

President. — I call the Non-attached Members.

Mr Gondikas. — (GR) I should like first of all to thank Mr Zecchino for his truly excellent report; we entirely support the Commission's proposal for a second directive. Some of the remarks he makes take up again ideas which I have expressed on two occasions: in the three amendments I tabled on 30 September 1981 — this by way of a reply to Mr Sieglerschmidt — and in consultation with the Association of Greek Insurance Companies. I should also like to draw the attention of everyone here to amendment No 3: it says that it refers to Article 5. That is so under the old system of enumeration. This means that under the new system amendment No 3 refers to Article 6. As for the first amendment, which aims at replacing paragraph 2 of the draft directive, I propose two basic changes: firstly, to limit the compensation for damages to property to 70 000 EUA, and secondly to establish a total indemnification ceiling of 100 000 EUA in the case of accidents with many victims or of multiple accidents. My second amendment proposes the withdrawal from paragraph 3, article 1, of a reference to property indemnification. As Mr Zecchino and Mr Sieglerschmidt have just pointed out, many companies in all countries of the Community feel that in practice it is difficult to establish exactly the value of material damages when it is not clear who caused the accident and which is the vehicle responsible.

Finally, amendment No 3 contains not only a basic proposal for extending the time-limit set out in the directive from 31 December 1982 to 31 August 1986 but also a proposal for a step-by-step adjustment of the ceiling. Mr Zecchino has just pointed out entirely correctly and I myself repeat that this is a demand made by insurance companies throughout the Community, especially by those that are less robust financially, and these we must, in the interests of equity, take into account, that it is not possible for them simultaneously and immediately within such a short space of time to readjust their reserves and their capital in order to comply with this directive.

We therefore hope, Mr President, that this amendment will be unanimously accepted today and that in this way the various Community countries, and especially Italy and Greece, will be given the opportunity to adjust gradually and suitably at a speed commensurate with the state of each country.

President. — I call the Committee on Economic and Monetary Affairs.

Mr Nyborg, draftsman of the opinion. — (DA) Mr President, I have a few remarks to make as the draftsman of the opinion of the Committee on Economic and Monetary Affairs and the author of three draft amendments on that committee's behalf.

Nyborg

The Commission's proposal does not concern the free exchange of insurance services. On the other hand, the harmonization of the legislation of the Member States on civil liability is a necessary precondition for further progress towards a free market in insurance. On this basis I support the Commission's proposal in principle.

There are, however, certain points which in my view need to be improved. In our opinion on this proposal for a directive my committee laid particular emphasis on the fact that the proposal that insurance companies should have to pay compensation for damage to property caused by an unidentified or uninsured vehicle is open to abuse. The committee approved of the idea that personal injury caused by either an unidentified or an insured vehicle should be covered, but we suggested that in the case of damage to property the obligation to provide compensation should cover only damage caused by uninsured vehicles, where the author of the damage, in other words, is known. Extending compulsory compensation to cover all damage caused by unidentified vehicles would, as I say, be open to all kinds of abuse which would give rise to a great many disputes between insurance companies and the insured and to much higher premiums. This view was endorsed by the Committee on the Environment, Public Health and Consumer Protection. Despite the fact that both committees were agreed on this point, their view has been only partially incorporated into the report by the Legal Affairs Committee. Therefore, I have tabled Amendments Nos 6 and 7 on behalf of the Committee on Economic and Monetary Affairs and I hope the House will adopt them because I consider that they state the problems concerning this matter of compensation more clearly and logically.

The Legal Affairs Committee and the Committee on Economic and Monetary Affairs also disagree on another point: namely, the question of the definition of the territory in which a vehicle is normally based. The Legal Affairs Committee has submitted an amendment which it hopes will meet our objections, but I simply do not think the matter can be solved in this way. It fails to allow for the possibility of a driver, on moving to another country, forgetting to register his vehicle in the new country of residence, while at the same time it has been removed from the records of the country in which it was originally registered. This problem does not directly affect the injured party, but only the insurance companies' reciprocal arrangements, and from this point of view the Commission's proposal entails a risk that the Member States' interest in carrying out the checks necessary to ensure that imported vehicles are re-registered will be reduced. Therefore, in Amendment No 10, which I have also tabled on behalf of my committee, I propose that Article 4 of the proposal for a directive should be deleted, thus retaining the existing provision, which will not harm the interests of the insured in any way, but will be a definite improvement for the insurance companies.

President. — I call the Commission

Mr Tugendhat, Vice-President of the Commission. — Mr President, I am afraid that the House is hearing rather a lot from me today on a variety of subjects. On this one, as indeed on the oral question by Mr Notenboom, I will need to go into a certain amount of detail in the light of the interventions which were made earlier.

I would like to begin by saying that the Commission welcomes very much the interest this House is taking in motor vehicle insurance. It is a subject, unlike some of those with which we have to deal at European level, of direct relevance to the everyday lives of citizens of the Community, and the proposal now before you aims at improving in a significant way the rights of potential victims of road accidents. It is difficult to think of something which touches more immediately the interests of individual citizens to whom these unfortunate events occur.

Three parliamentary committees have examined the proposal — particularly, of course, the Legal Affairs Committee, whose rapporteur, Mr Zecchino, introduced the debate this afternoon. I would like to pay tribute to his report and to the speech he made and to say that we agree with the great bulk of what he said, as I think will become apparent, but we do have some difficulty with some of the amendments for reasons which I will state.

The background to this proposal is familiar and non-controversial, so I think there is no need for me to go into that. I can therefore deal directly with the amendments. Let me take first Amendment No 17 — you may think the order is unusual, but there is a certain logic in the subjects as I approach them. This is the amendment tabled by Mr Luster to Article 1(1). On this the Commission is not in a position to give a final view. We need to look further at the problem in order to ensure that no gap results between the cover for transport of goods on the one hand, and motor liability insurance on the other.

On Article 1(2) I would like to observe that our proposal sets a minimal limit. While the Commission can accept Mr Pininfarina's amendment No 4, it is not convinced that that would add materially to the proposal. We can accept Amendments No 1 of Mr Gondicas and No 14 of Mr Balfe, Mr Key and Mr Magahey but amendments No 16 and 18 of Lord Harmor-Nicholls do not seem to us to be realistic. The Commission does have good reasons for taking this view but my time today is extremely restricted and therefore I am not in a position to argue the merits of the case here and now. If, of course, honourable Members want more detail, then the Commission is perfectly willing to engage again in a discussion in the committee and I think that would be the best way of doing it.

Tugendhat

So far as Article 1(3) is concerned — this relates to the intervention of the Guarantee Fund — we are faced here with several amendments. My first remark is that the Commission cannot prohibit the intervention of the Fund in one of the cases envisaged by Article 1(3), namely material damage caused by an unidentified vehicle. Nor can we impose a threshold because this would force some Member States to take a step backwards. For this reason we are not in favour of either Amendments No 6, by Mr Nyborg, or No 15, by Mr Balfe, Mr Key and Mr Magahey.

As regards Amendments No 2 by Mr Gondicas, No 11 by Mr Zecchino, No 12 by Mr Flanagan and No 13 by Mr Clinton, we feel that they would run counter to the objective of harmonization and we therefore cannot accept them either. They could have the effect in our view of maintaining, and indeed in some cases reinforcing, existing differences between Member States in the way in which the victim is treated. The object of this legislation is, of course precisely to do away with such differences.

We agree, on the other hand, with Mr Luster's point contained in Amendment No 8, but think this could be expressed in a different way. We would prefer the victim to be indemnified by the Fund, and the Fund itself then to have recourse against the liable party in order to avoid the need for the victim to bring two actions before being paid.

As regards Mr Zecchino's proposed amendment to Article 2, the new text is at first sight very attractive, all the more so in that we are invited to restrict the intervention of the Guarantee funds. There are two possible approaches: we could, as the Legal Affairs Committee suggests, establish a list of exceptions which could not be invoked against the victim, but the list of exceptions which the committee adopted is not necessarily exclusive. The second possible approach would be to set out a general rule such as, for example, that no exceptions shall be valid against third parties. Here the difficulty would be that the same situation might be considered as an exception in one country, and as a case of non-insurance in another. In our view, it is as difficult to make an exhaustive list as to find a formula which is wide enough to cover all necessary cases. The Commission's conclusion, therefore, is that Article 2 is probably best left in the terms proposed.

On Amendment No 9, tabled by Mr Luster, I cannot see any justification for this. The victim is not in a position to know if the accident occurred in one of the circumstances listed in the proposed amendment. Why should he be obliged to turn first to the insured and then when the latter cannot satisfy him, to address himself to the insurance company? This is quite unacceptable as it differs unnecessarily from common practice. We therefore reject the amendment.

We cannot accept the amendment to Article 3

proposed by the Legal Affairs Committee, namely to limit the scope of the proposal for a directive by allowing members of the family to continue to be excluded from compensation in respect of damaged property. Those Member States which have just got rid of this exclusion, namely Germany since 1978 and France since 1981, have not made any distinction between physical injury and damage to property.

The Nyborg Amendment, No 11, proposes the deletion of Article 4. The wording of the first indent of Article 1(4) of the so-called green card directive has raised difficulties in interpretation between the bureaux. The Italian Government asked us to clarify the point in the context of this proposal, so we cannot delete this article. Concerning the amendment proposed by the Legal Affairs Committee, we are not in favour of the addition of the word's 'properly issued' in Article 4.

Faced with the question of how to identify vehicles which may no longer be subjected to an insurance check abroad, we believe that only the number plate forms an appropriate criterion and that any formula which gave rise to a systematic checking of number plates at frontiers would make us lose all the advantages gained by the first directive.

The committee proposed a new Article 4(a), compulsory tarification, which I hasten to say does not exist in every Member State. This is indeed a complex problem in the more general context of the proposal for a second directive on non-life insurance. It was decided to detach this class of insurance from the second life directive and the Commission is in the process of drawing up a specific directive devoted to the special problems of motor liability insurance with regard to the free provision of services.

At this point, Mr President, I would like to say that the Commission is drawing up the report requested by the Committee on the Rules of Procedure and Petitions, that is the Janssen petition. For this reason the Commission considers it inappropriate to deal with this question in connection with the proposals we are examining today.

On Article 5, both Mr Gondicas, Amendment No 3, and Mr Pininfarina, Amendment No 5, ask for a gradual implementation of Article 1(2). The Commission is well aware of the difficulties some Member States could encounter in introducing minimal limits for compulsory insurances as specified in Article 1(2). However, the Commission is not prepared to initiate this kind of facility but is aware that the problem might come up in the Council discussion of the proposal.

Mr President, I hope I have not taken up too much of the House's time in setting out our attitude to these various amendments but we consider this proposal, short though it may be, to be of importance in that it

Tugendhat

concerns all Europeans who are represented in this Parliament and for this reason it deserves all the attention which is being given to it and indeed for which I and the Commission are very grateful.

IN THE CHAIR: MR KATZER

Vice-President

President. — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

6. *Responsibility of the Court of Justice as regards
Community Law*

President. — The next item on the agenda is the report by Mr Sieglerschmidt, drawn up on behalf of the Legal Affairs Committee, on the responsibility of the Court of Justice of the European Communities for the uniform application of Community law in the Member States (Doc. 1-474/81).

I call the rapporteur.

Mr Sieglerschmidt, rapporteur. — (DE) Mr President, ladies and gentlemen, some Members with whom I have discussed this report of the Legal Affairs Committee felt it was a kind of legal artifice and should be left to the lawyers to deal with. I tried to convince them that the opposite is the case, that this is a subject which is of great importance for the continued development and for the cohesion of the Community.

Of course, your rapporteur felt that the explanatory statement had to be such that it might contribute to the legal debate in the European Community on the interplay of national and Community law. In fact, this is by no means as difficult or as legal a matter as it might seem at first glance.

What is the issue we are concerned with here? The European Community is unique in having its own legal order. As such, it differs from all other supranational associations. It differs from other associations governed by international law only through the fact that legislation is adopted in it. That is, as it were, its trademark, and in this Community with its own legal order the Court of Justice performs a key function.

Only if Community law is uniformly interpreted and uniformly applied can this Community hold together.

If this uniform interpretation and application of Community law begins to waver, Mr President, there is a danger of Community law degenerating into an uneven system in the various countries of the Community and of legal uncertainty creeping in, first and foremost at the expense of the individual citizen of the Community. He will not then know what the situation is in one country and what is going on in another even though the source of the law is the same, Community law.

We must therefore ensure that the European Court of Justice maintains its monopoly in the interpretation of the law as Article 164 of the EEC Treaty prescribes. This Article could, I feel, be quoted at this juncture:

‘The Court of Justice shall ensure that in the interpretation and application of this Treaty the law is observed.’

However, under the Treaties the individual has only limited direct access to the Court of Justice. The Treaties specify precisely where such access may be granted, and the opportunity the national courts have, under Article 177 of the EEC Treaty, of seeking preliminary rulings before the European Court of Justice in Luxembourg thus clears the way for legal discussions between the national courts and the Court of Justice and is therefore indirectly extremely important for the individual citizen who has applied to a national court.

Unfortunately we find — and this is the starting point of this report by the Legal Affairs Committee — that there is an increasing tendency for the supreme courts of the Member States to deny the national courts the opportunity they have under the Treaty of submitting enquiries to the European Court of Justice as a means of clarifying or interpreting Community law. The Legal Affairs Committee began by studying in particular the decisions of the *Conseil d'État* of the French Republic disallowing requests to the European Court of Justice for preliminary rulings in cases — to put it in non-technical or non-legal terms — about which there could not be any doubt under the Treaty. Because the *Conseil d'État* took this decision in full knowledge of a decision to the contrary by the European Court of Justice — in other words, the *Conseil d'État* knew that there was nothing clear about this if the European Court of Justice felt differently — it did not request a preliminary ruling from the European Court of Justice as it would be required to do, being a court of last instance, by Article 177(3), when there is a lack of clarity of this kind.

No one can accuse me of only criticizing a high and very respected French court, because unfortunately there has meanwhile been another case, which I was unable to include in my report. The Federal Fiscal Court, the Supreme Court in the Federal Republic for financial and tax cases, took a decision in July of this year which quite clearly follows the line adopted by the *Conseil d'État* in contravention of Community law. I very much regret this, and we shall have to discuss later the implications this has for the Community.

Sieglerschmidt

In some — perhaps most — Member States requests for preliminary rulings from national courts are usually forwarded to the Court of Justice of the European Community along the normal channels, as it were, that is, through the Justice and Foreign Ministries. There would generally be no objection to this if there had not been cases — and the case discussed in the report would seem to be a very clear indication that this happens with some frequency — in which these Ministries take it upon themselves to examine the matter concerned and do not forward the Court's request for a preliminary ruling.

We cannot have this, Mr President. Article 20 of the Protocol on the Statute of the Court of Justice of the European Economic Community states quite clearly:

'In the cases governed by Article 177 of this Treaty, the decision of the court or tribunal of a Member State which suspends its proceedings and refers a case to the Court shall be notified to the Court by the court or tribunal concerned.'

Here again, the resolution the Legal Affairs Committee has put before you calls for this situation to be remedied, and rightly so.

The report also discusses certain cases in which the decisions of the European Court of Justice have not been observed. The Court has stated in several decisions that, although under the Treaties directives do not apply directly to the citizens of Member States, they do apply to the Member States themselves.

The Court has, however, decided that in cases where there is failure to comply with important aspects of a directive, provisions which leave the Member States no room for implementation other than that prescribed in the directive must have direct effect. This has created a number of difficulties, which I cannot go into now because of the shortage of time.

But I would draw your attention, ladies and gentlemen, to another factor. The Commission is the guardian of the Treaties. Under Article 169 it is supposed to submit infringements of the Treaty to the Court of Justice where necessary, when they have been committed by the Member States. This is a facultative provision, and rightly so. I call on the Commission not to be overly diplomatic and considerate but to take greater advantage of this facultative provision, a view which is shared by the Legal Affairs Committee.

This report does not discuss the responsibility of the Member States for the application of Community law. Nor does it discuss a motion concerning downright disregard for judgments of the Court of Justice by the Member States and the possible consequences of this attitude. However, it is quite clear to me as your rapporteur that we must do something in this respect. I appeal to the three powers of the Member States, the Legislature, the Executive and the Judiciary. They must realize that if they play around with the central

pillar of the Community house — and Community law is the central pillar of this house — they are running the risk of bringing this house tumbling down. As a Berliner who recalls the formula on which the four powers and all concerned agreed with regard to the application of the Berlin Agreement — and this formula should also apply to the three powers in the Member States with respect to Community law, including the decisions of the Court of Justice — I therefore appeal to the three powers in the Member States for the full application and strict enforcement of Community law.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Janssen van Raay. — (NL) Mr President, ladies and gentlemen, I will carry straight on from where Mr Sieglerschmidt stopped and will not therefore repeat the points he has made in such excellent fashion. I am used to taking up the thread again.

What is remarkable about the Cohn-Bendit case, which forms the background to this whole affair, is not that the French *Conseil d'Etat* snubbed the Court of Justice in Luxembourg. Rather than asking the Court for an interpretation of Community law, it forbade a lower court to submit this question to the Court. The Paris Administrative Court, dared to defy this view of the *Conseil d'Etat* by exercising its right to submit a request to the Court of Justice in Luxembourg for a preliminary ruling. That is what is special about this case: the *Conseil d'Etat* was under an obligation to abide by Article 177, this course was open to the administrative court, such action was not necessary according to the higher court, but the administrative court took it all the same. And there is cause for hope in this, and this goes for the future of French administrative law as well, in that a lower court has taken this course of action despite being told not to do so.

It might seem that I am making an anti-French speech here, but that is not the case. I refer with admiration to the enormous prestige enjoyed by French civil law throughout Europe. Civil law, the Code Napoléon, forms in the final analysis the basis of the legal systems of most of the countries of the European Community and of civil jurisdiction. The *Cour de Cassation* has therefore always recognized the supremacy of European law, and rightly so. That is why my French colleagues of the Christian-Democratic Group, who give preference to the jurisdiction and the legal principles of the *Cour de Cassation*, which is much older and more authoritative, have no difficulty at all in supporting all the conclusions drawn in the Sieglerschmidt report. We therefore hope that this trend will continue in France, that the *Conseil d'Etat* will stop making politics under the cloak of jurisdiction and that these things will be left to the famous, illustrious and brilliant lawyers that there are at the French Court of Appeal.

Janssen van Raay

We support, the Sieglerschmidt report, that I can tell you now. I have too little time to pay Mr Sieglerschmidt all the compliments to which he is entitled. He has used the Cohn-Bendit case to do what can only be described as pioneering work and to draw up a report which I can recommend to anyone who is well disposed towards the constitutional state of Europe. I ask Mr Sieglerschmidt to accept my compliments. We endorse his study, his conclusions and also the four very original recommendations he has made, which have been adopted by the Legal Affairs Committee.

I cannot discuss all four, but I will take one, because it is extremely important to the European citizen seeking justice. This is his proposal for an improvement in the very restricted right the individual European citizen at present has to apply to the Court of Justice in Luxembourg, a right which may only be exercised where the citizen concerned is directly affected by a provision. This seems to me an extremely useful idea, and you will find it in the third indent of paragraph 8 of the Sieglerschmidt resolution. I fully support the urgent appeal Mr Sieglerschmidt has made to Parliament to uphold the principle of the constitutional state.

Let us not argue about whether we form a federation or an association of states *sui generis*. That is not the issue, whatever you may call the association of the Ten. What is always of the utmost importance with this kind of association of states is that there should be a court operating within that association of states, because there you have — apart from this Parliament, of course — the great difference between treaties and conglomerations of minor treaties which states can also conclude with one another. What is important is that as soon as we have a kind of federal law we should also have a body which ensures that there is a clear expression of the fact. If the European citizen can apply to the Court of Justice when national administrative provisions adversely affect his interests in contravention of European law and all national legal means of redress have been exhausted, a step forward will have been taken that can only be of benefit to the courts in Europe.

President. — I call the European Democratic Group.

Mr Prout. — Mr President, the problem of national sovereignty and its relationship with Community powers is a very difficult one. It is difficult juridically because our national constitutional traditions differ. It is difficult politically because the chauvinistic instincts of electorates are often too tempting a morsel for politicians to eschew.

It is part of the jurisprudence of the European Court that in matters of Community law it has the last word; but though the principle is well established, its application depends upon the willingness of national courts to accede to it. This is so because issues of Community

law arising out of litigation in Member States can only reach the European Court if they are referred to it by the national court. It is a remarkable compliment to our national courts that when such issues arise they are almost invariably either decided in conformity with the jurisprudence of the European Court or referred to it for decision if the matter is still an undecided one.

The admirable report of Mr Sieglerschmidt discusses one of the rare, indeed almost unprecedented, cases when a national court has not exercised the necessary self-discipline in circumstances when it should have done. It is because a breach of the principle of Article 177 is so unusual that we are all the more shocked when one occurs. We are reminded that the future of the rule of law in the Community depends entirely upon the agreement of national courts that it should have a future. If they refuse to refer, for example by abusing the 'acte clair' principle, the process of uniform law enforcement, and therefore the fact of equality before the law, is destroyed.

I am myself convinced that this is an isolated incident involving peculiar facts and extremely unlikely to recur. Perhaps as an Englishman I should add, there but for the Grace of God go we. Nevertheless, the responsibilities of the Commission, as policeman of the Treaty, are clear in this matter and I shall be interested to hear what they have to say.

President. — I call the Liberal and Democratic Group.

Mr Donnez. — (FR) Mr President, every one of us would like to see Community law uniformly applied, but I am not at all impressed by the views expressed by Mr Sieglerschmidt concerning the judgment of the French Conseil d'État of 22 December 1978 in the Cohn-Bendit case. With all due respect to my friend Mr van Raay, they do not bear scrutiny.

Facts are facts. That Mr Cohn-Bendit is a well-known figure does not matter to me all that much. That I would rather he were in Germany than in France is all I will say. And if Mr Sieglerschmidt cannot remember May 1968, although he admits having heard about it, I can and that is enough for me.

Be that as it may, I am only concerned with the legal implications of the case so I will get on with discussing them. Mr Cohn-Bendit applied to have a deportation order issued against him by the then French Minister of the Interior lifted. In a ruling of 2 February 1976 the Minister turned down the application and Mr Cohn-Bendit felt that this ruling was inconsistent with the provisions of the Community directive of 25 February 1964. The French Conseil d'État, to which the Paris Administrative Court appealed for a decision — and which is not a subordinate court as Mr van Raay said a moment ago — took the view that an interpretation of the directive of 25 February 1964 was

Donnez

irrelevant to Mr Cohn-Bendit's application. In so doing, with respect to Mr Sieglerschmidt, the Conseil d'État judged rightly.

It is indeed imperative to remove once and for all the misconception that the Court of Justice of the European Communities has jurisdiction over the application of directives. Quite simply, a directive is not a regulation. Do we really have to go over this again? Article 189 of the Treaty of Rome says that directives are binding on the Member States as to the results to be achieved and that it is for the national authorities to decide how they will adapt their own laws and regulations to achieve the results required by the directives. In contrast, a Community regulation is binding in its entirety and directly applicable in all Member States. Under the terms of this provision of the Treaty of Rome, Community directives are published for information in the Official Journal of the Community but not in the French Official Journal. From this it is clear that they cannot directly give rise to rights or obligations for individuals.

Bearing in mind the principles I have just referred to, there can be no question but that France has observed them to the letter. The Community directive of 25 February 1964 was incorporated into national law by ministerial order of 5 January 1970. In accordance with the Treaty of Rome the result to be achieved has been satisfactorily achieved in French law. Community law has accordingly been fully complied with and there is no need for specific interpretation in this matter. I fully appreciate that under Article 177 of the Treaty of Rome, the Court of Justice may give preliminary rulings concerning the interpretation of acts of the institutions of the Community. Article 177 has always been interpreted as placing an obligation on courts or tribunals of the Member States to refer to the Court of Justice any serious dispute that falls within the jurisdiction of the Court of Justice. On the other hand, if the legal question raised is clear, if the dispute is frivolous, then there can be nothing to seek a ruling on and the national judge can rule on his own. This is really the only sensible solution if the Court of Justice is not to be swamped by plaintiffs whose sole object is to delay proceedings.

Now, coming back to the case in point, Mr Cohn-Bendit's appeal was not a serious one and therefore did not call for interpretation by the Court of Justice. In fact, since the directive of 25 February 1964 is not directly applicable to the internal law of a Member State, it was for Mr Cohn-Bendit either to challenge the conformity of the French ministerial order of 5 January 1970 with the directive, or to challenge the decision affecting him with reference to the ministerial order of 5 January 1970, but under no circumstances could he take advantage of the conformity of the French ministerial order with the directive of 25 February 1964.

Again I quite appreciate, and then I shall have

finished, Mr President, that the Court of Justice of the European Communities is often under the impression that certain directives have direct effect on the law of the Member State. This is nothing more than a highly regrettable misunderstanding because this direct effect ignores the distinction between a regulation and a directive. Ultimately, the uniform application of Community law depends on the goodwill of the supreme courts of the Member States but it also depends on the Court of Justice itself adopting a prudent attitude. Mr Sieglerschmidt has shown himself to be an ardent advocate of the Court of Justice, I hope you will forgive me if I choose to differ.

President. — I call the Group of the European Progressive Democrats.

Mr Vié. — (*FR*) Mr President, we in this Parliament have for a long time recognized the astute legal mind, the skill and the great clarity of expression of our colleague, Mr Sieglerschmidt, and this report is further proof of his outstanding qualities. I must congratulate him, even if I do not agree on every point in the report, on the contribution he has made in an area that is as difficult as it is important.

It is true that there are some well-known instances of courts in the Member States defying the Court of Justice. It may be tempting in such circumstances, and a logical part of the process of European integration, to envisage, as the rapporteur recommends, granting individual citizens the right of action before the Court when they have exhausted all internal legal means of redress.

I do not believe, for my part, that this reticence of the Member States springs from any actual opposition to the idea of European legal integration (how can we hope to integrate Europe without first integrating its laws?), but rather to doubts and misgivings concerning the complex role of the Court of Justice and misunderstandings about its purpose which may give rise to quite justifiable criticism.

It is unquestionably an international judge, but it is also an internal judge, since the Member States have agreed to surrender to it certain areas previously under their own jurisdiction. As judge of the failures of the states to fulfil their obligations, as judge of the legality of the actions of the Commission and the Council, as judge of the interpretation of the Treaties, and so on, obviously it rather tends to evolve a progressive jurisprudence by interpreting the Treaties in relation to the objectives pursued by the regulations. In this way it has established a new legal order with a direct effect affording every citizen the right to demand from his national judge direct application not only of the Treaties but also of directives, thereby establishing precedence of Community law over the national law of the Member States.

Vie

It was inevitable that there would be clashes on this with the Member States, which, whilst bound by the directives as to the results to be achieved, are still free to choose the form and methods, as we have just heard. Article 189 of course does not spell everything out, and to infer from it that a directive is a provision of public international law that safeguards the sovereignty of the Member States by restricting the penetration of Community law into their domestic legal system would, in my view, be to misinterpret it completely: a directive is indeed a provision of Community law common to the Member States.

Whilst the reticence of certain Member States may be understandable, one cannot as easily gloss over the Treaties. There is nothing to be gained by ignoring them and even less by trying to get round them by procedural dodges. If the states were to persist in this attitude they would simply be bringing grist to the mill of individual right of action before the Court, and that does not seem to me to be desirable from any point of view. This would lead to the Court becoming overloaded, resulting in delays in its proceedings, and in it possibly losing credibility and becoming something like another International Court of Justice. We are not blind to the imperfections, but I think it would be seriously to misrepresent the truth not to point out that, by and large and with only one or two exceptions, the courts of the Member States are increasingly receptive to the judgments of the Court and do not hesitate to refer questions to the Court for interpretation. In my opinion, simple common sense dictates that we should build on this spirit of cooperation and we agree with the rapporteur when he calls on the Member States solemnly to undertake to observe the provisions of Article 177, the procedure for giving preliminary rulings which respects two admittedly rather contradictory principles, namely, the uniform application of Community law and respect for the validity of national courts.

On the other hand, we have serious reservations concerning his proposal to establish the right of appeal by private individuals, which, if it were to become a reality, would in our view immediately have the effect of freezing progress with this cooperation, which to us seems to be the only way forward towards realistic, solid and effective European integration.

President. — I call the Commission

Mr Narjes, Member of the Commission. — (DE) Mr President, on behalf of the Commission I should like to begin by congratulating Mr Sieglerschmidt on his excellent and in every respect balanced report on a matter which is of fundamental importance for the functioning of the Community.

The Commission is able to endorse paragraphs 1 to 7 of the motion for a resolution without reservation. It

too is convinced that European unification will be primarily based on strict observance of the law. The uniform application of Community law in all the Member States — and this extends not only to the observance of the legal texts as such but also to the interpretation given to these texts by the Court of Justice — is in fact of vital importance for the Community.

To paraphrase what former Vice-President Hellwig once said, the European Community has only one 'federator', and that is its efficient legal order. If it abandons this legal order, it will not be permanent or irreversible or an economic or political success.

(Applause)

Your rapporteur has rightly emphasized the outstanding role to be played by the European Court of Justice in the protection, application and unity of Community law. Surely no one in this House will dispute that the Community would be lost if the power of the law was replaced by the law of power. Nor, in a crisis, is cooperation a substitute for a binding and efficient legal order. A system based on cooperation means that everything is negotiable, which puts an end to the binding force of the law.

The phenomenon, on which Mr Sieglerschmidt's report is based, of an occasional denial of the jurisdiction of the Court of Justice by national courts is unfortunately nothing new. There were cases of the type discussed in this report in my own country as long ago as 1974, and — I regret to say — our attention was drawn a month ago to another decision in Germany in which a German supreme court took the same view on the question of the direct effect of directives as did the French *Conseil d'État* in the Cohn-Bendit case.

You have already mentioned the Federal Fiscal Court. It is not a question of our personal sympathy for or antipathy against Mr Cohn-Bendit. The issue here is the law applied in his case. The Commission has not yet concluded its deliberations on the case involving the Federal Fiscal Court. As in the Cohn-Bendit case, however, we shall probably take action. The Commission shares your rapporteur's view that it is not always appropriate to take proceedings in cases where a national supreme court has not complied with the Treaty or the decisions of the Court of Justice. As a matter of principle, however, we must never exclude the possibility of calling Member States to account for the conduct of their courts.

On the other hand, we must take account of the extremely delicate problems arising from the principles of the independence of judges and the validity of judgments of courts of last instance. The action Member States can take against their courts is in many ways restricted, and for good reason. We therefore feel that your rapporteur is quite right to view the matter from another angle. We must provide information and seek

Narjes

a dialogue with the national courts, but we should refrain from immediately tackling what are very delicate and, on the whole exceptional, cases with our heaviest guns, legal proceedings.

This does not of course mean that, as guardians of the Treaties, we will not call on the governments concerned to find solutions which enable the Member States to restore by whatever means the situation to one which complies with Community law, without actually affecting the validity of a court's decision that is contrary to Community law.

If I am not mistaken, this is in essence precisely what the rapporteur is aiming at. As I have already said, the Commission fully endorses paragraphs 1 to 7 of the motion for a resolution. As regards the four subparagraphs of paragraph 8 I should like to say the following: the first indent calls for the national court to be better informed of the decisions of the European Court of Justice. This is also what we intend to do.

As most of you undoubtedly know, all the decisions of the European Court of Justice have meanwhile been fed into the interinstitutional information system CELEX. Anyone interested can already consult these decisions. The reason why almost the only courts so far to be connected to the CELEX system are French courts, including the *Conseil d'État*, is that in its initial phase it was only possible to consult this system in the French language. In a few weeks' time, however, all the decisions of the European Court of Justice will be available in German and next year in English and in other Community languages as well. With the forthcoming installation of a larger computer, capacities will then be large enough for any interested European court to be connected to this system.

By the end of 1982, therefore, there will be no further technical obstacles to access by any national court, including the Greek courts by the way, to the decisions of the Court of Justice stored in the CELEX system. It will then largely be for the national judicial authorities to decide whether and to what extent they are to make the means available to their courts to take advantage of a system which we too regard as very important.

With respect to the second indent of paragraph 8 I would say that the Commission would not object if the Member States decided jointly and without regard for national legal remedies to refer all requests for preliminary rulings made by their respective courts immediately and directly to the European Court of Justice. The Member States cannot, however, be denied the right to provide for an appeals procedure in certain cases, for example complaints about requests for preliminary rulings under Article 177 of the EEC Treaty which are inadmissible from the outset. If I am not mistaken, the European Court of Justice has never questioned this possibility either.

The third indent of paragraph 8 calls on the Commission to submit a proposal for the amendment of Article 173 of the EEC Treaty and the corresponding provisions of the other treaties with the object of affording individual citizens the right of action before the Court of Justice of the European Community when they have exhausted all internal legal means of redress against administrative provisions of Community law. If I have been rightly informed, the intention is that it should be possible to bring such action against administrative provisions of both the Community and the Member States.

The merits of this proposal are obvious. I am surely not the only one in this Chamber to view it with sympathy. Nonetheless, the Commission cannot agree at present to submit a proposal for so fundamental a change to the system of legal protection provided by the present Treaties. If the European Court of Justice were also to examine national administrative provisions, the present system of cooperation between national courts and the European Court would be replaced by a relationship between superior and subordinate courts.

A change in the division of power between the national courts and the European Court of Justice, if this is really considered advisable, without a fundamental review of the Treaties themselves in order to increase the power of Community law, which, I feel, would be a very substantial step, but it is what the third indent of paragraph 8 proposes, can only be considered, in our view, if the European Parliament is simultaneously or previously given genuine powers of involvement in the Community's legislative process. So we should make a note of this subject for the next general review of the Treaties.

The fourth indent calls on the Commission to submit to the Council a draft resolution recommending a basic or advanced training course for judges in national courts. Although the Commission shares the rapporteur's view that the training of national judges in the area of Community law must be encouraged, it feels that this can only be done by taking the best possible account of training courses at the universities of the Member States and their advanced training facilities for judges. It therefore advocates solutions which are more attuned to national peculiarities than would be possible with a generally worded recommendation from the Council.

President. — I call the rapporteur.

Mr Sieglerschmidt, rapporteur. — (DE) Mr President, I do not intend to go into the many interesting statements that have been made, but I will briefly comment on a number of questions that have been raised and simply call for additional information.

Sieglerschmidt

Firstly, Mr Narjes, although I should very much like to say something about the individual's right of action, I shall not do so for the reasons I have already given. But even though it is realized that it is difficult for the Community to take action against decisions by courts of last instance, even where they do not in the Commission's view comply with Community law, it must be said in this specific case that the proceedings before the *Conseil d'Etat* were initiated at the request of the French Minister for Internal Affairs.

Mr Vié, I should like to thank you for your sympathetic remarks and simply raise the following question: even if your views on the partial direct validity of directives are completely different from my own, and the Legal Affairs Committee shares the views I have expressed in the report, the question is still why — as the *Commissaire du gouvernement* rightly said during the proceedings — the *Conseil d'Etat* did not again seek a legal dialogue with the European Court of Justice.

The directive, Mr Donnez, simply has not been fully incorporated into French law. Article 6 of the directive has not been incorporated and that was the principal issue during the proceedings. You claim in this context that the request made by the Paris administrative court was a frivolous objection, but I must point out that the legal view underlying this frivolous objection is shared by both the *Commissaire du gouvernement* and most French legal experts.

Mr President, in my opinion, Cohn-Bendit was not so important in this case. My interest centred on the legal question triggered off by these proceedings. But I should like to say very clearly that, whatever Mr Cohn-Bendit did in 1968 or whatever anyone else may have done in the Community or elsewhere, they always have a right to be treated properly under the law.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

7. *Greece's contribution to the cost of the financial mechanism*

President. — The next item on the agenda is the report by Mr Dankert, drawn up on behalf of the Committee on Budgets (Doc. 1-552/81) on the

proposal from the Commission to the Council for a regulation compensating Greece for its contribution to the cost of the financial mechanism and the supplementary measures for the United Kingdom (Doc. 1-423/81).

I call the rapporteur.

Mr Dankert, rapporteur. — (NL) Mr President, I do apologize: I have just come from the Bureau and I have left all my documents there. I shall nevertheless try to discuss the matter from memory. Under its Act of Accession, Greece is refunded part of its net contribution to the Community. This Parliament decided last year that there was no need for a legal basis for the additional amount Greece would be refunded for the year 1980 in respect of the contribution to the United Kingdom, because Greece was not a Member of the Community at the time and was not therefore required to contribute towards the cost of the financial mechanism for the United Kingdom in 1980, which was included in the 1981 budget.

The Commission has now put forward a proposal for the creation of a legal basis to permit, in addition to the mechanism I have just mentioned, a repayment to Greece as additional compensation for the financing of the British contribution. Although the Committee on Budgets does not wish to express an opinion on whether or not the refund thus provided for under the Act of Accession should be joined by a refund in respect of 1981, it does feel — and this is what the resolution says and no more — that the budget in itself represents an adequate legal basis for repayments to Greece in addition to those laid down in the Act of Accession and its protocols. This means that, in line with the decision we took last year on this issue, we consider that it is unnecessary to create a separate legal basis and that this problem can be solved with the aid of a budget line.

The Greeks have put forward a number of arguments, at the committee meeting for example, concerning in particular the question of whether or not there must be repayments in addition to what the Act of Accession provides for. Mr President, as rapporteur I have a number of views on this subject, but once again these views are not contained in the resolution. I believe this is a matter for further discussion. I will simply point out — and I was very pleased about this — that in its opinion on this matter the Court of Auditors has already stated that the Greek reference, or rather the Commission's reference, to the fact that Greece was not a Member at the time and did not have any direct say in the decisions taken on this point is irrelevant to the admissibility of Greek objections to the adoption of an arrangement of this kind. That, Mr President, I feel, is briefly what we are concerned with here. I repeat, the issue is not whether Greece should get back more than has been agreed: the only question is whether a legal basis is required for this, and I will not deny that the latter prejudices the former to some extent.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — We are certainly getting through business expedi-

Tugendhat

tiously today. Like Mr Dankert, I shall attempt to be brief, but it is important I think that I go through this argument step by step so that the House understands why it is we hold the view we do both as regards Greece and as regards the necessity for a regulation.

As the House knows, the Council decided on May 30, 1980, that payments should be made to the United Kingdom so as to reduce its net contribution to the Community budget. Paragraph 4 of the conclusions of the Council specifies that the costs shall be borne by the other eight Member States. In November last year the Commission therefore proposed a regulation providing for payments to be made to Greece to compensate it for the fact that it shared in the financing of payments to the United Kingdom made from the 1981 budget in respect of the net contribution for 1980. These payments were intended to compensate for that part of the Greek share, not already reimbursed, under the terms of the Treaty of Accession. Parliament agreed that there should be compensation to Greece, because the payments to the United Kingdom would be made in respect of its net contribution in 1980 when Greece was not a Member of the Community.

Parliament, however, thought that a regulation was not necessary, because in its opinion an entry in the budget was sufficient legal basis for payment. That is a point which Mr Dankert, in his speech a moment ago, emphasized. The Council and the Commission did not agree with the latter part of Parliament's opinion and therefore a regulation was adopted.

The existing regulation applies only to the budget of 1981. The Commission believes that it should now be extended to the budget of later years for two reasons. Firstly, because the balance of payments due to the United Kingdom in respect of its 1980 net contribution, cannot be calculated during 1981 and will therefore continue into 1982. Greece should clearly also be compensated for that year. Secondly, the Commission believes that Greece should be compensated for its share in financing payments to the United Kingdom in respect of the years after 1980, even though Greece is now a Member of the Community. The Commission's reasons for holding this are primarily that the decision expressly provided that financing should be a charge on only the eight other Member States.

On the question of whether or not a regulation is necessary, which Mr Dankert primarily addressed himself to, the Commission's view remains the same as it was last year. To compensate one Member State for its share in financing an item of budgetary expenditure is an important decision of principle, and an important derogation from the basic concept of financing the Community budget through own resources. The amounts of money may be quite limited on this occasion, but the principle is undoubtedly an important one. Such an action therefore cannot in the Commission's view be sanctioned by a budgetary entry

alone. I therefore regret to have to refuse the request embodied in the draft resolution that the Commission should withdraw the draft regulation.

Mr President, there are therefore two points at issue: there is the point about whether or not Greece should be reimbursed; we believe that Greece should be reimbursed. Then there is the point of principle, the derogation, as I have just said, from the basic concept of financing the Community budget through own resources and we believe that a derogation is of such importance in principle that a regulation is required. I would therefore ask the House to accept the reasons we have put forward for refusing the request embodied in the draft resolution that we should withdraw the draft regulation. I would ask the House to support our position.

President. — I call the Socialist Group.

Mr Georgiadis. — (GR) Mr President, the topic we are discussing today — whether or not Greece should contribute to the cost of the measures taken by the Community in favour of Great Britain — is for us Greek Socialists more than a matter of financial or legal importance: it is above all a matter of political principle. These measures — set out in EEC Regulations 2743 and 2744 of 1980 — implemented the decisions taken by the European Council on 30 May 1980. At that time Greece had signed the Treaty of Accession to the EEC but did not take part in the decision-making until 1 January 1981, when it became a full Member. The Greek Government allowed these measures to be taken without asking to have a say in the matter: this was an act of gross negligence, as it should have asked for negotiations to begin as soon as it had grasped the situation. It was fully entitled to do this under the terms of the Treaty of Accession; but it was also obliged to keep a watchful eye on any new developments in Community law. But it failed to do this, preferring to rest on its laurels and to devote itself to misleading Greek public opinion. In any case this is a domestic political issue, one of many which the Greek people will be asked to decide on next Sunday.

But the fact that the Greek Government took no interest in this matter — even though formally authorizing the Community to implement these measures — does not mean that it is exempt from observing certain principles when pursuing its policies.

The first principle is that the Act of Accession of Greece established a precarious and sensitive financial equilibrium which could only seem positive thanks to the artificial and temporary reimbursement of the Greek contribution during the transitional period. If Greece contributes to the cost of the financial mechanism for the United Kingdom this equilibrium will be upset to the detriment of Greece. The second principle is that it is unreasonable to expect a small

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poor country with the lowest revenue in the Community and with the most serious regional problems to contribute financially to the regional development of a far more wealthy country such as Great Britain. This would be a blatant injustice and an insult to the Greek people. It will be evident from the above that we do not agree with the decision by the Committee on Budgets which we already tried to overturn and that we reject the motion for a resolution in its entirety. Of course this does not mean that we do not fully back the new Commission proposal. Regulation 284 of 1981 did not provide for anything to be returned to Greece in the years after 1981. The new proposal which deals once more with the costs of the financial measures in favour of the United Kingdom in the calendar years 1980 and 1981 offers only a provisional solution to this problem. But according to the conclusions reached by the European Council on 30 May 1980 the Community is supposed to solve the British problem for 1982 and the following years by means of a general restructuring of the EEC budget. If this fails — as seems very probable — other similar measures will be taken in favour of the United Kingdom pursuant to Regulation 2744 of 1980. The problem is therefore a more general and permanent one. The solution which is now adopted will — perhaps unavoidably — influence future adjustments too. For this reason we insist that Greece should not have to contribute anything at all to the financial mechanism for Great Britain and we implicitly believe that this interpretation could not be regarded as approving the creation of a separate category of Community Members — as the motion's explanatory statement claims; rather it establishes the need to protect the poorer Members against the compromises and decisions taken by the more powerful Members.

IN THE CHAIR: MR PFLIMLIN

Vice-President

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Notenboom. — (NL) Mr President, ladies and gentlemen, the part to be played by Greece in solving the problem of the British contribution raises two questions.

The first question is whether a separate legal basis is needed for such compensation, whether or not there is a budget item for this, and the second is whether such a budget item should be entered. So we have, on the one hand, the formal aspect of a further legal basis in addition to that provided by the budget and, on the

other, what actual amount, if any, should be paid to Greece. All we are concerned with now is the legal basis. All we are concerned with now is whether a Council regulation is needed for this purpose. Our answer last year, when we were discussing the 1981 contribution to be included in the 1980 budget was no, because we felt that the budget itself represented a sufficient legal basis. It is a pity that after this morning's debate, which showed there was a very wide measure of agreement on the question of the legal basis between the Commission and Parliament, we should now be discussing a subject where this agreement does not exist and standpoints differ. My group believes, just as it did last year, and agrees with Mr Dankert that a separate legal basis, that is to say, a Council regulation is not necessary, and we support everything the resolution says in this respect. But I must say that the rapporteur has been slightly careless in two ways.

Firstly, the explanatory statement, on which we do not vote, but which can nevertheless be read, contains plenty of arguments on the matter *per se* with a tendency towards no. That is not right because the explanatory statement does not directly refer to the resolution. The rapporteur, Mr Dankert, has just said that the Committee on Budgets does not wish to express an opinion on whether or not a repayment should be made to Greece, and the explanatory statement must not comment on this either. That is not the case but, of course, it is only an explanatory statement. Perhaps it is an explanatory statement that was drawn up for another resolution, certainly a resolution which has not been adopted by the Committee on Budgets. This explanatory statement does not therefore belong here. Then again, the text of the resolution itself is slightly dangerous, Mr Dankert, or at least paragraph 4 is. Paragraph 4, which we consider unnecessary, alludes to the matter itself. It concerns the fact that the Commission has not justified the case for extending the compensatory repayments to Greece. This is a reference to the subject matter, to whether or not repayments should be made to Greece. As the rapporteur himself has said, that is not what we are talking about today, and we should therefore make no reference to it in the resolution either. We shall wait until the end of the debate, but my group is considering voting against paragraph 4. The deletion of paragraph 4 would purify the resolution. It would then be confined to the question of whether a regulation is required to provide a legal basis, and we will then join with the rapporteur and the Committee on Budgets in saying that it is not needed and we shall vote in favour of the resolution. The rapporteur can perhaps revert to his decision as regards paragraph 4, and I therefore suggest that this paragraph is unnecessary and even slightly dangerous. We are thus opposed to paragraph 4 but in favour of what the rapporteur wants to say. During the debate on the budget which will be starting in the next few weeks the underlying subject must be carefully considered. We must consider carefully whether Greece should receive in the years to

Notenboom

come the compensation it was given last year. There are arguments for and there are arguments against. We do not intend to take a decision on this today. It would therefore be better if paragraph 4 was removed from the resolution so that it is confined strictly to the formal aspect, the question of the need for a regulation.

Mr President, ladies and gentlemen, I hope I have made my group's position clear. We shall listen very carefully to the rest of the debate. It may prompt the rapporteur to amend his motion for a resolution if he feels he has a right to do so.

President. — I call the European Democratie Group.

Mr R. Jackson. — Mr President, we are talking about the application of the agreement of 30 May 1980 on the refunds to Greece, which has now joined the Community since the beginning of this year. If we cast our minds back to the settlement of 30 May, we shall remember that it was very sharply criticized in the Parliament. It was criticized because the settlement was not explicitly based on the principle which the Parliament had adopted as being the appropriate basis for dealing with this matter, the principle of convergence: that is to say, that the budget should operate as a device for transferring resources from richer Member States to poorer Member States and not *vice versa*, from poorer Member States. Now this is precisely the issue today in point of the substance of what we are talking about rather than perhaps the legal form in which it is expressed. What the rapporteur is proposing is that the Parliament should now in effect support a transfer from a poor Member State, Greece, to a Member State which, although less prosperous than the Community average, is nevertheless a richer Member State than Greece — that is to say, the United Kingdom. Now from the British point of view this sort of arrangement is precisely what the United Kingdom has always objected to. It is unacceptable for the United Kingdom to be in the position of transferring resources to richer Member States through the Community budget, and it is a simple matter of consistency that this should also be unacceptable to us in connection with a proposal to transfer resources through the budget from Greece to the United Kingdom. If we in this Parliament want to be consistent with the criticisms that we made of the 30 May settlement, we should reject this Commission proposal and we should reject Mr Dankert's support for that proposal. And in the Committee on Budgets, the representatives of my group proposed that we should reject this proposal. We were sorry that Mr Georgiadis was not able to vote with us on the key amendment, but we shall continue today to propose rejection of this proposal and we hope that the Parliament will vote against it.

President. — I call the Non-attached Members.

Mr Bournias. — (GR) Mr President, firstly I should like to express my thanks to our excellent President, Madam Veil, and to the honourable Members who yesterday supported our proposal that this debate should — exceptionally — take place today owing to its urgency; otherwise we might not have been able to be present and the debate would have had to proceed in our absence, seeing that we are obliged to go to Greece in order to vote. We might not have been able to defend a matter of vital interest to Greece or to explain to our colleagues some details which we are unable to understand. For instance we cannot understand how this item was placed on the agenda at the last moment three days before the Greek elections, when it had only recently been discussed by the Committee on Budgets on 24 September — while the issue of aid for the Greek earthquake victims has been pending for months. Nor can we understand the position of the Socialist Group: today a Greek colleague speaking on behalf of the group took a different line. But during the discussion in the committee it voted against us and, without regard for the Commission's decision in favour of Greece, it supported the Dankert proposal which — despite what had already been decided during the Council of Ministers on 30 May 1980 in which Greece did not participate — calls for a relatively poor country to help a relatively rich one; to help the richer country — fully in accordance with the principles to which all of us here subscribe. I would ask the honourable Members to consider the following: under the terms of Regulation 248 of 1981 and because the measures in favour of the United Kingdom for 1980 (the 1981 budget) refer to a period prior to the accession of the Greek Republic, Greece was reimbursed certain sums by way of compensation. On the grounds that the Council announced — in its statement of 30 May — that the special measures in favour of Britain would be financed by the other eight Member States (paragraph 4) and because Greece was not represented in the Council when these special adjustments were decided on and because furthermore no negotiations took place with the Greek Government, the Commission — when submitting its 1982 budget proposals to the Council — suggested that Greece be exempted from paying these contributions in 1981. So on 26 June 1981 the Commission submitted a draft regulation to the Council exempting Greece for the 1981 financial year too from the measures taken in favour of the United Kingdom, compensating it with a sum equivalent to its general contributions. This Commission plan served as the basis for the report by the European Parliament Committee on Budgets which we are discussing today.

I would like to remind the honourable Members that during the negotiations on accession, after strenuous efforts by both sides, a precarious and sensitive equilibrium was achieved between Greek payments to and receipts from the Community budget. If Greece

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contributes to the financial mechanism this equilibrium will be upset to the detriment of Greece; judge for yourselves, honourable Members, the political consequences of this occurring during the critical stage of the transitional period. Mr Georgiadis — the only member of PASOK present in this House incidentally — was forced to support this just demand when he spoke on behalf of the Socialist Group today. Mr President, I welcome the virtual U-turn performed by the Socialists in this House — a result of our firm position yesterday. At the same time Mr Papandreou, the leader of PASOK, and the candidates of his party with its rather peculiar brand of socialism continue to denounce the EEC in their speeches and to argue that Greece only pays money into and never receives anything from the EEC. Two telegrams which we received today — one from the French press agency and the other from the German press agency — state quite clearly that Greece is the one EEC country which only gives and never receives. And that is the slogan that can be heard everywhere in Greece. 'Greece out of the EEC' cry the PASOK candidates, 'We give more than we receive; the aid to the mountain zones and to less-favoured areas and the subsidies are wool over the eyes of the Greek Government'. And today you heard our otherwise perfectly affable colleague Mr Georgiadis — despite the position he took up — attacking the Greek Government and accusing it of negligence whereas we, the representatives of the Greek Government in the European Parliament, are fighting for a just and advantageous solution to this issue. This is why I have been saying since yesterday that the haste to discuss the issue before the Greek elections in our absence was incomprehensible. And there is indeed only one explanation: some Members wanted this to happen in order to put the Greek Government in a bad light and to mislead the Greek people that the landmark of Greek accession to the Community was against Greek interests. For all these reasons, Mr President, I ask the honourable Members to reject the Dankert report and to approve the Commission decision to exempt Greece from these financial obligations for the second year 1981 as well — a position which moreover was defended here today by the Commission and which is in line with the principles of law and Community interests in letter and in spirit.

President. — I call Mr Georgiadis on a point of order.

Mr Georgiadis. — (GR) Mr President, the honourable Member Mr Bournias mentioned that the item was placed on the plenary session agenda as a result of pressure or of other backstage activities. I should like to make it quite clear, Mr President, that this item was placed at the top this week's agenda because the Council wishes this report to be approved or rejected, wishes, that is, for the Commission's regulation to be voted on in order to establish the legal basis for entering the item in the budget to be voted. Conse-

quently, this is a formal, correct procedure and no other means were used to place this item on the agenda. As for the other things Mr Bournias said about my party's position in the Greek general elections, I believe that this was irrelevant and should have been . . .

President. — Mr Georgiadis, this is no longer a point of order!

I call Mr Gondikas.

Mr Gondikas. — (GR) Mr President, since accounts are such a dry subject that very few of us ever pay it any attention and even fewer of us understand it, allow me briefly to outline the problem for those of us who have not yet understood it and to explain why we Greeks support the Commission's proposal as a matter of principle and why we will vote against Mr Dankert's motion for a resolution. Article 861 of the 1982 draft budget provides for a sum of 13 647 million EUA to be paid to Greece by way of compensation for its contribution to the cost of the supplementary measures in favour of the United Kingdom. This sum is half of what was originally provided because the rest had already been paid to Greece under Article 860 of the budget and under Article 127 of the Treaty of Accession of Greece. However, as part of the reductions carried out by the Council in the appropriations entered in Article 530 of the budget, the sum of 13 647 million EUA to which Greece was entitled was removed and replaced by a p.m. entry. Thus in the opinion both of the Commission of the European Communities and of the Court of Auditors there is no — I stress — no legal basis to justify the expenditure, to justify paying the rest to Greece. And here I must say that before this issue arose no institution of the Community ever doubted that this sum was owed to Greece. For this reason the Commission of the European Communities submitted its concrete proposal. For its part the Committee on Budgets — as Mr Dankert has just explained — accepts that Article 491 of the 1981 budget under the heading Compensatory Payment to Greece provides together with Amendment 2 of the draft budget, the legal basis to justify the expenditure.

I would however like to point out that the report by Mr Peter Dankert — an old and dear friend of mine — contains certain ideas which one would not expect from a democrat and socialist: he disregards the basic principles of equal treatment and the common sense of justice. He claims that Greece is obliged to accept the 'acquis communautaire'; but one could also argue that Greece — through no fault of its own — and I would like to emphasize this, did not participate in the negotiations which led to these measures being taken. The Commission is therefore right to be concerned with setting right this injustice and abrogating regulation 284 (1981). I would like to take the opportunity

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here to add something to what Mr Bournias, the chairman of my group, has said: It is a really curious coincidence that recently Mr Papandreou the leader of the Opposition in Greece, — in every speech he makes — has been saying that it is a deliberate part of EEC policy to compel our country to pay contributions and never to receive anything in return. I mention this, Mr President, so that everyone in this House can understand why we believe this issue to be important and why we ask each political group in the Parliament responsibly to consider the political implications of rejecting the Commission's proposal.

(Applause)

President. — I call Mr Papaefstratiou.

Mr Papaefstratiou. — *(GR)* Mr President, honourable Members, although this issue has been fully dealt with both by the Commissioner, Mr Tugendhat, and by my dear colleagues, Mr Bournias and Mr Gondikas, I too would like to emphasize our total opposition to any idea of Greece contributing to the financial measures in favour of the United Kingdom. Of course the rapporteur, Mr Dankert, was careful not to insist on a clear position as regards the Greek contribution. There is no question of such a contribution in our opinion. Not only because Greece did not participate in the Council of Ministers in 1980 when this decision was taken — the same meeting clearly stated that these measures will be financed by the eight other EEC countries — but principally because Greece undertook no such obligation towards the Community; besides everyone knows that lengthy and detailed negotiations on Greek accession were taking place at this time. For this reason the Commission with all the facts at its command judged correctly that Greece had no such obligation and consequently there was no question of curtailing the payment of the compensatory sum to Greece, not only for 1981 but also for the following years, as the Commission stated today. The Hellenic Republic should consequently be compensated for sums equivalent to the increase in budgetary contributions arising from the financial measures in favour of the United Kingdom. Consequently it is clear and I hope that everyone in this House has already understood that Greece is fully entitled to these sums which under the Treaty of Accession were defined as compensatory repayments and it is impossible that Greece should be required to contribute to the 1980 regulation in favour of the United Kingdom. I too must express my regret that in Greece both the opposition and the Communist Party tried to make an issue of this question — a question which from a legal and moral viewpoint is crystal clear — claiming that Greece was being required to make excessive contributions to the Community in favour of a country richer than itself — as is the United Kingdom whereas it is clear from what both the Commission and the Council of Ministers have said

that this is a figment of the imagination of the Greek opposition parties.

President. — I call the Committee on Budgets.

Mr Lange, chairman of the Committee on Budgets. — *(DE)* Mr President, ladies and gentlemen, I feel the need to clarify something here. A Greek Member has said that the Greek Government was not consulted. But the arrangement for the matter under discussion was made *before* Greece acceded to the Community. This was in the year 1980, and in accordance with the custom at the time and the arrangements originally made, the Greek Government was informed. I repeat, the Greek Government was informed of what the Nine had agreed with respect to repayments. The Greek Government noted this without expressing the least opposition.

I therefore consider it completely unjustified for Greek Members repeatedly to introduce this argument of non-consultation into the debate, thus creating what is in fact a false impression. I call on the Greek Members to contact their own Government and to ask it whether it did in fact act on the basis of the information it had received. To our knowledge, as I have just said, no objections were raised by the Greek Government. Some of your arguments are therefore invalid. This had to be said to stop the debate — here and in Greece — from continuing to follow the line that seems to have been adopted.

President. — I call the rapporteur.

Mr Dankert, rapporteur. — *(NL)* Mr President, I appreciate Mr Notenboom's difficulties with paragraph 4. This debate has, of course, made it very clear that two matters are being confused here. The question is whether the budget itself forms a sufficient legal basis or whether a separate legal basis is required to permit special expenditure. There is nothing I can do about it: it just happens to be that way. The best I can do is to agree to Mr Notenboom's proposal that paragraph 4 should be omitted, but this does little to change the content. I do not understand my good friend Mr Jackson, for example, when he says we are not having the poor Member States pay anything back. I feel that that is an extremely dangerous course for him to take, because the question here — as Mr Tugendhat has quite rightly pointed out — is whether the Community has resources of its own or are we prepared constantly to tread under foot the principle of the Community's own resources? And if we are prepared to do this, if we are going to create mechanisms like that for the British contribution everywhere, it will ultimately mean that Greece only gets back from the Community what it has first paid in. I therefore believe that the course indicated by Mr Jackson is

Dankert

an extremely dangerous one, because we shall then have a 'net' situation in which the poor Member States ultimately suffer as a result of the position of a number of other Member States. We must be very careful about this. And I therefore understand Commissioner Tugendhat when he says that we are proposing a legal basis 'because it is such an important derogation'. That is precisely where I think the Commission is going wrong, not having Greece pay its share for 1980, and this is also true of the 1981 as of the 1982 budget and so on, when bills dating back to 1980 still have to be paid and yet: 'Greece was not a party to that arrangement for 1980'. But Greece became a full member in 1981. Mr Lange reminded us once again that Greece did not object to this arrangement. The amount concerned is a relatively modest one of a few million units of account, and for so significant an encroachment to be made on the principle of own resources for the sake of these few wretched million units of account, as the Commission is doing without very much justification, seems extremely rash to me and highly unacceptable for the Commission, which ought to have been defending this very principle of own resources. In my view, the political position the Commission has adopted here is a very serious matter. You can interpret the Council's decision as you will, but in no way does it say that the Commission must put forward a proposal for the non-application of the principle of own resources to Greece from 1981 onwards. It simply says that the Eight have decided. Allright, the Eight have so decided, because there were only eight at the time, and Mr Lange has clearly indicated that they were not joined by the ninth until a few months later. I feel my Greek friends are being shortsighted in saying now that this is costing us money, since that argument will in the long term result in it costing the Greeks a great deal more because of the departure from the principle of own resources.

A few million today will be nothing compared with hundreds of millions in the long term. I feel my Greek friends had better realize that using the Greek elections as a short-term trump card in this way will not produce anything. I am not concerned with the Greek elections. Nor am I now speaking as a Socialist but as the rapporteur of the Committee on Budgets, and as such I am defending certain principles of the Community's budgetary policy, of which own resources form an essential part. This Parliament cannot exist without own resources, since our budgetary powers stand or fall with own resources. I feel we must be very clear about this and view the Commission's proposal, which I consider extremely rash, from that angle. And now I face the problem Mr Notenboom has already indicated. We said last year that the budget itself forms a sufficient legal basis. We can say the same again this year, but the Commission itself has linked the two subjects to some extent by tying the legal basis to the automatic nature of the repayments. I would therefore prefer to leave paragraph 4 as it is, but I can accommodate Mr Notenboom because, if I omit this paragraph and he supports

my paragraph 5 regarding the withdrawal of the proposal, we shall achieve exactly the same objective. I have no major objections to this. Mr President, once again, I do not understand a Commission which says that it is proposing 'an important derogation' and which, now that this has been done once with regard to the United Kingdom, is now prepared for the sake of a few million guilders to depart from the system of the Community's own resources. Why this is happening, Mr Tugendhat has still not explained. Nor is an explanation to be found in the Commission's documents, and I consider this to be an outright scandal.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

8. Olympic Games

President. — The next item on the agenda is the interim report by Mr Israel, drawn up on behalf of the Committee on Youth, Culture, Education, Information and Sport, on the Olympic Games (Doc. 1-149/81).

I call the rapporteur.

Mr Israel, rapporteur. — (FR) Mr President, may I first of all express my thanks to the chairman, Mr Pedini, and other members of the Committee on Youth, Culture, Education, Information and Sport for the confidence they have shown in entrusting me with this report. I should also like to take the liberty of pointing out to you that the explanatory statement supporting the resolution before you was drafted last April and that, in consequence, you may find that some things in it have been overtaken by events. It is, I feel, deplorable that it should take so long between our reports being adopted in committee and their coming before the House.

Mr President, if we owe the ancient Greeks a debt of gratitude for any one thing it is for having invented the Olympic Games. Indeed, with three simple ideas they succeeded in changing the habits of the ancient world and also, after an interval of many centuries, in changing our own conception of things. In fact they invented athletics, which is a way of pushing back the limits of human capacity, but they also invented aesthetics, that is to say the appreciation of the beautiful, which also provides an opportunity to increase the scope of man's skills by comparison with those of the gods.

Israel

But most importantly they came up with this idea that for sport and physical competition men had to be at peace with one another. Thus the Olympic Games assumed the existence of a truce.

In 1896 the idea of the Olympic Games was taken up again on the initiative of a Frenchman, Pierre de Coubertin. Unfortunately, however, the games were held in a world divided by political conflict and much changed since antiquity. Gradually, these games have come to be used as a weapon in the competition between nations, and certain poor nations have tried to prove that their physical strength greatly surpasses their economic development, in that way expressing their desire for power. Similarly, certain rich and developed nations have tried to demonstrate to the whole of humanity their superiority and their ability to exceed the power of any other State. Competition between individuals has become competition between nations. The inevitable consequence of this situation is in fact the desire for power.

However, over the years, the Olympic Games did develop. Of course before the Second World War we had a scare when, in 1936, Hitler refused to hand over the victory medals to a black athlete. But immediately after the war things returned more or less to normal and it was not until 1972 that, taking advantage of the tremendous popularity of the games, terrorists massacred the citizens of another country in Munich, and thus the first crushing blow was struck at the progress of the Olympic ideal. Needless to say this pill too had to be swallowed, if I may use such an expression. In 1980, in Moscow, however, it was a danger of a different kind which struck the Olympic ideal. Could the games of brotherhood be organized in a country which six months previously had invaded another and which was continuing to wage an unequal war against unarmed mountain people? Could one repeat — *mutatis mutandis* — the mistake made in Berlin in 1936? Forty one countries said no and did not take part in the Moscow Games. It was felt to be impossible to bring together the representatives of the youth of the world in a place which symbolized the subjugation of youth elsewhere.

So, Mr President, does that mean that the Olympic Games should only be organized in countries which respect human rights? Yes it does, because one could quite justifiably regard human rights as a perfectly appropriate reference for organizing the Olympic Games. It is precisely in an area such as Olympism that human rights have their greatest importance and in which they can be invoked with absolute justification. Could one imagine the International Olympic Committee formally endorsing the principle that the games can only be arranged in countries which respect human rights? The difficulties are obviously considerable. The International Olympic Committee cannot be an international court of human rights responsible for judging the attitudes of nations. On the other hand, could we allow a country which flouts human rights to

hold a central place in the organization of the games? Which country today can boast of never flouting human rights?

Faced with this problem we should look very closely at the proposal put to us by the Greek Government. What does the Greek Government have to say to us? More or less it says as follows: Since the earliest times there have been violations of the principles of liberty and of sport, since the earliest times there has been interference between politics and sport. It would therefore be advantageous to be able to establish the Olympic Games on a permanent site and to give everyone the chance to come together in a neutral territory to engage in sport. Why should Greece rather than any other country be the neutral territory? Well, quite simply because Greece is part of the European Community and the economies in the European Community overlap to such a degree that any country which decided to leave it to violate human rights would *ipso facto* be ruined. Consequently there is every chance of human rights being respected in the European Community.

Unfortunately, it is not easy to imagine the International Olympic Committee accepting the Greek Government's proposal straight away. I am bound to say in fact that, at the meeting in Baden-Baden on 1 October 1981, the Greek proposal received, if not as negative a response as was suggested by the press, not altogether a positive one either.

Let me quickly read you the communiqué from Baden-Baden of 1 October 1981: 'The International Olympic Committee expresses its gratitude to the Greek Government which thus demonstrates the loyalty of the country where the Olympic Games originated and which was the site of the first Games of the modern era in Athens. Los Angeles has been nominated for the Olympic Games in 1984 and Seoul in 1988. There are already several candidates for 1992. We hope that the city which had the privilege of organizing the first Games of the modern era in 1896 — Athens — will be chosen for 1996. Therefore, taking everything into account and in particular the arrangements for those future Olympics to which the IOC has already committed itself, the Greek proposal, which is extremely significant, could at some future date be subjected to a more detailed examination which the IOC would follow with the closest interest.'

The question has to be asked, Mr President, could the European Parliament conceivably see itself as the sponsor of the Greek project and take up direct contact with the International Olympic Committee? The idea does not seem impossible to us in spite of the difficulties we can see at present. These difficulties, and I have given some thought to them, relate in particular to the site proposed by the Greek Government. In fact, the site has been very carefully considered. It lies in the Peloponnese. I have had occasion to go there. But I would rather call on the evidence of Mr

Israel

Vasquez, who is an architect, Mexican Minister for Public Works and a member of the International Olympic Committee, and who is of the opinion that the chosen site would in no way harm the ecology of the area, which is renowned for its beauty and majesty.

Consequently I believe our Parliament, in a situation such as this, should adopt a positive attitude, that is to say keep alive the Greek project with a view to carrying out in-depth studies, demonstrate its continuing interest in the project and above all adopt an extremely simple strategy which would be to say: 'There is nothing to prove that the Los Angeles Games will be able to go ahead in a calm and peaceful sporting atmosphere and there is nothing to prove that the Seoul Games in 1988 will be able to go ahead in a calm and peaceful sporting atmosphere. Let us keep the Greek project alive and, in case of any difficulties, let us take it down off the shelf to show that, at last, this idea, born in the Hellenic Peninsula, can once again be used.'

That is why, Mr President, the resolution before you, which is an interim resolution, must be followed up with a final resolution which would endorse the principles that we shall have looked at together in the meantime. Your rapporteur believes in all conscience that if the international community is intent on saving the Olympic Games by depoliticizing them, the only solution would be to examine closely but sympathetically the possibilities offered by the Greek Government, to whom I must express, on behalf of you all, our deepest gratitude.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — Mr President, I must say I have learnt more about the Olympic Games in the European Parliament than I think I had known before in my life and I am most grateful to the honourable Member for the very full history he gave and for the account of the problems surrounding the Olympic Games in the present circumstances with which he provided us.

The Commission certainly understands very well the desire and the anxiety of some Members of Parliament to identify themselves with the position taken by the Council of Europe. I need hardly say, however, that it is not for the Commission to become involved in this question. That of course in no way reduces the importance of the statement of position by this Parliament concerning international peace and cooperation, and I have no doubt that the speech which the honourable Member, and indeed others made, will certainly have an influence on the debate which is now taking place about the future of the Olympic Games.

President. — I call the Socialist Group.

Mrs Viehoff. — (NL) Mr President, before I discuss Mr Israel's interim report, I must say that my group is not very happy that we are spending our time on this subject. There is an International Olympic committee, there are national Olympic committees, which can, of course, consider this matter to much greater effect and far more carefully than we are able to. Furthermore, the Olympic movement embraces rather more countries than our ten Member States.

In its wisdom Parliament has nevertheless decided to discuss this matter, which brings me to Mr Israel's interim report. It in fact forms two parts: an assessment of the Olympic Games and Greece as a permanent venue for these Games. But what is so striking throughout Mr Israel's report is that he lists the disadvantages of the Olympic Games, to which I could add a few more, for example, concern about the advancing deterioration of the spirit of the Olympic Games, the awareness of the danger of the Olympic movement being used for the purpose of party political propaganda or commercial advertising, concern that this development runs counter to the creation of an atmosphere of peace and cooperation and the conviction that holding the Games in different countries of the world results in countries trying to outbid each other, which is prejudicial to the universal principle of the Olympic movement and causes the host countries to make great financial sacrifice. To this I would add that these finances would be better spent on sports halls and organizing sports for young people, an area in which too little is done at present. Considering, finally, that the Games of 1936, 1972 and 1980 were disturbed by serious incidents, you would think that Mr Israel would doubt the wisdom of their continuation. But no, after his summary of the disadvantages, he comes to a positive conclusion on the Olympic Games. That is the first aspect of the report.

His statement in paragraph 1 of the motion for a resolution that Parliament is interested in and sympathizes with the Greek Government's plan to make Greece the permanent venue for the Games is also based on a list of disadvantages and expected difficulties, which are summarized in paragraphs (a) to (g). I will not enumerate them all. You can read them for yourselves. Logically, they should result in the rejection of the plan. But no, Mr Israel welcomes the plan wholeheartedly.

Mr President, it is almost 6 p.m., and I will finish. My group has very great difficulty with this motion for a resolution, and whether or not the amendments I have tabled are adopted will determine how it votes on the motion.

President. — Because of the time we now have to adjourn this debate and carry over to tomorrow the other items on today's agenda.

I call Mr Israel.

Mr Israel. — (FR) Mr President, are these debates to be carried forward to tomorrow or Thursday?

President. — The order of business as adopted yesterday makes express provision for tomorrow for the possible continuation of today's agenda.

9. Votes¹

President. — The next item on the agenda are the votes on those motions for resolutions on which the debate has closed. We begin with the *Couste report (Doc. 1-175/81): Control over borrowing and lending activities of the Communities.*

I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — In the English text paragraph 7 contains the word 'control' and I think a more correct interpretation of the meaning, as I understand the rapporteur, would be to use the word 'guidance' or 'monitoring' or some such word other than the word 'control' which in English I think is not an accurate representation of the rapporteur's meaning.

My group has supported the rapporteur on the understanding that the English text, as it stands, is not a fully correct interpretation.

President. — This observation will be considered in the appropriate way.

I call Mr Baillot for an explanation of vote.

Mr Baillot. — (FR) Mr President, to come right to the heart of the Couste report, it is clear to us that in calling for the inclusion of borrowing and lending operations in the budget the report is following a line which has already been voiced in the House, in particular during the budget discussions. As we have had occasion to say many times before there are numerous legal, financial and budgetary arguments against budgetization. Borrowing and lending cannot in fact be regarded simply as budget revenue and expenditure, and the budgetary procedure itself, under the terms of the Treaties, does not allow the inclusion of operations connected with borrowing and lending.

Finally and most important of all, there is no formal provision in the Treaties for the inclusion of borrowing and lending in the budget. This would therefore require a change in the Financial Regulation

applicable to the budget to be approved by a decision of the Council acting unanimously.

For all these reasons we cannot agree to borrowing and lending being included in the budget either directly or in a disguised manner, and that is why we voted against.

(Parliament adopted the resolution)

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* * *

President. — We shall now vote on the *Caborn report (Doc. 1-169/81): Enterprises and governments in international economic activity.*

(...)

Paragraphs 1 to 19 — Amendment No 24

Mr Caborn, rapporteur. — I am against, Mr President. The amendment detracts from the whole of the report and from the resolution before you, and I recommend its rejection.

(...)

Paragraph 1 — Amendments Nos 1 and 13

Mr Caborn, rapporteur. — Mr President, I would recommend that Amendment No 1 be left to the House.

On Amendment No 13, I would recommend, on behalf of the committee, that the vote be against. I should also like to point out that there is a mistake in the Danish text. The English text reads: 'Delete the paragraph after the words 'economic growth'.

The Danish text is asking for the two words 'economic growth' to be deleted as well. That is wrong. It should delete all after 'economic growth'. The committee's recommendation is that Amendment No 1 be left to the House and Amendment No 13 be rejected.

(...)

Paragraph 4 — Amendments Nos 10, 4, 15, 21

Mr Caborn, rapporteur. — The committee recommends rejection of Amendments Nos 10 and 4, Mr President.

On Amendment No 15, there is again a slight complication with the German and Danish texts. The Castle amendment seeks to delete the second sub-paragraph of paragraph 4. The difficulty is that in the German

¹ The verbatim report only records those phases of the vote that give rise to interventions. For a detailed account of voting please refer to the Minutes.

Caborn

and Danish texts there is no second sub-paragraph. It is all one paragraph. The part of the text which reads: 'Is convinced, however, that such measures can only be truly effective in the context of economic and monetary union. Until such union is accomplished the multinationals will be able to exploit the differences in taxation, wages, establishment conditions, environmental levies, worker participation, etc. to the detriment of society.' is the second subparagraph referred to in Amendment No 15 tabled by Mrs Castle.

Having said that, I recommend rejection and I do so on behalf of the committee.

Amendment No 21 is, I feel, out of place and is more relevant to paragraph 16 of the resolution than to paragraph 4. I recommend rejection. The committee also recommends rejection of Amendment No 5 tabled by Mr Bonaccini and Mr Leonardi.

(...)

Paragraph 14 — Amendment No 8

Mr Caborn, rapporteur. — I think this is a useful addition, particularly with regard to the cooperation between the taxation authorities, and so I can recommend acceptance.

(...)

Paragraph 18 — Amendments Nos 19, 17 and 16

Mr Caborn, rapporteur. — Mr President, I recommend, on behalf of the committee, that Amendment No 19 be rejected.

On Amendments Nos 16 and 17, even if Amendment No 17 is defeated, then Amendment No 16 can be put to the vote as well. So I recommend rejection of all three, but what I am asking for is a vote on both Amendments, Nos 16 and 17, tabled by Mrs Castle.

(...)

Paragraph 19 — Amendment No 20

Mr Caborn, rapporteur. — I recommend rejection. I would suggest, Mr President, that this ought to be the subject of a separate resolution.¹

President. — I can now accept explanations of vote.

Sir Brandon Rhys Williams. — Mr President, the principal issue which has divided the House on the Caborn

report is the extent, if any, that it is appropriate to bring multinational companies under legally enforceable controls. I recognize that well-understood guidelines and codes of practice can be very helpful, and that legislation in the very broad field of the activities of multinational companies is difficult to frame and even more difficult, if not impossible, to enforce. I differ from the rapporteur because he is calling for legislation at international level in regard to such matters as disclosure of information and company amalgamation. I do not think it is realistic to legislate on such matters while national economic circumstances still differ so widely, and even if it were practical, it might do more harm than good.

I do consider, however, that we need to go beyond mere guidelines in the crucial matter of transfer pricing. If people rely simply on exhortation the best companies will adhere to good practice but some multinational organizations which are not so scrupulous will feel free to exploit competitive advantages with impunity. At a time when there is a growing call for protection of Community industries against overseas competition Parliament should respond by seeking ways at least to prevent unfair competition by the use of accounting tricks which defy the elementary rules of sound business practice. If we stick to transfer pricing we shall be exerting pressure for legislation in an area where it is not too difficult to frame or to enforce. In this particular area I believe we do urgently need legislation if only to protect sound businesses against the malpractice of the bad. I hope the Commission will pursue that particular objective.

Mrs Nielsen. — (DA) Mr President, I am very worried about the outcome of the vote we have just had. I think it is quite obvious that the dominant theme throughout the debate has been mistrust of, denigration of the multinational undertakings, and it is absolutely clear to me that the intention behind all this is to promote a socialist society and to bring about structural changes in what would otherwise help to rescue us from the serious unemployment situation facing us. On the strength of a few unfortunate examples, people are quite seriously suggesting that the activities of these undertakings should be subjected to such stringent, binding and crippling rules that, if this really were to happen, it would have the most serious consequences, harming everyone whose work was connected in any way with this sector.

It may sound credible to speak of relevant hearings and disclosure of information at the multinational level, but the truth is much harsher. Has the majority who approved these motions today not given any thought to the fact that by impeding the multinationals' work, by forcing them to disclose a mass of information which may simply not be meant for publication, but which is absolutely necessary for their daily work, we may destroy production trends, undermine competitiveness and, in doing so, also destroy jobs, of

¹ The rapporteur also recommended rejection of all the other amendments.

Nielsen

which there are hardly too many around at the moment? I think it most regrettable that Members are not thinking of the need to create more jobs.

But this all becomes positively grotesque, Mr President, when we consider that there is a committee sitting here in Parliament and working on a proposal for a directive on information and hearings of workers in undertakings with complex, in particular, multinational structures, and at the same time the House, in a matter of moments, preempts what we are hoping to achieve in committee by painstaking deliberation. I deeply deplore what has happened today and naturally cannot endorse this motion for a resolution.

Sir Fred Warner. — Mr President, this Parliament has very limited powers. The only way in which we can gain in authority and stature is by making sure that our reports and our resolutions are absolutely honest, that they are realistic and that they are practical. This report seems to me to be none of these and although the resolution has been greatly amended, it does not seem to me to be particularly honest or realistic either.

What is the truth of the matter? If you look at the latest full available figures you will see that, in the year 1979 in the European Community, private industry — the multinationals — invested three times more capital in the Third World than governments did in government-to-government aid. Furthermore, the aid given by private industry was all in productive industry and not just schools and hospitals which, necessary as they are, do not directly increase wealth. Were it not for the efforts of the multinationals there would have been scarcely one factory or one mining operation or anything else opened in the Third World.

What annoys me is that there is no mention of this whatsoever in the resolution or the report. We are not building in the Third World for the Labour Party of Great Britain. We are not building for the environmentalists. We are not building for the Council of Churches. We are building for the Nigerians, for the Indonesians and they do not complain about this and when I meet their government representatives they are happy to receive these contributions from the multinationals. I therefore think that both resolution and report do us no credit and I shall vote against them.

Mr Bonde. — (DA) Mr President, to imagine that we can control the multinationals through the European Community is, in my view, like letting a snake eat you so as to work on it from inside.

The European Community is designed for the precise purpose of enabling smaller firms to be swallowed up by larger firms. We have clearly introduced this principle into the system by the so-called 'marriage bureau', creating even more multinationals than would be formed through the free play of the common

market where the rules in the Treaty of Rome on the free movement of workers, goods, services and capital actually provide the multinationals with the means by which to control the economy. Mr Fich cited the example of Lee Cooper's, which first received regional development aid from the Danish taxpayers and then closed the factory in Denmark and moved to another Member State.

The problem is not, what new rules to introduce in the Community. It is how to extricate Denmark from the existing rules. The representatives of the People's Movement in this Parliament want the multinationals to be brought under control, but we will have no truck with this attempt to delude people into believing that such control can be exercised by that very system which we regard as the tool of the multinationals, namely the European Community. Therefore we intend to abstain from voting.

Mr Bonaccini. — (IT) Mr President, this morning we heard examples given in zoological metaphors: I would say that the animal which is now emerging as the result of our labours is neither a camel nor an elephant, but a chimera, and I apologize to the translators, who will have some difficulty with this word. I am sorry about this, for the report presented by Mr Caborn had its own logic. Some of the paragraphs we have discussed seem to have become somewhat mutilated: those concerning compulsoriness and control, for example, and that concerning observance of the rules of competition.

We realize that it is much easier to enforce the rules of competition for the small Brescian steel works than for the large multinationals. For this reason we will not vote in favour of this resolution: we will abstain.

Mr Beumer. — (NL) Mr President, my group feels that the deliberations in the Committee on Economic and Monetary Affairs took a satisfactory course and that a consensus acceptable to us was achieved in the committee by a fair method of give and take. I therefore stated this morning on behalf of my group that we could support this resolution as it stood. However, we find it difficult to accept a change in this resolution concerning paragraph 13, which refers to point 89 of the explanatory statement, where a very extensive list of the information that undertakings should provide is given. We feel this list goes rather too far, and we would rather have had the list given in point 77 of the original resolution contained in the Lange report.

Nevertheless, Mr President, I believe that we might support this resolution although we would like the list given in point 89 to be regarded as a frame of reference rather than a limitative and coercive statement. With that reservation I feel we might accept this resolution, although I must point out that some members

Beumer

of my group object so strongly to this list that they wish to abstain.

Written explanation of voting intentions

Mrs Boserup. — (DA) This motion for a resolution contains some sound points, but it is very vague. It could hardly be anything else. The Treaty guarantees freedom of movement for capital. As the guardian of the Treaty, the Commission can never really do anything about the multinationals' often gruesome lack of consideration for their workers. Many people hoped that the EEC would help us to limit the multinationals' excessive and growing power. Today we know this is a false hope. The EEC is a happy hunting ground for capitalists and an economic and monetary union, as referred to in paragraph 4 of the motion for a resolution, will not be of any use as long as we have to deal with the old-fashioned, liberalist basis, the Treaty of Rome. Therefore, I shall vote against the motion for a resolution.

(Parliament adopted the resolution)

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* *

President. — We shall now vote on the *Collomb report* (Doc. 1-290/81): *Creation of a European securities market*.¹

(...)

I can now accept explanations of vote.

Mr Romualdi — (IT) Mr President, ladies and gentlemen, the Collomb report, enriched by the amendments we have adopted, has the merit of pointing out the importance of the initiative undertaken by Mr Petronio, whom we thank for the commitment and tenacity with which he carried through his idea. His contribution, as Commissioner Tugendhat himself has said, has allowed Parliament to point a way to revitalizing the European securities market, making it broader based and more open. Such a market will enable the mass of large-, small-, and very small-scale European investors to sustain the productive effort of the continental economy, to help it to overcome its employment crisis, and to commit itself to the necessary but costly research which the new technology demands of the world's large enterprises. The importance of this initiative has been signalized by all the political groups. It also represents a significant step towards an effective convergence of economies destined to become ever more closely and

more rapidly coordinated if, as we hope, inter-governmental understanding and collaboration prevail.

(Parliament adopted the resolution)

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* *

President. — We shall now vote on the *Hooper report* (Doc. 1-960/80): *European health card*

(...)

After the 2nd, recital of the preamble — Amendment No 20

Miss Hooper, rapporteur. — I reject this amendment as it goes further than the committee intended to go at this stage.

(...)

3rd recital of preamble — Amendment No 11

Miss Hooper, rapporteur. — I reject this amendment since the third indent provides a justification for paragraphs 1 and 2 of the report, and this should therefore remain intact.

(...)

After the 3rd recital of the preamble — Amendment No 12

Miss Hooper, rapporteur. — May I suggest, Mr President, that we vote on the two suggestions separately, in which case I think 3 (a) goes into the area of detail which we try to avoid in the committee. Therefore I reject it: but I accept 3 (b).

(...)

After the 4th recital of the preamble — Amendment No 13

Miss Hopper, rapporteur. — This amendment is in fact the same as Amendment No 3 by Mrs Krouwel-Vlaam. I could accept it maybe just as a matter of linguistics and translation if it were to read 'whereas the health card should eventually supersede the existing Form E 1.11'. But on the wording as suggested in the amendments, i.e., using the word 'would', I think I cannot accept it.

(...)

After the 6th indent — Amendment No 10

¹ The rapporteur recommended:
— adoption of amendments 1, 2 and 5
— rejection of amendments 4, 6, 7 (rev.), 8, 9 and 10.

Miss Hooper, rapporteur. — I am prepared to accept this amendment although I am not entirely clear what the Hospitals Committee of the European Economic Committee is. But, subject to clarification on that point, I am prepared to accept it.

(...)

Paragraph 1 — Amendments Nos 15 and 4

Miss Hooper, rapporteur. — I do not accept either of these amendments as they are contrary to the clearly expressed wish of the committee.

(...)

Paragraph 2 — Amendments Nos 16 and 5

Miss Hooper, rapporteur. — I am against Amendment No 16 since I definitely want the paragraph to stand, and I feel that Amendment No 5 does not actually add anything so I am against that also.

(...)

After paragraph 3 — Amendment No 23

Miss Hooper, rapporteur. — I am against this amendment since I feel it does not add anything and may cause confusion.

(...)

Paragraph 4 — Amendments Nos 6 and 17

Miss Hooper, rapporteur. — I am against both these amendments, since the committee deliberately chose not to go into the sort of detail which these amendments raise.

(...)

Paragraph 7 — Amendments Nos 19 and 22

Miss Hooper, rapporteur. — I think it is impractical to ask for a Council decision on the same date that we are asking for a Commission decision which we are then asking the Council to act upon. Therefore it must, I think, stand as my amendment reads, that it should be the next meeting of the Council of Ministers. Therefore I do not accept Amendment No 19.¹

(...)

President. — I can now accept explanations of vote.

Mrs Squarcialupi — *(IT)* Mr President, I announce the favourable vote of the Italian Communist and Allies Group for this resolution insofar as the amendments have slightly accelerated the slow progress which has failed to keep pace with the requests we are now receiving from our electors.

This health card will, however, be an important document only if it is based on a precise intention to create a common health policy — that is, to implement a Community strategy in regard to public health. This morning we heard a list of excellent studies made by the Commission, but we must remember that the Commission is not a university; it is a political body which receives and makes proposals, just as the Council is a political body which makes political decisions and we as a Parliament express the political desires of our electorate. If we do not keep this in mind, the European Health Card runs the risk of becoming an administrative act instead of a political act, as it should properly be.

Mr Ghergo — *(IT)* Mr President, we will vote in favour of this motion for a resolution even though it has been pared down to the bone and adopted in a form which empties it of the greater part of its content. In fact, in paragraph two, this Health Card is restricted to persons suffering from serious illness, although it is absolutely impossible to know in advance which people will be so affected or which will be the victims of accidents.

In any event, we are used to being content with little, and we will try to put a good face on the matter.

(Parliament adopted the resolution)

President. — Dear colleagues, it is now 7.24 p.m. and this sitting was scheduled to close at 7 p.m. Consequently the three reports which were placed on today's agenda will be carried forward to tomorrow.¹

(The sitting was closed at 7.25 p.m.)

¹ The rapporteur also recommended:
— *rejection* of Amendments Nos 2, 3 and 9
— *adoption* of Amendments Nos 1 and 14.

² For agenda of next sitting see Minutes.

SITTING OF WEDNESDAY, 14 OCTOBER 1981

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IN THE CHAIR: MRS DE MARCH

Vice-President

(The sitting was opened at 9 a.m.)¹

1. Topical and urgent debate

President. — In accordance with Rule 48(2) of the Rules of Procedure, the list of subjects for the topical and urgent debate to be held between 9 p.m. and midnight tomorrow has been drawn up. This list

contains the following eight motions for resolutions which have been tabled within the specified deadlines:

1) Joint debate on:

- motion for a resolution (Doc. 1-599/81) by Mr Bonaccini and others on the realignment of monetary parities;
- motion for a resolution (Doc. 1-584/81), tabled by Mr de la Malène and others on behalf of the Group of European Progressive Democrats, on the need to adjust agricultural prices;

¹ *Approval of minutes — Documents received — Transfers of appropriations — Motions for resolutions entered in the register pursuant to Rule 49: see minutes.*

President

2) motion for a resolution (Doc. 1-488/81), tabled by Mrs Cassanmagnago Cerretti and others on behalf of the Group of the European People's Party (CD Group) and Mr Prag and others, on social policy priorities;

3) Joint debate on:

— motion for a resolution (Doc. 1-565/81) by Mr Moorhouse and others on the improvement of the formalities at Brussels International Airport;

— motion for a resolution (Doc. 1-593/81), tabled by Mr Habsburg and Mr Klepsch on behalf of the Group of the European People's Party (CD Group), on frontier checks on travellers;

4) motion for a resolution (Doc. 1-571/81), tabled by Mrs Scrivener on behalf of the Liberal and Democratic Group, on the danger of importing harmful products into the Community for human consumption;

5) motion for a resolution (Doc. 1-590/81) by Mrs Pruvot and others on the young Europeans in prison in Thailand;

6) motion for a resolution (Doc. 1-594/81), tabled by Mr Bocklet and others on behalf of the Group of the European People's Party (CD Group), on the negotiations on the Multifibre Arrangement.

In accordance with the second subparagraph of Rule 48(2), any objections to this list, which have to be tabled and justified in writing by a political group or at least 21 Members, must be lodged by three o'clock this afternoon. The vote on these objections will take place without debate at the beginning of this afternoon's sitting.¹

I call Mr Glinne.

Mr Glinne. — (*FR*) There is something I should like to say about the way these items have been arranged. It is quite illogical, and perhaps even a bit crazy, to lump Items 244 and 227 together. Common sense dictates that the first joint debate should be on Items 244 and 224, which are both about steel.

President. — I suggest you table an amendment to this effect, Mr Glinne.

I call Mr Seal.

Mr Seal. — I just wondered, Madam President, whether the political group chairmen were aware when they accepted the motion for a resolution for urgency, on behalf of the Group of the European People's Party, on the negotiations on the multifibre arrangement that the REX Committee in fact next month will be submitting a report for urgency to the plenary that has in fact been signed and suggested by the rapporteur on the multifibre agreement, and also that the Commission will be reporting to the REX Committee on the state of the negotiations before this

happens. If we debate it at this point in time this week we will not know where the Commission are on the state of deliberations of the REX Committee. I hope they will bear that in mind before the vote this afternoon.

President. — Mr Seal, I suggest you table an amendment along these lines.

I call Mr de Ferranti.

Mr de Ferranti. — Madam President, with great respect I am just questioning your reply to Mr Glinne. It was quite clearly announced by the President yesterday that the steel questions would be taken in the first part of the debate. I think it must be a misprint in the agenda today and I cannot believe that it is really necessary for Mr Glinne to have to table an amendment in order to correct a misprint.

President. — Mr de Ferranti, I am told that this decision was taken on Monday, at the meeting of chairmen, and that the agenda which was drawn up should be adhered to. Be that as it may, I take note of what the three speakers have said and I think it is quite feasible to sort things out. The Chair takes note of your proposals.

I call Mr von der Vring.

Mr von der Vring. — (*DE*) Madam President, today's agenda has an oral question with debate included on it. In this connection and in accordance with Rule 42(5) of the Rules of Procedure, there are going to be motions for resolutions with requests for an early vote. In other words, this rule is going to be applied for the first time since we have had the new Rules of Procedure. But there is also a narrower interpretation here, which claims that the deadline for tabling motions to wind up the debate has already expired.

We were told yesterday in fact that we could not table any more motions today. I should like this matter to be cleared up by the Bureau, which might have to consider the matter again. If you ask me, this rule is quite impossible, since in the case of an oral question with debate we have to wait for the Commission's reply but have to table the relevant motions before we have had it.

President. — An announcement on this matter will be made during this morning's sitting.

I call Mr de la Malène.

Mr de la Malène. — (*FR*) Madam President, with regard to the organization of today's agenda, I should

¹ *Speaking time: see minutes.*

de la Malène

like a point clarified on the matter of speaking time. You see, we have a supplementary debate which allows five minutes to the group spokesmen. I am referring to the short debate on the Commission statement on relations between the Community institutions. I have found out that the five minutes allocated to the groups in this debate have been deducted from the group's speaking time. This makes things very difficult for the groups. I think this is a decision which should be ratified by the House. It should have a say in this decision to take out of their speaking time the five minutes they are getting to reply to Mr Thorn. It is wrong in my view.

President. — Mr de la Malène, the reason is that days cannot be extended. And besides, it is difficult to alter speaking time once it has been decided. You will find the details of the decision in Monday's minutes.

Mr de la Malène. — (FR) Madam President, I believe that the decision on speaking time was taken before Mr Thorn's statement was included on the agenda. We decided to introduce this additional item but we did not alter speaking time when we did so. There is some doubt as to whether a new amount of speaking time should be incorporated or considered on its own. I do not think the matter has been settled.

President. — We shall try to give as much time as possible to the groups and to satisfy all sides.

I call Mr Galland.

Mr Galland. — (FR) I am sorry, Madam President, but what you said is no answer. Either we follow Mr de la Malène's line of thinking or we have a vote, because we really must know now whether these five minutes are part of the groups' speaking time or not, since otherwise we are not going to have the faintest idea of how the time is split among the groups. I think it has to be made clear to us.

President. — This speaking time was taken out of the day's total time. It cannot be postponed until another day. However, it will be possible to be flexible, in line with the scale of each group's participation in the debate. There is nothing wrong in that.

2. Calendar of part-sessions for 1982

President. — The next item is the adoption of the calendar of part-sessions for 1982.

I have two amendments, by Mr Estgen and others and by Mr Price.¹

(. . .)

I call Mr Price.

Mr Price. — Madam President, I should ask for that vote to be checked by means of the electronic system. It appeared to me that it was in fact carried. Could you also, Madam President, repeat the amendment, because I think there was some confusion as to the dates? It relates in fact to a change from the last week of October to the first week of November, so that we do not have the system that has gone on in recent years of changes at the last minute causing great inconvenience to Members.

(Applause)

President. — Mr Price, there is no ambiguity in the summary at the top of your amendment.

Secondly, I must point out that this date is already taken by the Council of Europe and that we should therefore encounter problems.

Since the result of the vote has been queried, I shall put the matter to the vote again using the electronic voting system.

(Parliament adopted the calendar of part-sessions for 1982)

3. Committee of inquiry on the position of women

President. — The next item is the election of the members of the committee of inquiry on the position of women in Europe.

Before we deal with the actual appointment of the committee, we have to consider two amendments concerning the number of committee members.

I call Mr Forth.

Mr Forth. — Madam President, I should like to explain to the House the reasons why I have submitted two amendments to this motion. The first is that, as the House will recall, in February of this year a resolution was passed as a result of the work of the *ad hoc* committee on women, in which it was agreed that there would be no further committees on women for a

¹ The report of proceedings includes only those parts of the vote which gave rise to speeches. For a detailed account of the voting, refer to the minutes.

Forth

period of two years. This is why I am somewhat surprised that the procedure under Rule 95 is being used to reintroduce a committee on women, particularly so since I have heard, although it has not yet been confirmed, that there is a proposal to set up a permanent committee on women as from next January. If that is so, then it is even more absurd to be setting up special committees of enquiry on the same subject at this stage in the year.

What is more important, I have had to use this device of putting down amendments on membership to enable the House to vote on the matter, because it is rather worrying that under Rule 95 there is no limit to the number of special committees that could be set up simply by signatories from any one of the two largest groups in the House, and it is in order to give the House a vote that we have put down these amendments. Also, if Mr d'Angelosante is here, and I hope he is, because I address this comment particularly to him and to his colleagues, he will notice that my amendment to provide 8 people on the committee would give better representation to the smaller groups than the proposal of the Bureau, and that, I think, is a very important factor for the smaller groups to bear in mind. I am talking of my other amendment, Mr Bangemann, which suggests 8:1 am speaking on both so that I will only have to speak once.

I have put down two alternatives, one for three members and the other one for eight, because I believe that either would do better work. A committee of eighteen will not do good work at all, but a committee of either eight on the one hand or three — I give the House an alternative generous as ever — would be much more effective.

It is for all these reasons, Madam President — to give the House a say to bring this before people's attention, to allow them to think about the membership and to make a decision on it — that I submit these amendments to the House today.

President. — In accordance with the announcement made during Monday's sitting since no other nomination has been received before the deadline of 12 noon on Tuesday, 13 October, the appointment of the 17 candidates referred to in the minutes of Monday's sitting is deemed to have been ratified.

I call Mr Patterson.

Mr Patterson. — Madam President, there is another amendment which was tabled in time in my name. You have not put this to the vote. I should like to know why. The amendment was to make no appointments at all, on the grounds that this was a misuse of Rule 95. You may have ruled this out of order, but you have not told the House why.

President. — Mr Patterson, your amendment was not accepted because it proposed to reduce the committee to no members at all. Parliamentary tradition requires observance of what may be proposed with regard to committees of inquiry. Furthermore, there was an agreement among the groups. That is why your amendment, which was simply a negative one, was not considered.

4. European steel industry

President. — The next item is the joint debate on two oral questions to the Commission:

— oral question with debate (Doc. 1-525/81) by Mr Franz and others on behalf of the Group of the European People's Party (CD Group):

Subject: Restoration of market competition in the European steel industry in the hot wide strip sector to help safeguard and create jobs in Europe.

In the past seven years more than 200 000 jobs have been lost in the European steel industry. Obsolete and unprofitable installations are being maintained in operation artificially by means of substantial subsidies. Many more jobs are likely to be lost unless rational reorganization takes place.

1. What structural measures can the Commission propose to adapt the production capacity of the steel industry in the European Community to current demand?
2. What possibility does the Commission see of increasing the rate of utilization of up-to-date, competitive installations so that they can produce cheaply and remain internationally competitive?
3. What suggestions can the Commission make on how to pave the way for the closure of obsolete and unprofitable installations on socially acceptable conditions and at the same time create new jobs with a secure future to prevent any further increase in unemployment in the European Community?

— oral question with debate (Doc. 1-526/81) by Mrs Scrivener on behalf of the Liberal and Democratic Group:

Subject: National aids to the textile and steel industries

Does the Commission consider that national aids to the textile and steel industries can offer medium and long-term guarantees of profitability, competitiveness and security of employment?

Does it consider that these aids are compatible with Community law and, if not, why has it failed to take the necessary measures?

I call Mr Franz.

Mr Franz. — (DE) Madam President, ladies and gentlemen, the five largest Japanese steelmaking

Franz

companies will this year be investing 639 000 million yen — that is, DM 6 350 million — in modernizing Japan's steel industry, amounting to an increase of 42.5% over the previous year. The level of investment is expected to rise still further next year to 700 or 800 000 million yen.

Nothing could bring the problem facing the European steel industry better into perspective. Over the last seven years, more than 200 000 jobs have been lost in the industry. Subsidies on a substantial scale have been paid out to artificially prolong the life of obsolete and unprofitable installations, and unless the European steel industry undergoes a sensible restructuring programme, a lot more jobs will go by the board too.

As a result of all the subsidies paid out over the past few years, we have failed to eliminate surplus capacity, while at the same time modern plant is consistently being utilized at less than full capacity. A modern steelworks whose capacity is not being utilized to the full cannot possibly earn enough to invest and modernize on the scale of the Japanese steel industry. But ongoing modernization to keep pace with technical progress is absolutely essential in an industry in which technical progress is a byword worldwide if we wish to carry on making steel in Europe over the long term.

Time has not yet run out on us. The European steel industry is still by and large competitive on the world market, but when we see what the Japanese and American steel companies are investing — from their earnings — in the interests of technical progress, we cannot expect to remain competitive for many more years. And there is no need for me to tell you what that would mean for an industry of this kind. Restructuring must take place in good time if we are to save the European steel industry from obsolescence.

In the long term, even massive subsidies cannot prevent the loss of a very large number of jobs if the industry fails to remain competitive. Once the horse has bolted, there is not much point in locking the stable door, because by then there is little prospect of getting the horse back again. Of course, we are bound to acknowledge the fact that — not least as a result of Count Davignon's efforts — we have managed to increase prices from last year's ruinously low level. However, there can be no doubt that even the present level of prices is too low to finance the kind of modernization programme which is needed to preserve jobs in the European steel industry over the long term.

It is against this background that the EPP Group would like to ask the Commission the following three questions:

1. What structural measures can the Commission propose to adapt the production capacity of the steel industry in the European Community to current demand?

2. What possibility does the Commission see of increasing the rate of utilization of up-to-date, competitive installations so that they can produce cheaply and remain internationally competitive?
3. What suggestions can the Commission make on how to pave the way on the closure of obsolete and unprofitable installations on socially acceptable conditions and at the same time create new jobs with a secure future to prevent any further increase in unemployment in the European Community?

There is no panacea for the kind of problems facing the European steel industry, and which are the cause of so much anxiety to the Commission and to us here in this House. All we can do is try together to take a few steps in the right direction. In the motion for a resolution you have before you — Doc. 1-533/81 — we have taken up the ideas put forward by Count Davignon on an early occasion.

Before the summer recess, this House adopted by a large majority Mr Ingo Friedrich's constructive report on restructuring policy in the steel industry. Mr Friedrich's resolution called for a system for the allocation of aid for shutting down obsolete and unprofitable plant. It matters little whether or not you call that a closure premium. There can be no doubt that the European steel industry will not be restored to health while capacity is — in the medium term — still considerably higher than the demand. Even subsidies and quotas will have no long-term effect, even if they succeed in alleviating the situation somewhat in the medium term. The problems facing the European steel industry will not be solved in the long run by short-term crisis measures which temporarily remove a certain amount of capacity from the market.

On the other hand, it is unrealistic to demand or even expect a reduction in capacity in high-unemployment areas unless there is a guarantee of new jobs to replace those lost.

Of course, our motion for a resolution aimed at restoring market competition in the hot wide strip sector of the European steel industry to help safeguard and create jobs in Europe will not solve all the problems facing the industry. We deliberately confined our terms of reference to a specific sector to enable us to come up with a definite proposal for an important part of the steel industry and thus to set the ball rolling as regards a quick return to competitiveness in this sector.

There are two points I should like to make clear as regards this motion for a resolution. Firstly, our proposal is a market economy measure. In other words, no one is being forced — and no one should be forced — to shut down productive capacity. At the same time, no company is being forced to help to finance this plan. What we are aiming at is voluntary closures by those companies which believe that, in the long run, it makes more sense to use the substantial

Franz

subsidies to build up new, future-orientated industries than to waste ever-increasing subsidies on safeguarding jobs which are simply not viable in the long term.

The plan sets aside DM 3 400 million — that is, EUA 1 360 million — for this purpose, and it is up to each company to decide whether or not it wishes to take up the offer. Finance will only be required from those companies which are interested in being allocated a higher quota to enable them to achieve a higher level of utilization of their hot wide strip mills. After all, there is no disputing the fact that better utilization of modern plant means substantially lower production costs. No company will be required to assume joint and several liability, and no adjustable-contribution procedure will be enforced.

For many people, the expression 'closure premium' is like a red rag to a bull. Many people are reminded of slaughter premiums or pit closures. Let me stress — and this is the second point I wanted to make — that the central element of our motion for a resolution is that 50% of total resources be set aside for the creation of 20 000 new jobs. The aid will only be forthcoming when these new jobs actually come into being in the regions affected, either in the companies themselves or in other companies in the same regions. In other words, the requisite jobs may be created either by the steel companies themselves or by other (especially medium-sized) firms in the regions concerned. If we proceed on the assumption of DM 170 000 aid per job and that two-thirds of this money will be provided by loans, we shall have a good DM 500 000 or EUA 200 000 per job to play with — an attractive incentive, not only for master craftsmen and those who wish to set up in business on their own account.

A further 25% is set aside for the necessary social plans. In many cases, it is impossible — and inappropriate — to retrain a 60-year-old steel worker for work in a new microprocessor plant. The social plans will be used to allow many workers to retire early. The available money will then be used to create new jobs, especially for young unemployed people in the regions concerned. After all, the problem of unemployment among young people is the central issue for all of us. Only a quarter of the planned resources will be available to cover depreciation for firms which wish to shut down plant. Money for depreciation — and here again, of course, the amounts we are talking about are only estimates — is essential to enable plant which has, in almost all cases, not yet been written down to nil to be scrapped. Otherwise, many firms — even with the oldest plant — would find it impossible to make a constructive contribution towards restructuring without going into liquidation and thus jeopardizing jobs in other parts of the firm.

Finally, allow me once again to underline that aspect of our motion for a resolution which sets it so clearly apart from so many previous proposals. What we are

calling for is not just the elimination of subsidies and the closure of obsolete plant; we take the view that, while retaining full freedom of action and bearing in mind their responsibility *vis-à-vis* their employees, firms should be offered attractive incentives to take sensible decisions, and that no existing jobs should be destroyed without the creation of new jobs in future-orientated sectors such as the services and craft trades.

What we are putting forward here is a European proposal which does not stop at national frontiers and does not favour any particular country. It is designed to help Europe as a whole. Let me make it quite clear that we are not proposing that the Commission should be empowered to dictate who is to shut down capacity or pay for higher quotas. We want the Commission to act as an important link. In fact, the Commission could act in this respect very much like a reputable marriage institute.

We have endeavoured, in an important sector of the steel industry, to develop and give concrete form to proposals which were put forward earlier by this House and by Count Davignon on behalf of the Commission. We believe that our proposal will, given close collaboration between the Council, the Commission, the trade unions and the steel companies be a step in the right direction.

On behalf of the EPP Group, I should like, in the interests of the working people of Europe, to ask you to give a broad measure of support to this motion for a resolution.

President. — Mr Glinne's comment just now has been noted and we shall include in the joint debate on the steel industry the oral question (Doc. 521/81/rev.) by Mr Glinne and others on national aids for the steel industry and industrial restructuring policies in Member States.

Oral question (0-1/81) with debate, pursuant to Rule 42 of the Rules of Procedure, by Mr Glinne and others to the Commission:

Subject: National aids for the steel industry and industrial restructuring policies in Member States

Last June the Council adopted a series of measures designed to improve the situation of the European steel industry. These measures include what are known as the rules for aids, which are to serve as a basis for the evaluation of national restructuring plans.

1. Can the Commission say what stage has been reached in the consideration of the various national restructuring plans and their financing?
2. What exactly are the criteria used by the Commission in evaluating restructuring plans and their financing? What are the general aims followed in practice in the Community as a whole and in the various Member States, and taken as a basis for the

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evaluation of restructuring plans? What are the criteria used by the Commission in examining national aid granted to the steel industry?

3. Does the Commission not consider it necessary to draw up genuine regional aid programmes for areas where steel is still the major industry in order to preserve this branch of activity, to provide vocational training for those who lose their jobs and to create new jobs?
4. Is the Commission prepared to implement the supplementary programme drawn up in 1979 which received the approval of the European Parliament and trade union organizations. What is holding up the full implementation of this initial plan?
5. Is the Commission satisfied with the present organization — including recent developments — of the sector for the marketing of steel products?
6. In view of the difficulties to which national restructuring plans give rise, would it not be preferable to draw up a genuine Community restructuring plan for the whole of the Community and the various steel producing areas, including a plan for the financing of restructuring and redevelopment and a serious social programme?

I call Mrs Scrivener.

Mrs Scrivener. — (FR) Madam President, ladies and gentlemen, the present economic crisis is sparing neither the European Community as a whole nor any of its Member States. Nine million unemployed, which is 8% of the working population, an annual growth rate for the gross domestic product of only just 1%, an inflation rate of approximately 15% have all led to a general state of concern and aroused in some Member States the temptation to apply protectionist measures which they think may be a way out of the danger now looming before them.

One clear and solid example of this national introversion is the increase in aid granted by almost all European countries to struggling sectors or firms. We must, however, ask ourselves what such methods can lead to, firstly for the future of the European Community and secondly for the vital industrial restructuring which it is now our duty to perform if we wish to be able to look to the future with any hope of success. Before answering this question, we ought also to reiterate how strongly attached we are to the notion of free movement of goods and services between countries which, having committed themselves to following the same rules on trade, are now trying to adopt common short-term policies.

First of all, we ought to ask ourselves whether the interest rates on loans granted by one Member State or another are not likely, because of the effects of interest rebates, to cause a dangerous deflection of the rules of competition as laid down in the Treaties. A question of this nature ought to be put to the Commission as regards direct government aid, or indirect

financial support caused by increasing nationalization, as this is at present being carried out in France with the nationalization of banks and a number of industrial corporations.

It is absolutely vital to ascertain whether the new trend in French economic policy will not lead to a distortion of the rules of competition, since there is a real risk of seeing monopolies formed which go against Article 86 of the Treaty of Rome relating to the abuse of a dominant position.

Secondly, it is important that we should consider the likely consequences of granting national aid to public or private companies whose operating losses show how uncompetitive they are both on the domestic and foreign markets. This type of practice does not in fact relate either to the desire to improve competitiveness nor the need to restructure. Such aid is, on the contrary, likely to lend further weight to the structural crisis which European industry is now encountering. All the recent history of the steel industry and to a lesser extent the textile industry goes to show what adverse and at times distorting effects certain types of aid can have.

Although it would seem essential that funds allocated to Member States by the European Community should truly be used for restructuring operations, for compensatory social measures required by reduced production or for the developments of new technologies, it is none the less true that it will still be up to companies to assume their responsibility in the field of management and investment selection. It is only if government and industry keep to their roles that the transformation and readaptation of our industries to the stiff requirements of the changing society in which we live may be guaranteed.

(Applause)

President. — I call Mr Moreau.

Mr Moreau. — (FR) Madam President, ladies and gentlemen, I should like at the outset to stress that today's debate is important both for the future of the Common Market as such and for the construction of a true economic community. I should like, however, to express my regret that there are too many subjects to be covered in the short time available. Therefore, whilst hoping that Parliament will in future take the necessary steps to look more closely at the complicated matter of aids, the Socialist Group has preferred to focus its attention on the situation in the European steel industry and on what is commonly known as the code for aids.

Our aim today is to facilitate a clearer explanation and closer assessment of the policy decided by the Council of Ministers and applied by the Commission. Our aim is also to pass on our concern and our suggestions.

Moreau

Looking around Europe today one sees whole regions uncertain about their future. We cannot leave them floundering in uncertainty and in some cases in despair.

Where steel is concerned, the Commission does have the necessary means to act. It has, up to now, shown a certain degree of determination, as we are forced to admit. But ought we not to go further still and show even more imagination and daring in order to solve the problems before us and more importantly those which are yet to come?

The crisis in the steel sector which started in 1975, is worsening. Let me briefly give some figures. There has been an overall fall in demand for Community products both on the Community and world markets. If 1975 is taken as the reference year with an index of 100, demand is now 80 which means that the fall has been 20%. There has been a concomitant drop in production of 9% between 1979-1980. There has been a large reduction in the production capacity utilization rate as well, which has fallen from 75% in 1979 to almost 57% at present. We should also bear in mind that prices fell sharply during the second quarter of 1980. Between the beginning and end of 1980 the drop was more than 15%, which led among other things to the declaration of a state of manifest crisis and the application of Article 58. There was also, as has already been pointed out, a very large decline in the workforce which gives me a chance to mention that in 1974 792 000 people worked in the steel industry that in 1979 there were only 680 000 and in July 1981 this figure had fallen to 560 000.

Even though exports still exceed imports, it should be stressed that the import rate is now positive where as the export rate is negative. For the five year period between 1974-1979, Community exports fell by 1.8% and imports increased by 35.8%!

These figures do not however reflect the true state of the European steel industry. The situation is in fact extremely varied according to the Member State and product concerned. Some companies have adapted more rapidly than others to market trends and have managed to adapt their production system accordingly. Forecasts based on information available at the moment do not permit us to hope that the European steel industry will regain its former strength. We are all convinced of the need to make the European steel industry more competitive, within the framework of the Treaties of Paris and Rome. However, this cannot be achieved haphazardly and by sacrificing the interests of whole regions.

Efforts have been made to organize the decline of the steel industry and adapt it to the present state of the market. Nevertheless, we feel that more must be done to define a more general policy which would combine the determination to maintain a high level of activity in

the European steel industry and to carry out harmonious development in the various regions concerned.

There is an absolutely vital need to coordinate a whole range of measures all of which aim at achieving a single goal, which is the economic and social development of the whole Community.

In more precise terms, we feel that the Commission ought to draw up and publish as soon as possible new general objectives for the steel industry for the coming years.

What are the objectives on which the assessment of restructuring plans and the granting of various aids are at present based? A major effort has been made, because of the urgent nature of the problems faced, during the last year to shield the European steel industry. However, the three aspects of the rescue plan are not of equal quality and are not treated in the same manner by the Commission. There is no point in stressing the fact that the social aspects do not include many of the measures recommended in Mr Peters' report. We, for our part, regret that the Commission is not displaying more determination and perseverance in this respect.

If we keep strictly to the question of aids, then we can see that the code of aids adopted a few months ago goes some way towards solving the problem of restructuring and modernizing the steel industry. It shows a determination to impose some sort of order in this field and to make clear the objectives which aid must meet.

However, we feel that we cannot make do with this. We wish to see the concept of the steel making region given due consideration and a coherent development policy drawn up with respect to the geographical, industrial and economic facts of life in such areas. Job creating industries can be salvaged only by applying coordinated policies. We feel that, given the scale of the difficulties before us, the Commission must draw up real regional aid programmes.

In conclusion, Madam President, ladies and gentlemen, I should like, on behalf of my Group, to ask the Commission to give a clear answer to the various questions we put to it in our document. This is not merely empty rhetoric, although we sometimes indulge in that. We think that we ought to be daring in our response to the distress of our fellow citizens.

As a result, the only solution is to pursue coordinated programmes aimed at rescuing the major part of what exists and ensuring development of the regions involved. I feel sure that the Commission will see to it that the various questions we have put are answered and thereby enable Parliament to hold a constructive debate on an issue which is so very decisive for the future of the Community.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Madam President, I should like to take this opportunity on behalf of the Commission, and in particular on behalf of my colleagues who are directly concerned with the problems we are discussing here today, to give a first reaction to the questions raised by the honourable Members on the effect of support measures on industrial policy and the unity of the Common Market. It is encouraging in itself that, here in this House too, the various political groups should at this moment be addressing themselves to the problem of aid to industry. It might perhaps be advisable for me, before going into the more specific questions which have been raised, to give a more general explanation of the Commission's policy on aid measures. At a time when the Member States are coming under increasing pressure — under the effect of course of economic and social circumstances — to seek refuge in aid to industry, it is extremely useful that we should be discussing this matter here in the European Parliament, and that the Commission should have an opportunity to make its attitude clear.

It goes without saying that the Commission's aid policy is aimed at the kind of coordination the honourable Members have referred to in the course of this debate. Competition and aid policy are very closely related to industrial policy and our policy on the internal market. In this respect, Madam President, I should perhaps say that, in this part of the debate, I shall not be speaking about the internal market; my colleague Mr Narjes will be coming back to that point at a later stage. I shall also, at this stage of the debate, refrain from coming back on a remark made by Mrs Scrivener on the question of nationalization because the whole question of nationalization in France will be dealt with in the second part of this debate, at which stage I shall be replying to the point she made.

Madam President, Articles 92 and 93 of the EEC Treaty constitute an important policy instrument in the hands of the Community and the Commission. The aim of these articles is to prevent distortions of competition, which means they are an important policy instrument as regards the establishment and maintenance of the unity of a common internal market. However, the same articles have a no less important role to play in other policy sectors — for instance, regional policy and the need to ensure that the Community industrial structure keeps pace with changing circumstances on the world market. I should like to stress right at the outset that I believe the powers bestowed on the Commission by virtue of Article 92 of the Treaty to be an important instrument which must be put to good use in the best interests of the Community. Aid measures are in principal incompatible with the concept of a common market, as the Commission has always stressed in its decisions and as the European Court of Justice has also underlined in

its judgments — and I am thinking here particularly of the recent judgment in the Philip Morris case. What this amounts to is that the powers bestowed on the Commission for the granting of aid should be used only in cases where the support measures proposed by the Member States accord with the aims of the Community and serve the interests set out in detail in Article 92 (3) of the EEC Treaty. The national interests of a Member State or the benefits accruing to the recipient from aid serving national interests do not in themselves entitle the Commission to use its discretionary powers to approve the granting of aid. That does not mean to say, Madam President, that, in performing its duties in this field, the Commission is not fully aware of the urgent problems facing the Member States.

What we are particularly concerned with today are the steel and textile industries. We firmly believe that our industrial structure must undergo change and that this is the only real chance we have of bringing about a lasting fall in the number of people unemployed. Let me add too that, in its recent memorandum on its policy on Europe, the French Government emphatically shared this view. Unless our industries are able to adapt to changing circumstances, they will assuredly go under, no matter how much national aid is pumped into them. The granting of aid, especially for firms in trouble, is therefore, to a certain extent, a choice between the preservation of jobs now and the safeguarding of jobs for the future. Of course, the Commission is not simply turning a blind eye to the serious social repercussions of industrial restructuring in the short term. But the fact remains that our rights must be set firmly on restoring the competitiveness of European industry on world markets and thus safeguarding jobs in the future.

As an aid to help it achieve these goals and discharge its duties as regards national support measures for industry, the Commission has drawn up a number of practical guidelines. The first of these is that the granting of government aid by a Member State must not have the effect of skimming off industrial potential and thus — if I may put it like this — exporting unemployment to the other Member States of the Community. Secondly, any aid granted must help to restore the viability of the firm concerned in such a way that the firm will be able to stand on its own feet without any further aid within a reasonable time. Thirdly, any support measures must be readily verifiable and such that a check can be made on whether the aid meets the first two criteria I mentioned just now.

The Commission has stipulated quite clearly which guidelines it will be applying to support measures for specific Community aims — for instance, the coordination of regional aid, aid for the environment and aid to sectors with special problems, such as shipbuilding, textiles and — the sector we are talking about here today — the iron and steel industry. We have set out

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to apply strict limits and to make it clear to the Member States what the scope of their aid plans should be; in other words, we have tried to stipulate certain conditions for the granting of aid, we have specified what criteria should be applied and we have said that any aid measures should be as transparent as possible.

Madam President, I cannot make the point strongly enough — indeed, I should like to make the point once again here in this House — that the existence of guidelines by no means relieves the Member States of their obligation to give the Commission details of their intention to grant aid or modify the form of any existing aid before any such measures are actually implemented. It goes without saying that the Commission can only pursue a policy properly if it is given full information as to what aid measures are proposed. It is only on this basis that the Commission can pursue a balanced policy in the interests of all the Member States, and genuinely apply the relevant criteria to all the various forms of aid and support. The Commission will act not only on aid measures of which it has been officially notified, but also on all other reports according to which a Member State is proposing to grant aid or has even actually started paying out aid. Any such intentions on the part of Member States will be investigated by the Commission from case to case to see whether the measures proposed are compatible with the concept of the Common Market.

Having made these introductory remarks, Madam President, I should like to say a few words about what the Commission sees as the true purpose of state subsidies. At one end of the scale, we have those sectors which are deep in crisis, to wit iron and steel, shipbuilding and textiles. Apart from the arrangements we should like to discuss with countries outside the Community, these sectors are faced with the vexed problem of restructuring, a problem which has two main aspects. Firstly, as Mr Franz mentioned just now, there is a need for a drastic reduction to be made in the existing overcapacity. Secondly, there is a need for investment in new plant to enable these industries, with their shrinking capacity, to become competitive once again. This will of necessity involve the loss of jobs on a major scale. It is in the light of this social problem and the fact that firms in these crisis-hit sectors in certain Member States are not in a position to raise the necessary finance themselves to meet their obligations in the social sphere and to find the necessary investment capital that the Member States have the opportunity to decide to grant aid to the stricken industries. In other words, if any such aid is granted, the Commission would like to see it made contingent on the necessary restructuring, on condition of course that account is taken of Community interests. The amount of aid required will be considerable and it should, of course, be borne in mind that the money will have to be raised in the form of levies and that, to a great extent, these levies will have to be imposed, directly or indirectly, on the viable parts of industry.

Unless this is fully realized, there is a danger that the competitiveness of those sectors of the economy which are still viable will be weakened as a result of the money being channelled from them to the structurally unsound industries. The importance which the Community attaches to aid of this kind — both from the social point of view and from the point of view of economic strategy — likewise justifies the Commission's use of its discretionary powers. The Commission will not just give rubber-stamp approval to pure and simple aid towards operating costs which amount in the final analysis to the writing-off of losses. Such aid would only be conceivable as part of a thoroughgoing restructuring operation and then only on a very temporary basis.

At the other end of the industrial spectrum, we have the development of new industries, such as microelectronics, telematics, biotechnology and the like. And here we are facing a steadily growing challenge from outside the Community at a time when, in many cases, the industrial base within the Community is not strong enough. Our industrial future will depend to a great extent on the way in which we meet the challenge of the new industries. The innovation and development stage is fraught with great risks and great cost which will be too much for many industrial undertakings. With the proviso that we must take care that too much money is not siphoned off from the existing industries to the future-orientated industries, there is none the less a case to be made for aid to be granted for the development of advanced technology of this kind. However, this must only be the case where the firms themselves are not able to bear the full cost or the risk connected with development work and — and I think this is an important point, Madam President — so long as the Member States are prepared to coordinate their national policies with those of the other Member States and of the Community as a whole.

The Commission will make the granting of aid for the development of new industries increasingly dependent on the condition of coordination at Community level. Generally speaking, the starting point will be that the stimulus for essential investment must accord with macroeconomic policy and that the many industrial sectors in — as it were — the wide band between the two extremes I mentioned just now must, on the whole, be in a position to adapt by dint of their own efforts to the changing needs of the world market. It therefore follows that specific aid for these sectors must be granted only in exceptional cases.

On the other hand, an increasing amount of support is forthcoming from countries which are not bound to these sectors. This aid takes the form, for instance, of measures whereby small and medium-sized undertakings are given financial aid on the grounds that they would otherwise find it difficult to get access to the necessary finance by way of such institutions as the capital market. The Commission feels that research and development should also be fostered, and the

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same goes for measures designed to protect the environment and save energy. In the opinion of the Commission, these are matters of general importance and for this reason, the Commission feels justified in using its discretionary powers to show a certain amount of flexibility in approving support measures for investment of this kind. However, in the light of its experience with measures of this kind, the Commission is endeavouring to establish more objective norms. We believe this to be desirable on the grounds that the application of recognized norms will make a definite contribution towards avoiding the competitive distortions which may result from this kind of aid.

Madam President, any change is always fraught with problems, and the social consequences of these changes have by no means been overcome. The fact remains, though, that change is essential and for this reason the Commission feels that, in evaluating the extent to which support proposals are compatible with the concept of the common market, its thinking should be dictated — and let me make this point once again — by the need for restructuring and reorganization and by the fact that any such aid should be for only a limited period and should be of a defensive nature. Only when these conditions are met does the Commission believe that aid measures are compatible with the Community's interests.

Madam President, perhaps I may be permitted now to go into some of the more specific points made by the honourable Members with respect to the problems facing the steel industry, and in particular the points made by Mr Franz, Mr Moreau and Mrs Scrivener. Proposals for aid to the steel industry are assessed on the basis of the criteria introduced in January 1980, the scope of which was widened considerably as recently as August 1981. The aim of this recent extension in the scope of the criteria was to ensure that the undertakings receiving support were implementing restructuring programme comprising — as the code expressly stipulates — a reduction in productive capacity and modernization of the remaining capacity. The effect of this — to reply to a specific question put by Mr Franz and Mr Moreau — is to improve the rate of utilization of remaining capacity, the net result being an improvement in the competitiveness of European steelmakers. I should like to add here that an improved rate of utilization of productive capacity can also be achieved by introducing the concept of complementarity between different steelmaking firms. What this will amount to in many cases is trans-frontier cooperation on the part of steelmaking firms. The Commission would welcome cooperation of this kind and will do all it can to foster it. The aim of grant-aided restructuring programmes must always be the restoration of competitiveness to enable the recipient undertaking to stand on its own two feet. The amount of aid must be reduced gradually according to a timetable extending only as far as 1985. By the same token, certain forms of aid, such as emergency aid and aid to help meet operating costs, both of which might have the effect of

delaying the necessary restructuring operations, must likewise be done away with by 1985. The Commission is keeping a close watch on the Member States' aid measures and is subjecting them to a thorough scrutiny. In some cases, final or interim decisions have been taken, but in most cases, the process of scrutiny is still in progress. I can give an assurance, Madam President, that the Commission intends to take the necessary decisions in the next few months.

The Commission is currently scrutinizing investment proposals for the steel industry pursuant to Article 54 of the ECSC Treaty which, as you know, relates to the individual investment programmes of steelmaking undertakings. In carrying out its scrutiny of the aid measures as well as of the investment programmes, the Commission is guided by the general objectives laid down by the Council, in particular in its resolution of 26 and 27 March 1981.

The questions raised by Mr Glinne and by Mr Franz and his Group cover a wider field than just aid measures alone. It should be emphasized that national support measures are only one facet of the Commission's policy for the steel industry. Our aim is to pursue a coherent policy whereby each individual aspect — in other words, support measures, restructuring, reductions in productive capacity and social policy — makes a specific contribution and is backed up by the other measures, so as to create a viable European steel industry.

In reply to Mr Glinne's question, I should like to stress that the role of the Commission can never be to submit its own plans to the Member States or to steelmaking companies as an alternative to those countries' or companies' own development projects. The Commission is neither empowered nor prepared to put forward a kind of master plan for the entire Community iron and steel industry. However, the members of the Socialist Group are right in stating that restructuring programmes should be linked to precisely formulated production plans and especially to alternative economic development projects in which proposed rationalization is made more acceptable from the point of view of employment in the regions concerned than is the case at present. In this respect, the Commission is ready and willing to investigate all possible means of giving Community solidarity a more positive shape and to find an answer to the problems facing the steelmaking areas. The Commission has already made proposals to this effect in its communication to the Council of 20 February 1981. The European Parliament is aware of, and supports, the Commission's attitude as regards the social aspects of the problems facing the industry, a question referred to by both Mr Glinne and Mr Franz.

The proposals made by the Commission on 5 May 1979 were based on the situation then obtaining in the steel industry. In the course of discussions in 1980 and 1981, it became clear that our original proposals

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would have to be amended to take account of developments in the meantime, and the Commission set out the reasons for its amended proposals in its communication of October 1980. We proposed in that document that the Council should give its approval to Community aid for payments to steelworkers to cover early retirement and layoffs. These proposals were finally approved by the Council at its meeting of 24 and 25 June 1981. The Commission welcomed the Council's decision and stressed its importance as an essential aspect of the Community's overall strategy on restructuring in the steel industry. The Commission decided as early as 1978 to improve coordination of its financial instruments to foster capital investment, the retraining of workers and the creation of more jobs in the regions affected. In addition to the granting of aid from the Social Fund for vocational retraining and the application of Article 56 of the ECSC Treaty for retraining and resettlement, the Commission made a proposal to the Council for a quota-free part of the Regional Fund to be made available for restructuring in the iron and steel industry. The Commission is currently looking into ways in which it can strengthen its work in the social sphere by developing a job-stimulating policy.

Only recently, Madam President, the Commission decided on new measures concerning trade in iron and steel products which should result in a better distribution of these products and better prices, in line with the producers' expectations.

Concluding my remarks on the steel issue, Madam President, I should like, as a first reaction to the motion for a resolution tabled by Mr Franz, to say that the document's approach to the restructuring question very largely fits in with the picture I have just painted. However, the proposal for a reduction in capacity and the actual financing thereof require closer scrutiny; at any rate, my first impression is that they do not accord at all with what is said about closure aid in the recently issued new steel code and which could perhaps do with closer scrutiny before Parliament takes a vote on a proposal of this kind. The Commission is of course perfectly prepared to carry out, or take part in, any such study.

Madam President, there is one point I should like to make about the textile industry, a subject which Mrs Scrivener had a number of forceful things to say about on behalf of the Liberal and Democratic Group. The Commission is very well aware that what is at stake here is an industry in which a large number of companies are having to cope with considerable difficulties, and in which many parts of the industry are having to contend with the problem of overcapacity. Here again — as in the steel industry — these problems are likely to have serious regional repercussions. Madam President, the textile industry was the first in which the Commission issued guidelines on aid policy, and these guidelines acknowledged the importance of national aid in the restructuring of the industry. I take it that the general outlines for aid to the textile

industry, first issued in 1971 and revised in 1979, are well known. They contain two fundamental principles. Firstly, there should be no direct aid to help companies cover their operating costs; that is something I referred to earlier. The reason for this is that aid of this kind might engender cut-throat competition in the Common Market without solving the essential structural problems facing the industry. Secondly, and very emphatically, the granting of aid must not be allowed to result in an increase in productive capacity. This is, of course, a fundamental point in a situation in which we already have overcapacity. To demonstrate the Commission's determination to bring about the necessary reduction in real overcapacity, we introduced special arrangements in July 1977 regarding aid to the synthetic fibres industry. Even the regional aid automatically granted by the Member States in accordance with the coordination principles governing the policy on regional aid is covered by these special arrangements, the terms of which outlaw any aid granted for increasing capacity and require advanced notice of any other form of aid to the synthetic fibres industry. The Commission will be taking a similar look at the aid systems in the textile industry of which it has already been notified and those which will be coming along in the future. Mrs Scrivener also asked whether the Commission felt that national aid to the textile industry could, in the medium-to-long term, guarantee profitability, competitiveness and jobs. As I said earlier, one of the Commission's basic aims in scrutinizing national aid proposals is that the recipients of aid should eventually be able to stand on their own two feet. Aid in itself is no guarantee of a return to profitability. What is needed for that is restructuring in individual firms and in the industry as a whole, but in the final analysis, the profitability of firms will depend on good management and the market situation. Madam President, that is all I wish to say at this stage of the debate.

President. — I call the Socialist Group.

Mr Glinne. — (*FR*) Madam President, ladies and gentlemen, I would not like to start a battle of the Belgians here today. There are already so many going on anyway. In addition, Mr Davignon is not physically present. But I should like to take this occasion to try to shed some light on the negotiations between the European Commission and the Belgian Government, which as you are all aware has resigned mainly because of the unsolved steel industry issue.

The legal dispute with the Commission has firstly arisen at a procedural level. It should be known that the decision of the Belgian Government on the restructuring of Cockerill-Sambre, adopted between 15 and 29 May, was communicated to the Commission in a letter from the Ministry of Economic Affairs dated 4 June.

Glinne

The complementary information requested by the Commission at the end of July was communicated to the European Institutions by the Minister for Economic Affairs in a letter dated 14 August. The Cockerill-Sambre affair was studied by the experts of the Member States meeting in a multilateral committee on 1 and 2 October. Their opinion has almost certainly been sent on to Mr Davignon since that date.

As a result, there is no longer anything to prevent the Commission from taking a decision on this issue, a decision which Mr Davignon promised would be taken by the end of October at the latest. The question now before us is whether, prior to the Commission adopting a decision, there will be a bilateral meeting at the highest level. I have been sorry to note that up to now no news has been forthcoming from the Commission other than that the Cockerill-Sambre company has been asked to attend a meeting, which it would seem will take place tomorrow, Thursday.

I continue to believe that the Belgian Government, which as it has tendered its resignation is only empowered to handle day-to-day matters, would very definitely assume its responsibilities in a bilateral top-level meeting, the urgency of which no longer needs to be pointed out.

As for the basis of the conflict, whether we refer to the restructuring plan adopted in November 1978 or its updating via the merger of Cockerill-Sambre decided in May 1981, the Belgian Government has always worked — as is perfectly obvious — in close collaboration with the Commission.

In this respect, I should like to stress that the famous agreement known as the 'accords d'Hanzinelle' was ratified at Val-Duchesse under the patronage of Mr Davignon. I should like to stress that the Commission departments which have a right to deliver an opinion are present at all the meetings of the Comité National de Planification et de Contrôle de la Sidérurgie which holds sway over all investment planning in this sector. In addition, when the well-known study by the Nippon Steel company was completed, which led to a definition of the industrial aspects of the Cockerill-Sambre merger, it should be stressed that once again this was carried out in collaboration with Mr Davignon, and that, in particular an expert appointed by Mr Davignon, Professor Coheur, was attached to the Japanese delegation.

Moreover, everything in this affair has been carried out in view of Community objectives and more particularly of the decision of the Council of Ministers.

As far as Cockerill-Sambre is concerned, it should be noted that the reduction in installed capacity of more than 25% is even higher than the figure for European surplus capacity which the Commission arrived at. There has also been an alignment of the financial restructuring on the basis of the code for aids. I am

referring to the improvement in own resources, to the maximum amount for intervention set at the outset, to the continued operation aids which will be degressive and stop completely in 1984, to the investment programme or productivity and quality improvement, to the intensification of downstream action and readaptation etc.

As things now stand, I am very concerned lest the Commission, since it is clearly unable to reject this plan either on the grounds of production capacity or of the financial intervention programme, be tempted to raise the obstacle of proof of the long-term viability of the new company. This is an extremely sensitive question since it requires 5-year forecasts which mainly depend on whether the Davignon plan itself succeeds or not. A great deal will also depend on the strict application of the financial restructuring plan and I should like to conclude, Mr President, by stating the obvious, which is that the partisans of a low-profile approach in the defunct Belgian Government were in fact supported by the Commission since it has up to now refused to apply the plan and has only sanctioned stop-gap short-term loans, which clearly increase the company's losses and jeopardize its financial recovery. This is an endless spiral. Therefore, my question on the basic issue is: when will the Commission take a decision on the level of installed capacity which Commission thinking has arrived at for Cockerill-Sambre? The Socialist Members concerned have set their figure — and they are extremely firm on this point — at 8.5 million tonnes.

IN THE CHAIR: MR JAQUET*Vice-President*

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Herman. — (FR) Mr President, ladies and gentlemen, the Commission proposed and the Council decided that from 1985 onwards all the Member States would terminate their aid of whatever sort to the steel industry. This decision is, in my opinion, a very wise one since national aids are a factor in distorting competition and are not compatible with the operation of a common market as it is laid down in the Treaties. We are also all aware that the continuation of such aids has led certain countries to brandish threats which would cause a total breakdown of the common market itself.

However, a sense of political realism leads us to believe that such aids will only cease in 1985 if the

Herman

steel making companies have regained their financial stability and profitability.

However, continuing large amounts of surplus production capacity are a very serious obstacle to any return to stability. Moreover, the lack of plans for reinserting the workforce into the economy raises serious problems when considering the closure of obsolete plants.

In order to tackle these two problems our Group has tabled a motion for a resolution containing some very clear suggestions for the Commission both in order to reduce surplus capacity and facilitate readaptation. This idea is that aid in the amount of 160 EUA should be granted per tonne reduction in capacity to any company carrying out such reduction and which commits itself to investing three-quarters of this aid to retraining and social requalification programmes.

I am of course, Mr Davignon, in favour of seeing these studies taken further and more closely defined. I am ready to admit as you are that our proposal is not the be all and end all or the only one which should be applied. But it is my opinion that when setting up an aid procedure for closures of surplus capacity, there is no point in making life difficult for oneself. I feel it unlikely, even with all the staff you have at your disposal, that you will reach conclusions which are very different from those which we have arrived at.

I should like to stress that, for the signatories of this resolution, it is out of the question to force companies to carry out closures if they do not wish to. It is simply a matter of helping those who accept the notion of rationalization. It should also be pointed out that this is a European measure taken at European level and that it applies to the whole territory of the Community, and only biased, superficial or I regret to say vote-catching and electioneering interpretations of our proposal could have led to viewing our resolution as a so-called plot aimed at one company or at one specific region in order to benefit another.

This is why, Mr President, I am determined to dispel any ambiguity. Our motion is intended to be an aid not just for an existing problem but also as a suggested way, in our opinion one of the only ways, of managing to solve the serious problem of surplus capacity and that of retraining. This is why I am surprised that any other construction could have been placed on our motion for a resolution.

I should like to conclude by the following remark: I should not wish, as Mr Glinne has said, to start a Belgian squabble in this House. I should however simply like to say that the Belgian government in its handling of the steel issue has demonstrated an astonishing laxity, has been desperately slow and adopted stances which were both unrealistic and seemingly unconcerned at reaching permanent solutions to the problem, at the same time it was beset by conflicting

interests and never really managed to adopt a firm approach. This is partly why the Belgian Government is now in the difficult situation we are all aware of and which even led to its downfall. But I should also like to say, Mr Glinne, that even the banking aspects of this issue were badly handled, by people who did not really know the problem in hand and who were not even aware of what a bank guarantee is and who committed themselves without being fully covered. To sum up, the way in which this problem was handled in Belgium casts shame on our leaders and particularly on some of the ministerial team who dealt with it. I am not proud to say this today and I should not like this to become a European problem. I should like to return to the basic debate which is to say to the Commission: what are you going to do in order to solve the very real problems which face you today and what are you going to do about the suggestions we have made?

Mr President. — I call the Group of European Progressive Democrats.

Mr Ansquer. — (FR) Mr President, ladies and gentlemen, we are now embarking upon a debate which is indubitably a crucial one for the future of the European Economic Community, as a whole, and this is why we ought not to lose sight of the objectives which the Community has set itself in the field of steel policy, objectives which in particular aim at not sacrificing thousands of jobs in a number of countries and at simultaneously maintaining Europe's independence in respect of its supplies of iron and steel products.

I should like, Mr President, very briefly to touch upon a particular problem which is that of the production of hot-rolled wide strip. This sector is one which more than for other steel products is labouring under surplus production capacity. For example, the Community production rate from wide strip mills was only 62.6% in 1980. My Group at the appropriate time expressed its strong disapproval of the scale of ECSC loans granted to the creating of further capacity for such products. I should like in particular to refer here to the extensions to the Bagnoli steel works near Naples.

For this reason, ladies and gentlemen, my first remark is based on logic and common sense. Is it really logical to continue to aim at building up further production capacity and then to demand the closures of old plant? If we continue like this, a whole chunk of the Community's steelworks are likely to become obsolete. My second comment concerns the possible criteria which could be applied to wide strip mills. Due account ought in fact to be taken of the way in which the mill is integrated into the production cycle, of the value of the steel works, and of the presence or absence of continuous casting and of many other factors. The Sollac steel works in Lorraine which has a mill which is already quite old, is an ultra-modern

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plant 100% supplied by continuous casting and which receives semi-finished products at one of the best cost price ratios in the Community.

Therefore, ladies and gentlemen it is the plans for building up further capacity which are the most likely to increase the imbalance. I should therefore like to address myself to the Commission and ask it if it is aware of other projects comparable to that carried out in Bagnoli. Naturally enough, ladies and gentlemen, the motion for a resolution before us, even though it has a semblance of logic, is in our opinion fraught with danger. To put it bluntly this motion would seem to vindicate those in Europe who are creating or who would like now to create surplus capacity in a sector which already produces surpluses. It is our view that the Commission ought in future to be very watchful and demand that any new production capacity created should be accompanied by a corresponding reduction in production capacity in the country concerned.

Mr President, ladies and gentlemen, I believe that this issue will decide whether the actions of the Community as a whole, therefore of the whole of Europe, have any credibility. Our credibility is based on a balance between production and demand. It is up to us to maintain against the broader background of Community industrial policy, that balance which is absolutely essential to European steel production.

President. — I call Mr Peters.

Mr Peters. — *(DE)* Mr President, ladies and gentlemen, the crisis in the European steel industry, which is still with us now after many, many years, is jeopardizing the viability of all companies throughout Europe. It has so far resulted in the loss of 200 000 jobs, and another 100 000 are either threatened or already pencilled in for liquidation.

This crisis, ladies and gentlemen, is a home-made one by courtesy of the European steelmaking companies, caused by an increase in capacity at the same time as demand has been falling in Europe. This home-made crisis, for which both private and State-owned undertakings are to blame, has been further exacerbated by ruinous competition in the form of a price-cutting war on the open market, finally resulting in selling prices being forced down to less than cost and causing the steelmaking companies to incur losses on an astronomical scale. As a result of this ruinous competition, this home-made crisis, a number of countries have been persuaded to pay subsidies to preserve jobs in the areas under threat of closure. As a result, other modern and viable firms have been placed in jeopardy, for instance — and especially — in the Federal Republic of Germany.

At this point, the Commission rightly intervened, using Article 48 of the EEC Treaty to prescribe levels of

production, sales and prices, partly by way of a forced cartel and partly by an agreed, voluntary cartel. This has given us a stay of execution, which we must now use to find definitive solutions to the problems.

Mr Franz, on behalf of the EPP Group, has put forward a proposal which we are bound to comment on as a matter of urgency. The central element of his plan is the granting of closure premiums for the scrapping of hot wide strip plant in the steel industry. We cannot possibly give our approval to any such premium; nor can we give our approval to the general tenor of the approach set out in this document. What he is proposing is a premium for the abolition of jobs, which means that mismanagement in steelmaking companies will in effect be rewarded. His plan will particularly affect old plant in State-owned companies, which have already received subsidies for the installation of the plant. Now Mr Franz is proposing to subsidize these firms still further.

No verifiable criteria have been proposed for the closure premiums. Mr Franz referred to competition and voluntary closures, but what he is proposing is in fact akin to a balloon released with a great deal of money attached, leaving those companies which are able and willing to grab the loot and shut down plant, while other companies — either arbitrarily or because they are sufficiently well endowed with capital — accept the premiums despite the fact that this will give rise to further capacity.

There is surely nothing to match this proposal for sheer arbitrariness and inappropriateness. What we need is some sensible means of safeguarding jobs on a regional basis. What we need is a sensible spread of social opportunities — in other words, jobs — in the steelmaking areas of Europe. What we do not need, though — and what we cannot accept — is arbitrary and selfish decisions on the part of steelmaking companies.

This plan is not a suitable way of guaranteeing the European steel industry a secure and optimistic future. What we need is job security in the regions as a result of public, European financing — not in the way proposed by Mr Franz, but, for instance, by the way we have proposed: that is, by structural plans for the steelmaking regions with European finance.

President. — I call Mr Abens.

Mr Abens. — *(FR)* Mr President, since our agenda forces me to be extremely brief, should like to keep to basics, which means that I shall make a few remarks and put a few questions which are also supported by my fellow Members from Luxembourg, Mr Mart, Mr Estgen, Mr Fischbach, Mr Hamilius and Mr Lanz.

My first point is that the crisis in the steel industry is a very serious problem, given the significance of this

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industrial sector for the Luxembourg economy. In 1974 almost a quarter of the working population of Luxembourg was still employed in the iron and steel industry and that industry was the country's biggest taxpayer.

Secondly, this shows that the steel problem is not just a sectoral or regional one. It is a problem which hits the whole country and as a result is vital for all of Luxembourg.

The preceding two remarks are intended to shed light on the questions which will follow.

My first question is how is it that suddenly in 1981 the Commission is having doubts about restructuring plans when in the past the Luxembourg steel industry has regularly proposed investment schemes without eliciting any response from the Commission?

Secondly, when the Commission delivers its opinion on the investments schemes submitted by Luxembourg, will it take due account of the fact that the Luxembourg steel industry received no grants prior to 1979, unlike most of the other Community steel industries?

Thirdly, when assessing what excess capacity should be cut, will it take account of the vital importance of this issue for the whole country?

My fourth question is: Is it true that the Commission is unfavourably biased against some of the projects submitted by the Luxembourg steel industry, particularly those concerning Dudelange and Belvaux?

My last question is, will it be the Commission's aim to reduce Luxembourg steel production to four million tonnes and the workforce to 12 000 employees? It ought to be observed that the Luxembourg steel industry is specialized through some of its steelworks in semi-finished products for which the value added is relatively low.

Those, Mr President, were the basic points which I have been able to make in the short time available and I would ask you to excuse me for having exceeded my allotted speaking time.

President. — I call Mr Seal.

Mr Seal. — I would like to confine my remarks, Mr President, to the textile sector. It is a policy of my own party in the United Kingdom to support State aids to industry and we feel that this is particularly applicable to the textile industry. Now this used to be — and I say used to be before listening to the Commissioner today — contrary to the Commission's policy when only the United Kingdom wanted State aids to the textile industry. It always amuses me that Members of

the European Parliament can stand in this House and call for free competition while at the same time their own Member State governments are freely giving State aids to their own industry. In the latest document which the Commission put forward on the strategy for the textile industry, they have half accepted the idea of State aids and, in fact, they have come down and started calling for harmonization of these aids.

There is no doubt about it, Mr President, that the textile industry of the Community is under attack. It is under attack from the newly industrialized countries and from the developing countries and the United Kingdom textile industry in particular, which is still the largest, I may say, in the EEC it is being decimated by imports from the USA, from the newly industrialized countries, from developing countries and also from other Member States within the EEC. And the United Kingdom wool textile industry, in my own area, which was once the largest in the world, has virtually disappeared.

Now the United Kingdom industry needs help, it needs the same type of help that the Belgian and the French Governments are giving to their industries. And let me just remind you what that is. In Belgium they have allocated 470 million pounds to their textile industry over 5 years. The French Government, when under Giscard, allocated 46 million pounds and since the change of government have allocated 1 200 million pounds to a crisis fund for their textile industry. The Netherlands have just allocated 5.8 million pounds over 2 years to their industry and Spain, which has not yet entered, has got a commitment for the next 5 years of 844 million pounds for their textile industry.

Now the Commissioner, when he spoke, stated that if industry does not change it will not survive irrespective of State aid. I would like to put to him that without State aid, particularly in view of the dreadful economic situation in the United Kingdom, that industry cannot afford to change. The British Textile Confederation and my own pressure group, the Wool Textile Action Committee, now realise that the Commission cannot and will not stop State aids by Member State governments to their industries and because of this realization, we have changed our approach. We now support the Commission, particularly in their latest document on harmonization of State aids. Harmonization, I may say, at the highest level.

I would ask the Commissioner if he would now, in view of this document and in view of the discussions here today, press the United Kingdom Government to take *vis-à-vis* the textile industry in the United Kingdom similar measures to those the French Government have now taken with theirs. I urge him to ask the United Kingdom Government and Mrs Thatcher to set up a crisis fund of 1 200 million to help the British textile industry, and I ask Parliament to support that request.

President. — I call Mr Eisma.

Mr Eisma. — (NL) Mr President, my colleague Mr De Goede, who has been prevented by illness from attending this debate, has asked me to speak in his place.

Mr President, the Member States of the European Community have committed themselves to a common policy on steel production. For as long as the economy was functioning well, this amounted first and foremost to a common price policy. The question of sales was not much of a problem at all at a time when the talk was always of high quality and competitive prices on the world market. The result of this was increasing production and increasing capacity over a number of years. But, Mr President, the economic recession has hit the industry hard. By way of illustration, let me just remind you of the fall in the volume of trade and the problems facing the shipping industry. Fewer ships are being built, hence there is less demand for steel. Another factor here is the recession in the European car industry as a result in part of Japanese competition. Here again, the net result is less demand for steel. The same goes for the construction industry, where there is less demand for new factories and the like. Our competitiveness on the world market has been adversely affected by the growing importance of other producers like Brazil, Japan and Australia. The overcapacity we now have in the European Community has meant a fall in prices and consequently massive losses, a large number of redundancies and the dismantling of surplus capacity.

After a lot of trouble, Mr Davignon has managed to get the Member States of the Community to agree to set production quotas, which is bound to accelerate the progress of dismantling surplus capacity. Clearly, it is the oldest plant which will be scrapped and this means, in the final analysis, France and Belgium. There is bound to be a great deal of social and political unrest as a result of this move. By way of illustration, I need only remind you that the Belgium Government fell on precisely this question. It may well be, Mr President, that, to take an example, Belgian Socialists will try to place the blame for the Belgian problem on the shoulders of the European Community because the Flemish-speaking Belgians have no wish to cough up for the problems in the French-speaking part of Belgium. In my opinion, this should certainly not mean that completely obsolete, surplus capacity is allowed to remain at the cost of highly modern capacity in, for instance, the Federal Republic of Germany and the Netherlands. Of course, all this is bound to create enormous social problems. We take the view that what is needed here is a generous and accommodating policy comprising a reduction in working time on the same scale throughout the Community allied to an import policy again for the whole Community. Of course, we shall also need acceptable redundancy arrangements for those works which are beyond

redemption — better still would be attractive alternative employment opportunities. Mr President, a Community approach must not mean that we are saddled with long-term structural problems as a result of preserving totally obsolete capacity. That would be tantamount to allowing both the good and the weak elements of the industry to go under together.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, I should like to comment briefly on the suggestions which have been made in response to certain specific questions put to the Commission. Firstly, Mr Glinne referred in detail to the steel problem in Belgium and asked when the Commission would be taking a decision and what general line it would take. Let me point out first of all, Mr President, that the Commission has had to — and wanted to — take a very careful look at the problems facing the Belgian steel industry, and that this inquiry has — because the nature of the project changed in the meantime — taken longer than is normal for exercises of this kind. In the very last phase we are in now, we have become aware of new aid elements which will of course have to be taken into account in our overall assessment of the project. In reply to Mr Glinne's contention that a decision is now due from the Commission on the Belgian matter, I must say that we have not yet quite reached that stage. On the other hand, I must stress the fact, Mr President, that the Commission is aware of the urgent nature of the decision and will indeed be taking its decision within the time limit laid down for these procedures. Against the background of what I have just said, I cannot of course say exactly what form the decision will take, which means that, at this present moment, the Commission cannot enter into any specific commitment for a particular production volume. This of course is another aspect which will have to be taken very carefully into account in the final decision.

Mr President, Mr Herman asked what the Commission was planning to do about the specific proposals put forward by his Group. In my first contribution to this debate, I set out my first reaction to the motion for a resolution, and I do not have much to add to what I said then. Perhaps I might just say that the code of practice on aids, which has been enforced since August, clearly spells out what categories of costs closure aid can be granted for. My first impression is that the proposal put forward by the EPP Group contains some elements which are compatible with the code, but others which do not meet the requisite conditions. Another debatable point is the desirability of having, as the result of this plan, and over a certain period — I do not know precisely for how long — a sort of to-and-fro of quotas, production quotas or trade in production quotas at a time when we should of course be trying to get away, in structural terms,

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from quota arrangements of this kind. For that reason, Mr President, I am unable today to enter into any definite commitment on behalf of the Commission on this proposal; let us not forget, though, that I expressly stated earlier that the general approach to the question of restructuring, particularly in the first two points in the motion for a resolution, do, in my opinion, accord with the approach to this problem I explained this morning.

I agree with Mr Ansquer that the Commission must be alert to any signs of the creation of new capacity. The Commission is indeed keeping a close watch on this aspect and wherever proposals are put to the Commission for financial aid — and that is now the case with a large number of firms and will probably include a lot more before very long — the fundamental condition to be met before aid can be granted is always that existing capacity should be dismantled rather than new capacity installed. That is set out quite clearly in the code issued in August; restructuring must incorporate the dismantling of existing capacity.

I should like to say to Mr Peters that, although I do not agree entirely with his criticism of the suggestion put forward by the EPP Group, the fact is that there are at present insufficient resources at European level and there are no funds in the budget for European financing to be forthcoming of the kind and on the scale he was suggesting.

I should now like to move on to deal with the questions put to me by Mr Abens on the situation facing the Luxembourg steel industry. First of all, there are two points I would like to make in reply to his question why the Commission was now having doubts when it had no such doubts in the past. For one thing, we are now talking about aid, which means that we must view the problems against the background of the norms applying to aid, and for another, the fact is that the situation in the steel industry has deteriorated rather than improved. At a given moment, then, we are bound to ask whether decisions which have in the past given no cause for complaint should now do so in the changed circumstances. Mr President, Mr Abens mentioned certain figures — 4 million tonnes and 12 000 workers — of which I have no knowledge. I do not think there is any point in discussing figures of that kind here. The Commission does not believe that they should be the subject of discussion.

I think that is an important point, and I also believe that, in this respect, important work is being done in Luxembourg in the form of cooperation with other steelmaking companies. As I said, the Commission thinks this is a very good thing. As I also said in my introduction, the Commission itself intends to take steps to foster cooperative efforts in this field. Mr President, Mr Seal asked whether I would urge the Prime Minister of the United Kingdom to set up a crisis fund to help the British textile industry. It seems to me that the British people and British politicians are

perfectly able to do the urging themselves should the need arise. I do not believe it can be the Commission's job to make recommendations of this kind to the United Kingdom Government. What the Commission will do, should the United Kingdom wish to present proposals for aid of this kind, is to subject the proposals to exactly the same scrutiny as would be the case with other Member States' proposals.

Finally, Mr President, I should like to reply to Mr Eisma, who came to the conclusion that our policy should not be such that we would, in the final analysis, be saddled with an uncompetitive European steel industry. I can give you an assurance that, as regards aid policy, the restructuring of the steel industry — for which Mr Davignon bears special responsibility — and the extent of regional problems, which were discussed this morning and on which, as you know, the Commission has in the past approved a number of projects, the Commission's intention is, over a period of time — and the code talks in terms of years — to make the European steel industry competitive; after all, we cannot of course keep pumping aid into a bottomless pit. If we were to do so, the result would assuredly be the total demise of the European steel industry.

President. — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.¹

5. *Competition within the Community*

President. — The next item is the joint debate on five oral questions on competition policy:

- oral questions, tabled by Sir James Scott-Hopkins on behalf of the European Democratic Group to the Commission (Doc. 1-529/81) and the Council (Doc. 1-530/81):

Subject: Competition policy, national aids and non-tariff barriers

In the light of the fact that 'old barriers in the internal market of the Community have survived for too long, and new barriers have been created'² what measures will the Commission (Council) undertake:

1. to speed up progress in realizing a complete common market for the free movement of services, especially in the banking and insurance sectors,
2. to ensure that adequate measures exist and are being fully applied to eliminate the increasing use of illegal national aids within the Community, and that other national aids are subject to proper notification and review,

¹ *Motions for resolutions on the same subject: see minutes.*

² Commission communication to the European Council on the situation in the internal market, June 1981.

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3. to prevent non-tariff and administrative barriers, especially in the field of standards and technical specifications, from eroding the common market, and to speed up the harmonization of laws in this field,
 4. to ensure the uniform observance throughout the common market of the Community's rules on public procurement, and to strengthen this legislation and extend its field of operation,
 5. to ensure that, while the freedom of the Member States to determine the structures of ownership and control in the national economies must be respected, their decisions in this sphere do not give rise to distortions of competition in the common market by impairments of transparency, protective devices, and hidden subsidies?
- oral question (Doc. 1-520/81), tabled by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission:

Subject: Condemnation of direct or indirect national aid arising from the extension of the French public sector

The future of the European Community is being jeopardized by the French Government's decision to nationalize 11 major sectors of the economy, including certain key sectors such as the iron and steel, aeronautics and chemical industries, to place banks and credit institutions under State control, and to implement these measures in such a way as to ensure that they remain irreversible, since these measures threaten to infringe the rules on competition embodied in Articles 85-94 of the EEC Treaty.

Moreover, given the likelihood of increasing State aid of a budgetary or para-budgetary nature arising from the extension of the nationalized sector and favouring certain undertakings or types of production, the problem of the compatibility of such aid with Community rules will become increasingly acute.

1. Does the Commission take the view that these measures run counter to the provisions of the EEC Treaty, in particular Articles 86 (c), 90 and 92?
2. Does the Commission not consider also that these measures — in particular, State control of banks and credit institutions — obstruct the free movement of capital provided for in Article 70 of the EEC Treaty?
3. Does the Commission not consider that this nationalization policy, which will lead to distortion of competition with undertakings in other Community Member States, runs counter to the Community's economic policy objectives, especially that of internal market unity, and that it is a retrogressive measure, seen in the light of endeavours to date, in particular regarding convergence between undertakings?
4. Does the Commission not deem it necessary and appropriate to remind the French Government of its obligation to honour its international commitments and of the need to take due account of the interests of the Community?

— oral question (Doc. 1-480/81/rev.), tabled by Mr de Ferranti and others to the Council:

Subject: The lack of a Community type approval test procedure as the obstacle to Council agreement on 20 directives removing technical barriers to trade

Member States are increasingly resorting to non-tariff protection to the point where manufacturers' organizations say that they would rather go back to tariffs.

In view of this, would the Council now agree that it is urgently necessary to establish a Community method of testing and giving type approval to products imported into the Community from third countries?

— oral question (Doc. 1-482/81), tabled by Mr von Wogau and others to the Council:

Subject: Complete integration of the internal market

1. What plans has the Council for giving practical effect to the statement of political intention by the Heads of State or Government to push ahead with the complete integration of the internal market?
2. Will the Council be able to agree on an increase in the amounts of duty-free allowances for persons travelling within the Community?
3. Now that the Heads of State or Government have given the go-ahead to the Council, which of the Commission's many specific proposals for completing the integration of the internal market long pending before the Council stand the greatest chance of being adopted?

I call Sir James Scott-Hopkins.

Sir James Scott-Hopkins. — Mr President, this is a strange debate in some ways, because the first half of the original speech made by Commissioner Andriessen really dealt with the matters which are being debated under my oral questions with debate. So we have had a part-answer already from the Commission and presumably they will answer the rest of this debate at a later stage.

In its communication to the Council in June of this year the Commission stated that the old barriers to the internal markets of the Community have survived too long and that new barriers have been created. Everybody in this Chamber knows that this is the case. If we were to sit back and accept the situation we might as well tear up the Treaties and retreat behind our various respective frontiers. The fact that this debate is taking place, however, means that we are not prepared as a House to accept that situation, and that as a Parliament we intend to do everything possible to reverse this bad trend.

The Community has made progress in certain areas particularly in the field of political cooperation. Nobody is more pleased about that than I am. But too much time is being wasted on subjects that really are of little importance or over which we as a Parliament have no powers. Parliament, I regret to say, is defin-

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itely guilty in this respect. But I hope that by the end of today's debate, honourable Members will leave this Chamber and reflect seriously on the future direction and priority of our work.

The detailed topic of competition policy is the subject of a separate debate, and this should be one of the most important debates of our parliamentary year. May I remind you, Mr President, and the House, that the debate on the Ninth Report on competition policy was taken at ten minutes to two o'clock, on Friday, 10 April this year. A ten-minute debate on the last day of a part-session in the same month that the Tenth Report was due to be published. It is no wonder that Mr Moreau, who is unfortunately not here, walked out of the Chamber in disgust at that time and that the three speakers who managed to say anything at all could only register their anger and dismay. I made my own personal protest at the time.

My proposition remains constant. If this year's report is not given the priority it deserves, then we do not as a Parliament deserve to be taken seriously. I know that this year's rapporteur, my honourable friend, Peter Beazley, has worked throughout the summer to have his draft opinion on the Tenth Report available now. I know that the Committee on Economic and Monetary Affairs for instance, coincidentally also under the chairmanship of Mr Moreau, is giving the report the very highest priority. That report will be ready for the November, or at the very latest December, plenary. Debating time really must be found for it. I trust that my colleagues from all sides of the House will be able to support this particular proposal, and that it will go through in the enlarged Bureau or the Bureau itself.

(Applause)

On the question before us, I have asked both the Commission and the Council to help speed up progress in establishing a common market. One does not really need to elaborate what one means by a common market. All one needs to say is that one wants fair and free trade between the various Member States with the least possible hindrance. This means pushing through individual pieces of legislation with the least possible delay. Of course there is no overall magic formula for this. The liberalization of the market will come about by tackling one piece at a time. For example, the insurance directives are before the Council at the moment and I urge the Council to get on with it, move it through the Council and let it come to various national parliaments for implementation. There is a proposal on airlines, which is now before the House. Let us get on with that, Mr President. Those are only two small examples. My God, if we do not do something we will get absolutely nowhere!

I now turn to another aspect of the problem: State aid. It has already been mentioned several times in the previous debate. Of course it is only natural that at

times of recession national governments will turn their attention to their own specific problems — that is completely understandable — and take measures to protect their own industries and their workforce. This is an understandable reaction. We heard about it from Mr Seal a little earlier on. To this end certain State aids which might help restructuring, give temporary assistance to industries in crisis or which tackle environmental problems are not only permissible but desirable. No one really disputes that particular point. On the other hand, State aids which create barriers on the market or give rise to unfair competition are not acceptable under any circumstances.

Taking this view, we are at one with what the Commissioner has already said. To paraphrase, for instance, Commissioner Richard's reply to the last competition debate, he is on record as having said that 'specific aids as an instrument of macro-economic policy should be avoided'. He went on to say that there was no evidence to suggest that they aided unemployment or stimulated investment and that their effect on convergence was negative. In its judgment on the Philip Morris case in September the European Court, as has already been mentioned by the Commissioner today, upheld the Commission's interpretation of the Treaty. The court specifically stated that if any aid granted by the State strengthens the position of an undertaking in comparison to other undertakings with which it competes in intra-Community trade, the latter can be said to be affected by the aid. Now given that situation, Mr President, it would be reassuring to think that illegal and unfair State aids were being sought out and eradicated, but quite frankly I do not think they are, and I think the House would agree that neither the Commission nor indeed the Council are moving on this.

In its Tenth Report on competition policy the Commission points out that in 1980 it took steps to remind Member States of their obligation to give prior notification of aid proposals. There is no evidence, either today or in what has come already from the Commissioner, to suggest that this reminder has been heeded. The Tenth Report also draws attention to the increasing use of indirect State aids. For example, the Commission is at present at variance with Italy over a scheme which gives substantial tax advantages to banks which form consortia to assist in rescuing major firms in difficulty. Such indirect aids are difficult enough to identify, let alone to eradicate. One of the major problems facing the Commission is lack of transparency in State undertakings. A directive on the transparency of financial relationships between Member States and public undertakings is at present being challenged in the Court by France, Italy and my own country. They are challenging the legal base of the directive, while at the same time saying that they are in favour of its aims. Now if these Member States are really in favour, they should stop the legal wrangling and cooperate in finding a formula which will

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provide the degree of transparency required. I should have thought that that was common sense.

Let us look for one moment more closely at the problems of agriculture. The number, size and scope of the new national aids to farmers — 60% from national governments and 40% from the CAP — and of new barriers to trade in agricultural products have over the past year shown an alarming increase. Most Community countries, including my own, have been involved in some action to protect their own farming sectors, and the need for effective Community action to combat the growth of intra-Community protectionism has never been greater. It really is quite ridiculous. The wine war between Italy and France, the poultry war between France and my own country, the war, if you like to call it that, between the Netherlands and my own country over energy subsidization to the glasshouse industry — what can these things do but set Member States competing against each other, weakening the agricultural policy and weakening the European Community? It is a road which can have no other ending, Mr President, than that of disaster.

The Commission is the most natural body to tackle these problems, but it is hamstrung. Its last comprehensive review of the situation bears the date 1974 and it lacks the powers and rights to make really thorough investigations. Most serious, and I say this with all respect to the Commissioner, is the fact that it appears to lack the political will as well, to the extent that its own internal organization is ill-suited to dealing with the situation. Why are agricultural competition matters dealt with internally by DG VI instead of DG IV? Why does the head of the unit concerned with national aids report only to the Director-General instead of, as is usual, through a deputy Director-General of a different nationality? I call most urgently for the Commission to set up within the competition Directorate-General, DG IV, an agricultural competition unit with an increased staff.

(Applause)

I ask it to catalogue urgently all the hindrances of whatever kind to the unity of the internal agricultural market. If the Commission needs political support, I am sure that we in this House will do everything we can to support that initiative. I also ask most urgently for Member States to give greater authority and power to the European Court. It should have at its disposal adequate means of penalizing Member States which choose to ignore its rulings. The Community cannot develop an open agricultural policy and an open agricultural market to the benefit of both consumers and producers if the present climate of mutual suspicion and mutually competing national aids is allowed to continue much longer. I have been very sceptical in the past as to whether our citizens, whether in my country or in other Member States, are ready as yet to accept a supranational legal authority with penal powers. I

believe that it is absolutely vital to have it, and we have got to persuade our citizens that it is necessary.

Another area where little progress has been made is in public supply contracts. In his report of February of last year concerning the Commission's proposal to bring the Community Supplies Directive into line with GATT, our colleague, Mr Nyborg, pointed out that not all Member States were complying with the requirements of the 1978 Council directives. He urged the Commission to ensure the observance of these provisions. Has it been done? No. He also asked for the extension of Community legislation in the field to cover, for example, transport, energy and telecommunications. What progress, Mr President, if any, has been made? Can the Commission give a categorical answer to that? I hope they can.

I appreciate the difficulties facing the Commission at the moment in enforcing Community legislation when confronted by the lack of cooperation at Member State level. On the other hand, the Commission, as guardian of the Treaties, does have powers, and I would like to think that Parliament will give the Commission every support it can in exercising those powers.

I will keep my remarks on technical barriers to trade brief, not because I am not well aware of the troubles they cause but because Mr von Wogau, my colleague, will be speaking on that subject.

I will conclude, Mr President, by saying that what I really hope this House will do is to draw attention to Question No 5, which I submitted on behalf of my group. I do not have to remind either the Council or the Commission of their duties. I simply request that they get the job done. For our part I believe that Parliament must get its priorities right: freedom of movement of people, goods and services are fundamental to the future of the Community. Let us try, Mr President, to be more vigilant in ensuring that this is given the priority that it truly deserves.

(Applause)

IN THE CHAIR: MR VANDEWIELE

Vice-President

President. — I can assure Sir James of my support when the question of holding a debate on this important subject comes up within the enlarged bureau.

I call Mr Cousté.

Mr Cousté. — (FR) Mr President, my group in particular were elected in 1979 on a programme of defence of France's interests. What I am saying is that our electorate and that of other Community countries question us in pressing terms about the planned nationalizations in France and their consequences for the Community and particularly the Treaty of Rome and its implementation.

Until now in the eyes of public opinion, the Community was synonymous with liberty, social progress and even prosperity. One can really wonder if what is planned in France is not going to greatly change the conditions under which the European economy functions and of which it even, I would say, forms a parts.

Undoubtedly the context surrounding the planned nationalization measures are unprecedented for the Community. Strictly speaking there is only the recent Italian precedent of the creation of ENEL, the electricity production and distribution utility, but this was in a public sector.

For the most part nationalizations since 1945 have taken place when there has been a public utility or a monopoly. Since the present step is a new one both as regards its magnitude and significance, the question arises whether these large industrial groups which are going to come under State control as a result of this nationalization and which are in strategic sectors will not adopt policies which are out of step with the operation of private enterprises. In France, practically the whole basic chemical industry, the whole telephone sector, the main part of the pharmaceutical and electronics industry are being brought under State control and may I point out nine out of the eleven biggest French companies included amongst the top one hundred companies in the world. We are facing an unprecedented phenomenon of considerable magnitude and it is therefore not surprising that the question is raised in the European framework. Rather I would be surprised if this were not the case.

Since the future development of the companies must follow a certain programme which it is likely will not be devoid of political motives, if only in the sphere of public purchases, and since already amalgamations have been announced which could lead to monopoly situations, it is obvious that under these conditions one must question the Commission as to its legal capacity to ensure compliance with the competition rules.

Of course public opinion does not know whether it is Articles 222, 3 (F) or 86, 7, or 37 of the Treaty, or even the procedures of Article 101 or 102 which apply. Public opinion does not have a legal background. But what we do know on the other hand is that all these articles apply and that the rules of competition must be observed whether it be pursuant to Articles 85, 86 or Article 37 on monopolies.

What one must bear in mind and this is fundamental, is that in order to allow the free circulation of goods and services — and I think that on this point the Commission cannot remain silent — the Treaty of Rome prohibits barriers to the movement of goods, services, capital and labour. This prohibition is indeed one of the main principles set out in the first part of the Treaty.

What is happening in France today, but can happen in another country tomorrow, must interfere with these principles, even detract from the economic and social fabric of our existence. This would therefore mean failure to comply with Community obligations and would this not mean the application of the provisions of Articles 169 and 170 of the Treaty? I know that this can only be set in motion by the Commission and Member States and not by individuals, but the question does arise.

It is particularly timely, ladies and gentlemen, since in the framework of Article 90, and in particular paragraph 3 of that article, which concerns public utilities in particular, the Commission has been constantly concerned — I stressed this when I drew up the report on competition — with how public companies would function in the event of such nationalization. There is even a Commission Directive of 25 June 1980 on the transparency of financial relations between the Member States and public companies.

I know of course that some States criticize this very desire for transparency in the management of public companies, and that they have even brought the matter before the Court of Justice in Luxembourg. We know this but the fact remains that the Commission must answer to us if it does not adhere to the principle that in public companies it must be possible to distinguish clearly between the role of a State as a public authority and its role as the owner of the shares.

It is quite clear, and indeed Mrs Scrivener said this a short while ago, that this is much more important than the simple problem of analysing subsidies, which even with negative and perverse effects, are relatively identifiable, whereas the non-transparency of public company accounts corresponds to a breach of the normal conditions of competition.

Undoubtedly it is to be welcomed that the Commission informs me that it was consulted by the French government before the current changes in France. Indeed the Treaty of Rome provides that when there is reason to fear that the adoption or amendment of a provision laid down by law, regulation or administrative action may alter the conditions of competition on the common market and thereby lead to distortion, the Member State in question must consult the Commission. The text states that such consultation must take place prior to the adoption of the provisions in question; I wonder if the Commission has examined the request of the French government pursuant to the

Cousted

provisions of Article 102. This question is very important because today we are speaking about France, but tomorrow we may be speaking about another of the existing Member States or a new Member State under the policy of enlargement.

We are particularly concerned about the extraterritorial effects of the French national law. Under private international law in our market economy countries it is accepted that each State is sovereign and competent to do what it wishes with the companies situated on its territory, but that it has no power to nationalize the goods and rights situated outside of its territory. We in France form part of a European framework and substantial interests of the companies which may be nationalized are situated on the territory of associated Member States in the Community. It therefore remains to be seen if this decision, which was upheld by the French Supreme Court of Appeal, will be called into question by European nationals in the other Member States of the Community, and if by this fact the French decision is not going to give rise to an uninterrupted sequence of legal and even political difficulties and finally affect the very fabric of European integration.

Where credits are concerned, some people claim unequivocally that by eliminating virtually all private credit institutions and independent banks, the French State will run the risk of creating the conditions for permanent and decisive intervention by the public authorities in business life. Such intervention would violate the system of 'fair' competition laid down by Article 3 (f).

Thus by controlling credit, that is by making the granting of credit subject to rules not governed by the laws of the market, the State could exert a great influence on the situation of companies and in particular their competitiveness, indeed to an even greater extent than by granting public financial aids, whereas such aid is subject to Community control under Articles 92 and following of the Treaty. In a nutshell, by the practically total nationalization of credit, it would be possible to elude the provisions of Article 92 of the Treaty of Rome.

This is why we raised this question in the interest of the European Community, and this is why we have also tabled a motion for a resolution which the parliamentary committees are going to study, and this is why we asked the Commission if it intends to introduce a common policy for public companies. Does it really want a code of good conduct for companies, not only private companies but public companies? Does it really want transparency of accounts, control of subsidies, while ensuring compliance with market laws in the interest of consumers? In a word, is the Commission prepared to ask the Council for a mandate to study in greater detail a new situation which may perhaps arise in other Member States or in future Member States?

Mr President, we know that to construct the European economy we must move towards alignment, I will even say that basically European policy in the sphere we are discussing must be to align economies. This is what we have succeeded in doing in the European monetary system. What we must aim at is aligning our economic and monetary policies.

In these circumstances, and with a view to this alignment, one wonders if the Commission should not come to grips with the new problems which are arising and which are unprecedented. This need not shatter the difficult social, economic and monetary equilibrium within Europe, and let me just remind you of the physiocrats who preached moderation in all things. Let us be balanced, let us be Europeans mindful of our own destiny, that of free men who want to remain free.

President. — I call Mr de Ferranti.

Mr de Ferranti. — Mr President, I think all of us who have been engaged in this work, which can often be very detailed, have been greatly encouraged during the last few months, first of all by the response of Mr Narjes to the challenge which he faces: it is a considerable job, not only to understand, but to get one's point of view across to colleagues. We also, if I may say so, owe a debt to the UK Presidency, where we have detected an understanding of the problem and a determination to make progress, and that has given heart to us all. I hope very much that there will be an increasing response from the Parliament itself, giving rise to a continuing dialogue on this whole range of subjects and therefore to a continuing of the possibilities of really being able to make progress, because we must not only get through to public opinion and get them to understand, we must get through to national parliaments and to the civil servants who are involved throughout the whole Community. On each question of technical barriers, there may be a hundred people involved in each Member State; there are ten Member States and that makes a thousand people engaged in the process, and therefore it will need a lot of push.

I will, if I may, go straight to the problem of technical barriers, following the invitation in Sir James's own speech. One hundred and twenty directives on technical barriers have been approved — and that is no mean achievement — out of, perhaps, 180 that may be required in order to break pretty well the back of the job. There are now 21 directives which I mention in my oral question that are held up because of — we must be realistic — a difficult problem, but it is a problem that has been faced for some years and I hope the additional pressure which is now being put on it will at last enable these 21 to go through.

The problem is the difficulty of getting agreement on a common Community method of making sure that

de Ferranti.

products imported into the Community meet with Community regulations — the granting of type approval tests, a common method of testing. Methods of testing are now the real barrier to trade: it used to be tariffs that were used in order to divert and protect industry; now it is methods of testing, methods of handling the documents and so on. And really, if we do not have a common method of testing products, we do not have a common external tariff; and if you do not have a common external tariff, then one can be cynical about whether or not we actually have a common market. Now, it is not easy, we all know; mainly we illustrate from the motor-car trade, how difficult it would be to reach agreement between the vary different attitudes to the import of Japanese motor-cars between, shall we say, France and Germany, just to mention two. One can see that it is difficult. But surely it must now be in the interests of all the Member States and in the interests of the motor-car industry itself to see that a real common market, with a real common external method of protection and method of negotiation, must be in the interests of everybody. Equally, we have got to be realistic. We know that this is not yet appreciated in the motor-car industry — perhaps it would be better to go slowly on that in order to get the rest of the 20 directives through — but I would bet that if you looked in detail at the remainder you would find that there were very few real problems and that with a bit of push, at least during the current presidency, it would be possible for 20 directives to be approved.

The entire field of these technical barriers — Article 100, on harmonization problems — illustrates the great gulf between the details of fork-lift trucks, cosmetics or whatever it may be and policy-making. I suspect that on the whole these questions of technical barriers have always been handled by and a great burden placed upon, officials both in Brussels and in Member States. When it comes to these 21, might I ask the presidency whether on this occasion, because it is so important, a Council both of Foreign Ministers and of Ministers of Industry will be held so that they can examine the problem, begin to understand it and communicate its importance to their colleagues in their own Member States?

I turn now to the high-technology industries. There are a number of proposals that have been put forward by the Commission which, I fear, may form a certain camouflage for the only real policy that would help us to compete with Japan and the United States. We must tackle the problem of making a common market in telecommunications, defence equipment and all the other fields of high technology. The way is open for us to do it by extending the second supplies directive, and I hope very much that a further impetus can be given to that work. It will be resisted by all the vested interests and the nationalized industries throughout the Community, but at the end of the day it is in their interests too; and I hope that with the methods that

have already been agreed, further progress will be made.

That is not, however, to denigrate many of the things that the Commission are doing. For instance, it is immensely to their credit and well known among the people who understand these things that the $\times 25$ interface for data intercommunication has become a world standard: for the first time, a world standard has been set in this field by anybody other than IBM. And that is quite something, to be as competent as IBM.

Much more remains to be done, Mr President, but it is in the business of really making a common market that the salvation for the high-technology industries and the creation of the new jobs lie, and not, if I may say, in the Commission's trying to get into detailed aspects of development work itself — for instance, their proposal on integrated circuits.

I now turn to the problems at the frontier, and I would ask Members, if they have the time to go down to the frontier here at Kehl and talk to the customs officials. One will find that they say the biggest single problem they have are the MCAs — if one actually asks them! Of course, we all know how many other problems lie behind the technical frontier problems: we all know that the MCA problem can only be removed by eventually making the EMS work; but let us not forget that when we discuss the EMS it is not just a financial challenge, it is also an essential part of actually making the free flow of goods at the frontiers possible.

The other difficulties relate mainly to the customs forms and, of course, to the collection of statistics. Community statistics, which are very valuable, do have to be collected, but as a result it appears to be more difficult to trade within the Community than it is to trade between the Community and other countries.

If I may here declare an interest, Mr President, I happen to make chips and microcomputers in my own business. I am quite convinced that the scheme called CADDIA which has been put forward by the Commission and is part of a larger information scheme called INSIS has got real gold in it. That is the right way to go about eliminating the tedious paperwork caused by customs forms and by the collection of statistics at the frontier. I believe it was cut out by the Council in their first effort on the budget — and I suspect, for their usual tactical reasons: it is non-obligatory expenditure. In a sense this House, as the joint budgetary authority, has the last word: let us make sure that here at least we get on with providing funds for an area which could produce immense returns!

In an interview yesterday, Mr Narjes told the press — and very well the story came across — that the cost of all these frontier problems was about 5% of the total value of imports and exports. Now that is £ 5 billion! If that could be eliminated by the Institutions, then —

de Ferranti

the cost of the Institutions representing about one month's expenditure at the rate of £ 5 billion — we should have more than earned our keep. Of course we cannot eliminate it all. We can recognize, though, that what we have already done is probably saving a sum of that order, and that is no mean achievement. At all events, we can at least redouble our efforts to get on with all the innumerable details that are required to make this Community — this European Community — a real common market. For I believe that the impetus, just as happened twenty years ago, could be renewed, that we could, by enabling trade to take off again, find the only real key — far better than any other alternative policy, — to lifting our community off the bottom of the present recession.

President. — I call Mr von Wogau.

Mr von Wogau. — (DE) Mr President, ladies and gentlemen, in their weekend speeches on the European Communities, politicians are constantly telling us that the Common Market is one of the great achievements of Europe. I have no wish to belittle this achievement, but I would point out that many people tend to forget that we have ground to a halt exactly half way along the road towards this Common Market.

Today the Common Market is still fragmented by national aids, which cause unacceptable distortions of competition. The same is true of the many non-tariff obstacles to trade which have taken the place of customs duties. We have recently been hearing more and more often that those concerned in fact feel a certain nostalgia for the good old days of customs duties, when everything was much simpler because people knew for certain that they would have to reckon with a particular percentage. This fact gives considerable food for thought and we should realize that — as is also clear from this debate — major efforts will be necessary if progress is to be made.

The partial non-functioning of the Common Market is also, I think, extremely detrimental to the competitive position of Europe *vis-à-vis* Japan and the United States, since we must realize that we in Europe are no longer capable of competing with Japan in a number of areas which are of great importance for the future, such as electronics, as mentioned by Mr de Ferranti. For example, only 7% of the chips used in Europe are manufactured in Europe and there is reason to fear that similar things will happen in other areas too, such as electronically controlled machine tools. In this way, others will gain competitive advantages over us and we must realize that this will jeopardize more jobs in Europe.

If we want to catch up competitively, major investments are called for and the firms and research organizations involved will only be prepared to make these

investments if they can regard the Community as a whole as their domestic market. However, we are still a long way from this situation.

For example, in the field of electronics we have a German, a French and a British market. If a French company tries to sell a telecommunications system to Germany, it becomes apparent that we have a national market and not a European one. The pan-European invitation to tender exist only on paper, and has so far not worked in reality. This calls for considerable efforts, since we must achieve a situation whereby at least public authorities no longer make their purchases on a national basis but on a European basis. Only then will the companies in question have a market of a size which would make it at all possible for them to make the massive investments which are called for in this field.

(Applause)

If we want to give new impetus to the European economy, we must also see to it that the small and medium-sized undertakings are in fact given a fair chance too. The aids which we are discussing here today lead to substantial distortions in this field. They are handed out on a first-come first-served basis and other companies have already creamed off what they can by the time the small and medium-sized undertakings have even found out that the aids are available. In my view, this is a very bad thing for the future of our Community, since it is the small and medium-sized undertakings in particular which have the flexibility necessary to produce the economic growth we need.

We call on the Commission to produce the stock-taking of aids for public undertakings which it has long been promising us. Sir Scott-Hopkins also mentioned this point just now. A system has come into being whereby companies can illicitly help themselves to money paid in form of taxes and thus obtain capital, and this too means unacceptable distortion of competition which will particularly jeopardize jobs in small and medium-sized undertakings, since these undertakings have no access to this money and consequently are unable to reduce their costs in the same way.

A further distortion of the common market results from the fact that technological developments are constantly accompanied by new national standards which, as soon as they are declared binding, act as barriers to trade for products from other countries. For this reason, we expect to see the European standard organizations CEN and CENELEC developed in such a way as to enable us to take more account of these standards, which are developed by experts, in Community directives in the future. This would also relieve us of the task of including all the relevant technical details in the directives. These matters should be taken out of the hands of the administration and entrusted to a competent body so that the Commission

von Wogau

can then refer to the technical standards drawn up in this manner in its proposals.

Ladies and gentlemen, it will only be possible for the Common Market to become a reality if the will for political cooperation does not flag. Friedrich List, the father of the German Customs Union, said on this subject that commercial union and political union are like twins. One of them cannot be born without the other one coming into the world too. If we hope to see political union following on from commercial union, we must do more to promote the European cause in our own Member States, and try to find some response to our proposals in the national Parliaments. This proposal is also contained in the motion for a resolution tabled by my group.

In this way we will be able to rouse the Council of Ministers from its torpor — and I say this with all due respect for the President of the Council of Ministers who is present. We must see to it that we get the necessary support from the national Parliaments, since only in this way will it be possible for the sensible proposals worked out in the European Parliament to be put into practice.

President. — I call the Council.

Mr Hurd, *President-in-Office of the Council.* — Mr President, I have listened with admiration to the speeches which have already been delivered in this debate, and I should like, if I may, to congratulate all those concerned on the force and clarity of their contributions. They have already made this, it seems to me, a distinguished and important debate.

My first duty is to answer two oral questions previously tabled to the Council of Ministers. I know that other questions have been tabled and will fall to be answered at a later part-session and this simply illustrates the importance which the Parliament clearly attaches to this essential problem.

I would first like to answer, therefore, Oral Questions No 24/81, by Mr de Ferranti, Mr von Wogau, Mr van Aerssen, Mr Schinzel and Mr Seeler. The answer of the Presidency is as follows.

The Council would point out, as was confirmed by the European Council at its last meeting, that realization of the internal market is essential. The Council is none the less aware of the fact that at the present time more than twenty directives designed to eliminate technical barriers cannot be adopted, since problems relating to the applications of Community certification procedures to products from third countries have not yet been resolved. Finding a solution to these problems is therefore an essential and immediate requirement for the realization of the internal market.

With regard to the substance of the problem, mentioned by the honourable Members, it should be noted that the Council has translated into Community law the code of standards agreed within GATT at the time of the Tokyo Round negotiations. This code lays down a number of rules and procedures on a worldwide basis for formulating and implementing technical regulations and standards, with the particular aim for preventing the creation of non-tariff barriers to trade.

Now some Member States feel that these provisions do not fully resolve the problem, particularly as regards the effective reciprocal treatment by third countries of products originating in the Community. It was this which led the Commission to submit an additional text to deal with the problem of access to certification for products originating in third countries. It has not yet been possible to reach agreement on this text.

Discussions are now being resumed within the Council to find out in detail the concrete problems and genuine difficulties which might still arise for some Member States in connection with access for products from third countries to the Community's certification system.

While making as clear a distinction as possible between technical questions relating to the sphere of technical regulations and standards and questions arising more directly from general problems of commercial policy and requiring to be handled in that light, the Council bodies, with this end in view, are drawing up a list of the sectors in which such problems would arise for products originating in third countries.

Finally, the Presidency attaches great importance to this subject which, in our view, has remained at a standstill for too long. It hopes to be able to get things moving again very soon and to achieve the first positive results. It counts on the support of Member States which will no doubt want to put into effect the wishes recently expressed again, quite unequivocally, by the European Council, which considers it necessary to preserve and strengthen the Community's internal market, which is increasingly threatened by trade barriers.

Mr President, that concludes the Presidency's answer to the questions of Mr de Ferranti and his colleagues. Perhaps I would add a word in respect of a specific suggestion which Mr de Ferranti has just made. In his speech, he urged that the Council at ministerial level should, as it were, snatch this and other similar problems out of the hands of the officials who have laboured on them for so long. I must say that I think that would be in practice a recipe for considerable confusion. I think that, important as the ministerial role is, it is not probably true to say that we would be particularly good at the drafting of technical matters and documents of this kind. What is surely required is the political thrust so that those who are working, and

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in my view must continue to work, on the technical details know that in their efforts to find answers, they are responding to, and indeed must respond to, the thrust of political direction, the thrust of political steer coming to them from all three institutions of our Community, and indeed I would hope from Member States as well. That seems to be the right way of tackling the political problem.

If I may now turn, Mr President, to oral question 26/81, by Mr von Wogau, Mr Nyborg, Mr Herman, Mr Tuckman, Mr Fergusson, Mr van Aerssen, Mr Hord, Miss Hooper and Mrs Boot the answer of the Presidency is as follows: in accordance with the wishes of the European Council of June 1981, the President-in-Office of the Council indicated during the European Parliament's part-session in July 1981 that the furtherance of the common market was one of the main tasks that the Council was intending to tackle. On this point may I assure the honourable Members who tabled the question that the Council will accord priority to matters likely to have some practical effect.

With regard to the second part of the question, the Council is examining a proposal to increase the duty-free allowance for travellers within the Community and a decision on this should be taken within a year. In the memorandum which it submitted to the European Parliament during the July 1981 part-session the United Kingdom Presidency indicated the proposals on which it intended more especially to concentrate its efforts with a view to obtaining positive results. Honourable Members will understand that it is difficult at this stage to say exactly when the Council will be able to adopt these various acts.

Mr President, with your permission I would now like to intervene in this debate on behalf of the Presidency and I greatly welcome the opportunity following the part-debate in September on the completion of the customs union to join again in a debate on this general subject. Because as Lord Carrington indicated when he spoke in this Chamber about the renewal of the Community in July, this is a matter to which the Presidency attaches a high priority, and so indeed do honourable Members of this House as is obvious from the resolutions already passed in September and from the course of this debate hitherto. I know that this will be continued on future occasions and that many have, as I have already indicated, including Sir James Scott-Hopkins and others, tabled questions on this subject which will fall under your rules to be considered at future sessions and answered by the Presidency.

An important part of our effort to bring about the renewal of the Community must be the completion of the single market in goods and services. This is not merely a technical question, it is a fundamental aim of the Treaty which calls in Article 3 for the elimination as between Member States of customs duties and of freedom of movement for persons, services and capital. It is also essential to the effort to bring about

improvements in the Community which benefit the individual citizen and I think we all know that that is a priority, perhaps the priority.

Progress will certainly not be easy and the speeches already made here indicate why. It will be a long haul requiring a sustained commitment from all Member States, but progress there must be. The removal of tariff protection has helped to bring non-tariff barriers into clearer focus. They have to be tackled. We must accept the need to do this with the same confidence with which Member States originally accepted that tariff protection was inconsistent with joining together to form one market. So there is no disagreement — I don't think there can be disagreement — about the basic objectives. As the June European Council said, a concerted effort must be made to strengthen and develop the free internal market for goods and services which lies at the very basis of the European Community and which is the platform from which it conducts its common commercial policy.

It is not only our duty to work to this end, but it is also in all our interests to do so. The completion of a single market offers the best possible way for our industries to secure maximum benefit from membership of the world's largest areas of free trade, thus enabling them to meet successfully the increasingly fierce competition which they experience from outside the Community, from countries such as Japan, the United States and the newly industrializing countries. So our aim — speaking now on behalf of the Council — as national governments must be to give a firm political steer to the necessarily lengthy and detailed negotiations on the technical substance.

The Presidency has maintained close contact with the Commission, and we welcome the efforts of the Commission to maintain the momentum of the negotiations and its intention to provide further proposals for making progress in specific areas. The discussions on the 30 May mandate, which are now under way, should, and I think will certainly, provide a further useful stimulus. Member States have generally welcomed what the Commission has said about the internal market in its communications last June, and we hope that the European Council in November will endorse the importance of this sector.

Mr President, I have dealt so far with generalities, which are important but clearly not sufficient if we are talking about real progress. I would like to turn to five specific aspects which we think deserve particular prominence, firstly, the elimination of technical barriers to trade; secondly, the creation of a single market for services; thirdly, the easing of frontier formalities; fourthly, improved competition in transport, including air transport, and fifthly, Community action to stimulate competitive industry in new technologies. Although I have only attended a relatively small number of part-sessions of this Parliament, Mr President, I know from what I have heard already in

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these weeks and months that all five of those subjects are ones which you frequently discuss and to which Members in all parts of the House attach great importance.

Firstly then, let us take the elimination of technical barriers to trade. The continuing maintenance within the Community of so many national measures, most of them based on technical standards or regulations, seriously inhibits internal trade and is an unwelcome handicap to traders who wish quite rightly to treat the Community as one single market. Insofar as these measures appear to be contrary to Community law, we know that the Commission will assume its responsibilities as necessary. Insofar as they are legitimate, the Community has at its disposal Article 100 of the Treaty enabling it to issue directives for the approximation of laws. Our information this morning, which I hope is just a little bit more up to date than Mr de Ferranti's, is that 128 such directives have been issued — 8 more, I think, than he gave the Community credit for — that is just about, perhaps a little more than, three-quarters of the way through the Council's work programme. Nevertheless, it does remain true that too many of these draft directives have been on the table for too long. This is partly due, as he indicated, to the lack of a solution to the problem of testing and type-approving products imported from third countries. As I have just said in answer to the question, the need for this solution is urgent. The Presidency is making a major effort to impart new impetus to this work, so that as many directives as possible can be swiftly adopted.

Coming now to the services sector, this, we think, requires particularly urgent attention. The Treaty specifically legislates for freedom to provide services anywhere in the Community, irrespective of where in the Community the provider of these services is established. But, in fact, very little has been done to build up the common market for services alongside the common market for goods. The European consumer, whom we have to remember constantly on these occasions is thus deprived of the benefits which he could derive from a unified market for services, and a sector which could help substantially to offset lost unemployment in traditional industries is inhibited from developing as rapidly as it could.

A major step forward would be the adoption of the proposed directive to facilitate the provision of services for non-life insurance. This is a major aim of the Presidency, and the Council is now concentrating its attention on it. The Commission first put it forward over five years ago, but progress has been extremely slow. We think it cannot be right to deny to those seeking insurance the benefits of free competition. This is not only contrary to the Treaty but damaging economically, particularly in relation to third countries.

Also in the services sector, some progress has been made in what might be called a common market for

professional qualifications, especially in the field of health professions. This should now be extended, in our view. This does not mean standardization for its own sake but a blending of the most successful aspects of national systems to produce an agreed Community system that can enable a real contribution to the completion of the common market in services. Barriers which remain for instance as regards engineers, are barriers to the successful development of industry throughout the Community. Proposals regarding a number of other professions, for example, transport auxiliaries, pharmacists, hairdressers, architects, are before the Council. The Presidency will do its best to make sure that they are considered and that consideration is taken forward as quickly as possible.

Work is also in hand, and much more is needed, to create the common framework within which Community industries operate. In this connection the Presidency is, as a matter of priority, taking work forward on the Seventh Company Law directive on group accounts.

Another example in this field is the proposed product liability directive. The basic principle of this I think is widely supported, but we also know that agreement on certain details is proving difficult to reach. The Council has now identified these issues and possible compromise solutions to them. The Presidency will do its best to achieve agreement on these major points, so that the detailed work which remains to be done will be got under way and another obstacle to successful industrial development in accordance with the objectives of the Treaty removed.

Thirdly, one of the most obvious benefits of a common market should be the reduction of frontier formalities; speeding the movement of goods between Member States and reducing costs for both manufacturers and transporters. A great deal has already been done in this area, particularly through the Community transit system, and these exiting procedures are kept constantly under review. However, we agree that further simplification is obviously necessary before the Community can do what we wanted, namely reduce frontier formalities to the level already enjoyed in trade between the Benelux countries. It is for example time to make progress on the proposals for harmonizing the procedures for the temporary importation of vehicles, and the permanent importation of personal effects. The recent proposals to simplify arrangements for the temporary movement of goods between Member States is also just as important. We think that adoption of these measures would help to make easier the movement of individuals in the Community. It is important that progress should be made on a number of other proposals besides easing of frontier procedures, such as the harmonization of reliefs from import duty, and VAT at importations.

Fourthly, Mr President, another area in which, as is well known, the Presidency wishes to see early

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progress to improve competition, is transport, particularly air transport. Air transport stands out as unfavourable, an example of an area where the basic objectives of the Treaty of the common market have not been fulfilled. Efficient air services are essential to the proper development of trade within the Community and to encouraging the links between peoples which the Community, after all, exists to provide.

The Presidency intends to make as much progress as possible on three specific measures in this field. We intend to bring before the Council in December the Commission's proposal for liberalizing the very severe regulatory system governing inter — Community regional air services. The adoption of these proposals, if we could achieve that, would be the first real air transport measure at Community level, and would thus demonstrate the existence of political will to make progress more generally in this area. The Commission's report on scheduled passenger air fares in the Community provides a sound basis for Community action to relax the regulations governing the fixing of air fares. This is an area of particular importance to the ordinary citizen, as we all know, and the Presidency looks to the Commission to present a draft directive on air fares in the very near future. The Presidency also intends to provide for full discussion of draft regulations to apply the competition articles of the treaty to air transport, which the Commission has recently presented to the Council.

Road transport is also, we think, unduly restrictive. The Presidency will work for a further liberalization of road freight transport. It is surely absurd for goods to pass freely except when they are in lorries which need a permit before they can move into or even across a Member State. Some easing of the present constraints on international road haulage, for example increase in the Community quota accounts, is surely essential for healthy competition between different means of transport.

I turn finally, Mr President, to the need, often stressed in this Chamber, for shared effort as regards new technologies which in their scale and their operation surpass individual national facilities, taking as one example, telecommunications. The Presidency is working for agreement on the Commission's proposals for micro-electronic research and development and for improved coordination and use of telecommunications. But we think that the scope for Community action is considerably wider. The Community has the chance to enrich its single market, to advance telecommunications and high technology services along the lines of the development of value-added network services, such as videotexts or the use of telephone circuits for the sending of documents in facsimile. On the horizon there may be a need for collective support for an emerging Community robotics industry.

These are, Mr President, the industries of the future and the renewal of the Community, of which Lord Carrington spoke in July cannot be complete without a determined effort to take maximum advantage of the opportunities which they provide.

Perhaps in conclusion, Mr President and I apologize for taking up the time of the Parliament in this way, but these are the important detailed matters of substance which it seemed right to give a comprehensive view of and I would like to underline the overriding importance which we think must be attached to competition in underpinning the proper functioning of the internal market. The Commission has major responsibilities under the Treaty to ensure that conditions of genuinely free competition are maintained and to secure the elimination of subsidies which distort that competition; and I look forward once again to listening to Commissioner Narjes expounding on that theme.

Member States should, in our view, afford their full cooperation and support to the Commission in carrying out these responsibilities. Where aid codes have been agreed — as in two sectors, shipbuilding and steel — strict observance of the codes is an essential prerequisite for restructuring the industries concerned and restoring their international competitiveness. The Community's policies in these areas demonstrate that competition has a useful role in encouraging industrial development. Where the Commission finds it necessary to present proposals for further strengthening the competition rules, I hope and believe that the Council will not be backward in giving a swift response.

So, to sum up very briefly, Mr President, I think there is probably unanimity — and there is certainly unanimity in the Council of Ministers — in urging that we ensure further progress in realizing a single market. This is an essential cornerstone of all we want to achieve as a Community. If we can make, and be seen to make, steady, substantial progress in this direction, then that will enable us in other fields as well to work together with full confidence — to encourage, for example, the creation of the new jobs which we vitally need if we are to end the desperate scourge of mass unemployment, and above all to enhance and to show those whom we represent that we are enhancing and improving, through the European approach the quality of life for all the citizens of our Community.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, may I begin by thanking Sir Scott-Hopkins for the support he has given here this morning to priority treatment of the competition problems etc. contained in the Tenth Report on competition policy now before us. I was sorry to see that it was

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impossible to discuss this on the date planned because of the over-full agenda, but I join him in his heartfelt hope that we will be able to discuss this vital issue in December and the fact that you yourself, Mr President, have given your support to this idea strengthens my hope that this time we will indeed be able to deal with these problems adequately and in good time since, as will be apparent from the Council's contribution to this debate, they are of the utmost importance for the further development of the common market.

Mr President, I should like, at this stage in the debate, to go into a number of points made by Mrs Scrivener, and subsequently by Sir Scott-Hopkins and Mr Cousté too, regarding nationalization. Then there are two further questions on the same subject by Mr d'Ormesson and Mr Rossi which have not yet been dealt with and which I should therefore like to bring into this initial debate on this subject.

Mr President, although nationalization is not in itself a new problem — there have already been various instances of nationalization since the Community was set up and practically all the Member States have a fairly extensive public sector — the examples of nationalization envisaged in France nevertheless demand our particular attention, in view of their economic significance. Articles 222 of the EEC Treaty, 83 of the ECSC Treaty and 91 of the Euratom Treaty lay down the principle of neutrality as regards the rules governing the system of property ownership and this gives both the protagonists and the opponents of extending the public sector the assurance that the fact of Community membership does not prevent them from pursuing their own aims in this area. This means that the Commission does not react to decisions for nationalization as such. In this respect, the Member States continue to have a completely free hand. However, as regards the behaviour and actions both of recently nationalized undertakings and of those which have already been nationalized for some time, the Member State in which these undertakings are established and the undertakings themselves must, by virtue of Article 90 (1) of the EEC Treaty, adhere to all the principles and rules laid down in the Treaty and, in particular, those concerning competition, and this constitutes a protection for all Community undertakings against possible distortions of competition resulting from the actions of nationalized companies. Clearly, by virtue of this article the Commission is empowered and obliged to keep a close eye on developments and hence, a specific mandate to do so, as suggested by Mr Cousté, would be superfluous.

Mr President, the Commission does not regard the French draft law as grounds for concluding that the nationalizations would in themselves cause distortion of competition, but I would immediately add that it will certainly see to it that distortions of this kind do not result from the subsequent behaviour of the State as regards these undertakings or from the behaviour on the market of these undertakings themselves. I

might also add that, on the basis of the information currently available, this applies equally to the banking sector. Since it is not the entire sector which is being nationalized, the intended nationalization does not affect the principle of freedom of establishment in accordance with the Treaty and free movement of services. There is at present no question of discrimination against foreign banks. Mr President, this entire question has been the subject of considerable discussion between the French Government and the Commission, and this consultation will certainly be continued in the future.

Mr President, the relative lack of transparency which is often a feature of the relations between the State and undertakings in the public sector can cause particular difficulties for the application of these provisions to undertakings in this category, particularly in the case of the provisions of Article 92 regarding State aids. The French nationalizations could, of course, make these problems and difficulties more acute than they have been in the past, but I would remind you that the Commission has already started the process of acquiring the instruments necessary to overcome these difficulties. As has been mentioned by Sir Scott-Hopkins and Mr Cousté among others, it adopted, in June 1980, a first directive on the transparency of financial relations between the Member States and their public undertakings, in accordance with what Parliament had long been calling for. Unfortunately, Mr President, France, Italy and the United Kingdom have registered an appeal with the Court of Justice regarding this directive. This does not mean, however, that we are not confident as regards the conclusions which the Court will reach in due course and, we hope, in the near future. It goes without saying that I am grateful to the two honourable Members for the support which they have expressed for this Commission draft and I hope that this support will play a part in encouraging the Court of Justice to pronounce on this matter without too great a delay. For the rest, the Commission intends to apply this instrument as from 1 January 1982 and hopes in this way to allay the fear that public undertakings may be used as a way of getting round provisions and rules governing State aids.

Mr President, it is the view of the Commission that private undertakings and State-owned undertakings can exist side by side in the EEC, the State-owned companies being bound by the same rules as the private companies. The Commission has an instrument which permits it to ensure that there is no discrimination in favour of State-owned companies in competition with private companies. The statement by the French Government indicates that it in fact intends to let both sorts of undertaking operate on an equal footing.

Mr President, I should like, in conclusion, to make one further remark in connection with the points made by Sir Scott-Hopkins who has asked whether the

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Commission had done anything about the question of reporting.

It is true that a letter was sent to all the Member States reminding them explicitly of their obligation to notify the Commission and I am sure you will have noticed that I have once more stressed this morning that even the existence of framework regulations does not in itself relieve the Member States of the obligation to report any aids they introduce.

I should like now, Mr President, to say a few words on agriculture. The fact that aid in the agricultural sector is inextricably linked with the common agricultural policy led to the decision, which is now a historical fact, that aid in the agricultural sector comes under DG VI and so far the Commission has found no reason to change its mind on this point. As regards the organization which has been commented on, I have been informed that this is a direct consequence of the fact that this aid section of Directorate-General VI forms part of the Directorate on agricultural legislation which comes directly under the Director-General.

Mr President, I do not deny, as Mr Scott-Hopkins has said, that there are problems in several areas. He mentioned, for example, the wine war, the chicken war and energy prices. I should like to close, Mr President, by saying that the Commission has taken appropriate steps on all these points and I do not think one can expect any more of the Commission if, in addition, it promises to take further measures in the future should this prove necessary in the light of the results of the measures taken so far.

President. — I call the Commission.

Mr Narjes, Member of the Commission. — (DE) Mr President, I should like first of all to say how grateful I am for this morning's very illuminating debate and for the extremely sensible time chosen to hold it, as this enables us to follow on from the last debate in September.

Before I reply with a number of more general observations, I might perhaps tell you about a small step forward of which this House has not yet been notified. A few days ago, the Commission agreed on a Council resolution for strengthening the domestic market. The aim of this resolution is to accelerate the process of abolishing customs formalities at the internal borders and to realize the objective which we have already announced in this Parliament, i.e. to establish a situation at least similar to that of the Benelux countries within the Community.

Firstly, it is intended to simplify customs documents, since up to now, the procedure applied has hardly differed from that applied *vis-à-vis* third countries. Secondly, there is a question of tax controls, at least as

regards those products which are only subject to VAT, i.e. the vast proportion. In the case of such products, this tax should be levied in such a way as to bring about an appreciable approximation to the rules applied in the various Member States. As you know, there is no question of buyers or sellers notifying the tax office of every individual transaction. Instead, they submit periodical tax returns. For this reason, the same system should, in our view, now be introduced for trade between the various Member States.

I should also remind you in this connection of a previous Council proposal for an appreciable increase in the duty-free allowances for travellers. This is vital if we are to make Europe mean more to the man in the street. Proposals on this subject have been before the Council of Ministers for 15 months now and we must amend the deadlines specified for their introduction since some of them have expired in the meantime. Nevertheless, we do not expect the duty-free allowances merely to keep pace with inflation but we hope to see an increase in real terms.

Thirdly, we must achieve a situation similar to that obtaining within the Member States in the field of statistical checks too. The system used so far should under no circumstances result in statistical checks taking on a life of their own rather than taking their place in the process of abolishing the formalities. I should like to add, simply for your information, that the real problems do not result from the fact that Community statistics are required, but from the fact that the individual Member States make different additional national requirements for statistical information, which are not harmonized.

We should, in our view, urge the Council to adopt these three objectives as part of its policy by adopting this proposed resolution. We are convinced that it would be possible to submit concrete proposals on every one of these individual points to the Council by the end of the year.

As regards the general debate, the serious problems of the threats to the domestic market, which in fact forms the kernel of the European Community, are being discussed by Parliament for the fourth time this year, if I am not mistaken — and this is a good thing. These threats have arisen from a wave of neoprotectionism as well as growing national indifference as regards the objectives of integration, although it is reasonable to regard an intensive discussion of this highly technical and recalcitrant subject as a reflection of the concern which is felt regarding the negative developments which are frequently mentioned here.

However, from the point of view of their contents, the successive debates conducted in this Parliament this year have, I think, also been very encouraging in certain respects. First of all, the problems have been recognized and their causes and effects ruthlessly pointed out. Regardless of whether it is a question of

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national industrial policies easily leading to protectionist excesses, of the danger of individual countries going it alone without consideration for others in certain areas of legislation or of approval procedures being abused, we all know what is going on.

Secondly, it has been stated at the highest political level, that is to say by the European Council in June of this year, that the problems call for solutions.

Thirdly, it is our conviction that it will be possible to solve all of these problems if we look for solutions exclusively on the basis of the interests of the Community and the true national interests of the individual Member States.

Fourthly, the Commission has provided the Council of Ministers with firm bases for decisions in the form of over 50 proposals which are ripe for decision.

Last but not least, there is the decisive statement made by the President of the Council this morning, which greatly encourages us to continue along this path.

What we need once more are foreign ministers who are prepared to make political decisions when experts at all levels have got bogged down in details, since there is nothing in all these 50 subjects for which a solution could not be found provided the basic approach is constructive and that the willingness to compromise, which the implementation of this Treaty goes so far as to make a duty for the governments, are actually in evidence. If the experts back in 1956/57, during the preparatory negotiations for the Treaty of Rome, had taken such a leisurely approach as they sometimes appear to take nowadays we would probably still be discussing the establishment of the European Treaties.

(Applause)

What we are looking for is a different approach and a different attitude, i.e. that very willingness to make tangible decisions which Mr Hurd mentioned this morning. The somewhat delicate problems, the effects which some of the proposals before the Council might have on third countries are also soluble provided we work on the basis of a few fundamental principles.

Firstly, the principle of Article 24 of GATT applies, logically, to all barriers to trade, regardless of whether they involve tariffs or not. In addition, it is in the nature of a customs union or an economic union that citizens of the Community should be treated in a different way from those of third countries.

Secondly, the Community must be able to lay claim to an identity in the field of non-tariff barriers to trade too, as otherwise it would be self-contradictory.

Thirdly, technical protection *vis-à-vis* other countries must be negotiable, so that we can achieve reciprocity

— for example, in the case of access to the Japanese market which would remain closed to us if we were not prepared to discuss our standards and approval procedures. For the rest, this should not be any cause for concern as Article 110 obviously also applies to non-tariff barriers to trade.

Mr President, I should like, in conclusion, to give quite specific answers to two questions put by Sir James Scott-Hopkins. We regard the over 50 draft regulations and resolutions currently before the Council as a first step along the road to the further elimination of non-tariff administrative barriers to trade which you have called for. Further measures will follow when we have done some stocktaking subsequent to the meeting of the European Council in November.

Secondly, as I have repeatedly pointed out, public supplies is the sector of the domestic market most in need of reform. We have introduced measures designed to increase the effectiveness of the existing legislation as much as possible. However, we doubt whether all this provides a sufficient basis for a domestic market in the area of public supply contracts which would be in accordance with the Treaty. We will have to look for other solutions and this is, in our view, all the more important since, as is well known, the major disadvantages resulting from the lack of harmonization in public supplies involve the demand for high technology. This will form the focal point of our future efforts.

President. — I call the Commission.

Mr Davignon, Vice-President of the Commission. — (F) Mr President, I should like to return briefly to a few points arising out of the discussion which we had regarding the Commission's responsibility in the area of subsidies, in the industrial and iron and steel sectors. I apologize to Mr Glinne for not being present during his speech, of which I have the verbatim text here before me. We had a very difficult point to discuss in the Commission and Mr Andriessen was therefore sent to represent us.

An initial important point to be raised is the Commission's responsibility in the industrial sphere because this always gives rise to ambiguity. It does have a responsibility towards companies because under the ECSC Treaty these are required to communicate any investments made, whether they involve a subsidy or not.

Furthermore, where the general objectives are concerned, I can confirm what Mr Andriessen said just now, namely that we will put forward revised general objectives by the end of the year. We must bear in mind that we have 78 million tonnes of raw steel capacity in the Community of which less than 60% is used. This shows the extent of the structural problem and

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means that for two or three years consumption has not been developing as we might have wished. When we prepare our estimates, we do so in the light of these general objectives. In this context it is clear — and I want to say this on behalf of the Commission once and for all — that the Commission is not preparing any industrial restructuring programmes. It is not up to the Commission to decide on the restructuring programme of each company or each group of companies. Our task — since the initiative regarding the restructuring programme is taken either by the companies or by the government where there are subsidies — is to see if this programme corresponds to our criteria. We are not concocting any alternative plans.

Third important point: as far as its resources permit, the Commission is trying to assist development and change by looking at the steel problem outside of the purely national context. This is why it was jointly responsible for the McKinsey study on the steel industry in Belgium, in order to obtain a common indisputable, factual base on which discussions have commenced. We are carrying out similar studies in other countries.

Any restructuring must be considered in the context of transborder cooperation.

The nationalization of markets in the steel sector is one of the factors contributing to the structural surplus production capacity. In mining regions here basins extend across borders. This is why the Commission has encouraged such transborder cooperation by every possible means. In the case of Belgium, discussion with the Luxembourg government was encouraged and this led to so-called specific industrial programmes first of all at Hanzinelle, and later at Lá Hulpe when this programme had to be adjusted in the light of a Cockerill-Sambre merger proposal. We are encouraging similar discussions as regards the restructuring of the Saar, the restructuring of the steel industry in the Lorraine and Nord basins so as to provide the best chance of the successful outcome is really essential. We have also had successful results in the case of the Danish and Irish steel industries.

In the case of the Belgian iron and steel industry in particular a programme was drawn up in 1978 based on the McKinsey plan and providing for three categories of investment, those which were absolutely indispensable and required forthwith, others to follow, and the third category which would depend upon the development of the economy. After 1978, and contrary to the advice of the Commission, both decision-makers in the iron and steel industry and in the government did not make the distinction between the investment of phase 1 and those of phase 2. This led to numerous difficulties and great uncertainty, and stood in the way of a joint programme concerted within the Belgian steel industry before 1981. Thus from the end of 1978 to 1981, in spite of useful discussions and

some progress, there has unfortunately been no uniform basis for discussion.

Again the Commission, in order to try to speed matters up, immediately adopted a political approach to the proposed merger between the two large basins of Liège and Charleroi, holding the view that this would provide a further chance for the survival of the Belgian iron and steel industry. Obviously investment programmes have been changed with a view to the merger. As a result we finally received a programme in June, concerning which we asked some questions and as Mr Andriessen said earlier we received replies to these questions around 20 August on the basis of which discussions are now underway.

What is the subject of these discussions? The first discussion is a technical one, as Mr Glinne said just now, between the company, the government and the Commission, in order to determine how to calculate the 8.5 million tonnes of production patrimony which Cockerill wished to retain and which represents a substantial drop on previous production.

We have already given a favourable opinion regarding the 8.5 million tonnes but we now have to explain how these 8.5 million tonnes can actually be organized industrially speaking. This discussion with Belgium is the same as we are having with the other countries, with the British, with the Germans: the question is how to achieve a reduction in capacity while retaining the instruments which, if activated, would have a greater capacity. A problem for Cockerill-Sambre is, in view of its total capacity, how it can ensure technically that one day this capacity will not be reactivated and the proposed figure of 8.5 million tonnes exceeded?

It remains to be seen if the discussion on profitability will interfere with the discussion on the industrial programme. It must be stated here that the Council of Ministers unanimously took a decision on a code of subsidies not provided for under the ECSC Treaty. We must not forget in fact that the ECSC provides for no subsidies for the steel industry — in this respect it is much tougher than the EEC Treaty. Since all the Member States agree that the importance of the steel sector justifies joint support for the reorganization effort, an entire market organization has been set up with an additional 112.5 million ECU for the social measures. In addition public subsidies will be granted during transitional period. Thus at the end of a specified period there are to be no more subsidies. From that time on the Commission will assume responsibility for a steel programme. After a period of receiving assistance we feel that this company can, under normal market conditions, operate without assistance and we must make sure that this is so because we stand as co-guarantors for the success of the operation. This is what we must look at. The Commission must assume responsibility for showing that the industrial programme can succeed: we must see to it that the

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necessary conditions exist and take reasonable risks to ensure that the various countries are satisfied.

Let me raise just one last point briefly namely that each Member State has the impression that the Commission treats it worse than the other countries.

I should like to confirm that the Commission treats all files in the same manner it is treating that between the Commission and Belgium, that is request for additional information, verification and in-depth discussion. Let me add that on the initiative of the Commission the system of subsidies and procedures has been structured whereby decisions can be taken even if the case has not been discussed in full, because it would be absurd if through too much discussion about how to save the patient, the latter were to expire.

In conclusion, may I repeat that the Commission favours larger steel structures so as to ensure survival: furthermore we accept the proposed figures of 8.5 million tonnes for the quotas etc. as long as the technical details of this ceiling are worked out beforehand; finally under the system of subsidies, we have a responsibility towards steel industry managers and workers to ensure that this industry does not find itself in an inextricable situation and that these discussions do not interfere with the companies' chances of continuation and survival.

Mr Glinne will obviously realize that his remarks concerning the manner in which the Belgian government deal with this file relate to the company's own relations with the Belgian government and not those between the Commission and that government.

(The sitting was suspended at 1 p.m. and resumed at 3 p.m.)¹

IN THE CHAIR: MRS VEIL

President

6. Votes

President. — The next item is voting time.^{2, 3} We shall begin with the *Zecchino report (Doc. 1-427/81): Insurance against civil liability for motor vehicles.*

(...)

Paragraph 3 of Article 1 — Amendments Nos 12/rev., 2, 7, 11, 13/rev., 15, 8 and 19

Mr Zecchino, rapporteur. — *(IT)* Madam President, I am against Amendment No 12 because it excludes damage to objects in the case of uninsured vehicles as well. I am against Amendment No 2 for the same reason. I am also against Amendment No 7. If Amendment No 11 — which I tabled — is adopted, it will mean that Amendments Nos 13 and 15 will fall since they are variants of Amendment No 11, which for this reason will have to be put to the vote first.

(...)

Article 5 — Amendments Nos 3, 5 and 24

Mr Zecchino, rapporteur. — *(IT)* Madam President, I am in favour of Amendment No 3. If it were adopted, it would mean that the other two amendments, including the one tabled by the Legal Affairs Committee, would fall.⁴

(...)

President. — I call Mr Gondikas.

Mr Gondikas. — *(GR)* I just wanted to point out once again that my Amendment No 3, which has just been approved, concerns the new Article 5, but it now refers to Article 6 under the new numbering of Mr Zecchino's proposal. I say this because Mr Zecchino omitted to mention it before.

Mr Prout. — I think we have now reached the stage in the consultation procedure where we turn to the Commission and ask them whether or not they accept the amendments that we have voted.

President. — I call the Commission.

Mr Thorn, President of the Commission. — *(FR)* I cannot when speaking on behalf of a collegiate body say that silence is a sign of agreement. This is why I am unable to say nothing. I should be obliged in these circumstances to ask the rest of the Commission what they think of the amendments, and it was a treacherous move to ask me without any warning if the Commission as such could accept them.

Rest assured that I shall give them all due attention, and if you wish I shall give an answer during this

¹ *Motions for resolutions with request for an early vote — Motions for resolutions entered in the register pursuant to Rule 49 of the Rules of Procedure: see minutes.*

² *Withdrawal of a motion for a resolution — Topical and urgent debate: see minutes.*

³ The report of proceedings includes only those parts of the vote which gave rise to speeches. For a detailed account of the voting, refer to the minutes.

⁴ The rapporteur was also: in favour of Amendments Nos 9, 19, 20, 21, 22 and 23; against Amendments Nos 4/rev., 10, 14, 16, 17 and 18.

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part-session. But it is out of the question to give an answer here and now, before the Commission has met.

President. — I call Mr Herman.

Mr Herman. — *(FR)* Madam President, Mr Thorn, you are not unaware of the importance of this matter by virtue of the change to our status. As a result, the way we vote will depend on the answer you give. The fact is that we cannot vote now without an answer from you. We have to decide: either we postpone the vote until a later date or else we give you five minutes to consider the matter and give your answer. There is no other way out in my view.

President. — I call Mr Prout.

Mr Prout. — I have nothing to add to Mr Herman's excellent speech except to say that it would be disturbing to think that the Commission could make a decision so quickly. Either they have made it already or if they have not made it already I do not see how they could possibly make it in five minutes. This is after all a rather complicated piece of legislation and it would be nice to think that they would give it deeper and longer deliberation than that, Madam President. I certainly do not want to be put in a position myself of having to call the President of the Commission a traitor.

President. — I call Mr Bangemann.

Mr Bangemann. — *(DE)* This is a very serious matter which we should deal with accordingly. Our Rules of Procedures are, I think, quite clear and we have also shown the necessary political will in various ways. We expect the Commission to take account of our amendments in its proposals for legislation — or to withdraw the proposal if it feels that it is no longer acceptable after being amended by Parliament. After all, the rules of procedure provide for this possibility too. This is our view of the matter. However, it should also be borne in mind that the Commission is at liberty by virtue of its political responsibility, to make an independent decision. If it decides to go against the wishes of Parliament, it must accept the political consequence of this decision. However, we would be ill-advised to relieve the Commission of its own political responsibility, since the Commission is not a secretariat of this Parliament, but a political Community body with its own responsibility. It is also — as Mr Thorn rightly pointed out — a collegiate body. If it wishes to cross swords with Parliament on questions of policy, that is its own decision for which it is answerable to Parliament. We can react to such a situation, but we should not try to turn the Commission into a mere secretariat since this would mean the loss of an important ally in

our dealings with the Council. Those Members who are calling for an automatic answer from the Commission should bear this in mind. In my view, this could not be in the interests of this Parliament.

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — *(DE)* Madam President, I should like to request that the voting take place at the next voting time and to ask the Commission to tell us straight away, if possible, when it intends to inform us — and this must obviously be in good time — of its reactions to Parliament's proposed amendments, so that when Parliament comes to vote it will be able to decide, on the basis of this information, how this matter should be dealt with further in accordance with the Rules of Procedure.

President. — I call the rapporteur.

Mr Zecchino, rapporteur. — *(IT)* Madam President, I should like to point out that the power of initiative in this procedure lies with the rapporteur of the chairman of the relevant committee. They are the only ones who are capable of asking the Commission to voice an opinion on the proposed amendments and of moving if need be reference to committee, in accordance with Rule 36 of the Rules of Procedure, so that the matter can be looked at again by the appropriate committee.

In this instance, I am not aware that the chairman of the Legal Affairs Committee or I myself, in my capacity as rapporteur, have made such a proposal. So much for the legal aspect. With regard to the political angle, I think that Rule 36 of the Rules of Procedure is applicable in cases where there is a risk of possible conflict on major political issues between Parliament and the Commission.

Be that as it may, and in spite of the obvious importance of this directive for every man and woman — from the angle of its daily relevance, I might say — I do not think that the problems involved are such that this procedure should be initiated. At the same time, I fully appreciate the fact that the Members of the Commission present in Parliament may not be in a position to give an immediate opinion.

However, I would point out to the Members of this House and to the eminent representatives of the Commission that these amendments received a favourable opinion from the Commission representative on the Legal Affairs Committee.

In the light of these two factors, I feel we can go ahead with the vote and take a decision on this directive.

President. — I call Mr Klepsch.

Mr Klepsch. — (DE) Madam President, I can be very brief. I should merely like to stress what Mr Bange-mann and Mr Thorn himself have said, i.e. that he is present as the representative of a collegiate body and cannot therefore, not even jointly with Mr Andriessen, make a decision on the spot regarding the views of the majority of this collegiate body concerning the amendments proposed by this Parliament. For this reason, we too must respect the structure of the various institutions of our Community and wait for the Commission's decision. Thus we are missing the point at the moment.

President. — I call Mr Peters.

Mr Peters. — (DE) Madam President, ladies and gentlemen, I regard this business about whether the Commission is in a position to answer immediately or in the near future as totally beside the point since it is not up to Parliament to go into this question. It simply has to adopt and make known its political views by means of voting after the question has been examined from the legal point of view in the Legal Affairs Committee, and the way it votes should not depend on the view which the Commission might adopt in the future. When the Commission comes to state its own views on this question, which might well be negative, it will then be for this Parliament to call the Commission to account, and not the other way round. For this reason, I go along with the conclusions, but not with the motives.

President. — Since the rapporteur and the chairman of the relevant committee have not requested that the vote be deferred, in accordance with Rule 36 (1) of the Rules of Procedure, we must continue with the vote.

I call Mr Prout.

Mr Prout. — No, I think that is not quite right, with the greatest respect. Madam President, I think I am entitled as a Member of the Parliament to ask that this matter go back to the committee under Rule 85 (1) of the Rules of Procedure.

Now I am sad, Madam President, to have to make this request because I had hoped that common sense would prevail in this House, but it does not seem to have done so. Mr Thorn had very generously offered to go away and think about this complicated matter — a matter on which a number of amendments were made. I had hoped that other Members would have been satisfied with his offer. But once we vote this motion for a resolution we render ourselves *functus officio* — we have no more political power over the Commission.

Now what kind of institution are we, to do that to ourselves? What is the point of existing if we cannot exercise some political control? The Commission wants us to exercise political control over them. Mr Andriessen has been saying day after day in this House ever since he was made a Commissioner that he wants us to exercise control over the Commission! What on earth are we doing to ourselves by acting in this way? I implore you to see common sense and respect what the Commission have said and let them decide what they want to do and perhaps accept all our amendments.

President. — I call the Commission.

Mr Thorn, President of the Commission. — (FR) Madam President, I am willing to admit to the House that I did not come here to take part in this debate but in another one, as you are aware. I was asked a question. I can only tell the House that I am the President of a collegiate body and I cannot state opinions lightly. In the last few minutes I have looked at the texts and, as far as I can make out, I see that my colleague, Mr Tugendhat, made a fairly detailed statement on these amendments yesterday. Please understand, Mr Prout, that on behalf of the Commission I can add nothing to what was said by Mr Tugendhat yesterday, regarding the various amendments, when he was speaking for the Commission.

If you want me to take a position, the Treaties and the regulations require me to call a meeting of the Commission. I have no option if I am going to satisfy you on this.

President. — I call the Commission.

Mr Tugendhat, Vice-President of the Commission. — Madam President, thank you very much for giving me the floor. I was in my office upstairs when this urgent message came through. I would like to say to the House, lest there be any misunderstanding — and people can see that I have the official record of the House in front of me — that I took position yesterday quite clearly on all the amendments which were then ready to hand. I hesitate to say on all because sometimes amendments come up at the last moment in languages which one does not understand oneself. But I certainly took position here on a very great many amendments and if the House — because there are now about fifty times more people in the Chamber than there were when I made my speech yesterday —

(Laughter)

wishes me to read my speech again,

(Laughter)

Tugendhat

taking position on each of the amendments, I will of course do so, but I would not like the House to feel that I had been guilty of a discourtesy. I did make every effort to take all the amendments, and I would ask the House to understand that.

President. — I call Mr Prout.

Mr Prout. — I am sorry to intervene yet a third time but I do not want Mr Tugendhat to think that I am in any way accusing him of negligence — not at all. It is precisely because he took a position on a number of these amendments that we are making what we believe known to you now. In spite of what you said we have voted certain amendments which contradict what you want.

President. — I call Mr Antoniozzi.

Mr Antoniozzi. — *(IT)* Madam President, after these clarifications by the Commission, and especially by the rapporteur, Mr Zecchino, I feel we can go ahead and finish the voting.

President. — We are voting on the application of Rule 85, which Mr Prout has requested in order to refer the matter to committee. Everyone is aware of the points involved.

(Parliament rejected Mr Prout's request and adopted the resolution)

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* *

President. — We shall now consider the *Sieglerschmidt report (Doc. 1-414/81): Responsibility of the Court of Justice of the European Communities for the uniform application of Community law in the Member States.*

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *Dankert report (Doc. 1-552/81): Greece's contribution to financial costs.*

I call Mr Notenboom.

Mr Notenboom. — *(NL)* As I said yesterday, Madam President, I should like a separate vote on recitals (a), (b), (c) and (d), and also on paragraph 4 of the motion.

President. — I call the rapporteur.

Mr Dankert, rapporteur. — *(NL)* Madam President, as far as this motion is concerned — and I have already exchanged views with Mr Notenboom — I think it would be a good idea to withdraw paragraph 4. This might remove the difference of opinion or any unclarity as to whether we are passing judgment on the substance of the matter or simply talking about the form, in other words the fact that we believe that no separate legal justification is required for the matter of this special contribution. Paragraph 4 is therefore withdrawn.

President. — Mr Dankert, I do not think a paragraph can be withdrawn just like that. I think a vote has to be taken. As rapporteur, you can express an unfavourable opinion at the time of the vote. I think that is the best way of doing things.

I call the Committee on Budgets.

Mr Lange, Chairman of the Committee on Budgets. — *(DE)* Madam President, ladies and gentlemen, now that one or two points have been cleared up in the debate, I can withdraw paragraph 4 on behalf of the Committee on Budgets.

President. — With the old Rules of Procedure it was possible to withdraw a text at the simple request of the rapporteur or the committee chairman. This is no longer possible under the new rules. In these circumstances it is no longer possible to withdraw a paragraph from a motion for a resolution. There has to be a vote against the paragraph and in this way the paragraph is withdrawn.

I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — *(DE)* As far as I am aware, Madam President, this point has not yet been settled in the new Rules of Procedure. As long as there has been no definite ruling on the matter, we can proceed as the rapporteur suggested and in the way we used to under the old Rules of Procedure.

President. — I am sorry, Mr Lange, but insofar as there is no longer provision for this in the new Rules of Procedure, we are obliged to vote on the matter, for or against. The Committee on the Rules of Procedure and Petitions decided to abolish the rule which allowed things simply to be withdrawn.

I call Mr Arndt.

Mr Arndt. — (DE) Madam President, you have just said — if I have heard the German translation correctly — that there has to be a vote on something which has already been withdrawn. I think it is ridiculous that we have to vote on the content of a motion when the author, in this case the Committee on Budgets, is no longer happy with it. I therefore ask you to put the committee's proposal to the vote, as to whether paragraph 4 can be considered withdrawn or not.

President. — There has to be a vote to find out whether it has been withdrawn or not.

I call Sir James Scott-Hopkins.

Sir James Scott-Hopkins. — However we vote, Madam President, could we have an electronic roll-call vote please?

President. — On some of the paragraphs, Sir James, where Mr Notenboom has asked for a separate vote, or only on the motion as a whole?

Sir James Scott-Hopkins. — No, Madam President. On the resolution and on the report as well. Whatever votes we have on this particular issue, could we have a roll-call vote please?

(Parliament approved the proposal for a regulation)

Motion for a resolution

President. — I call the rapporteur.

Mr Dankert, rapporteur. — (FR) Madam President, since the resolution by the Committee on Budgets asked the Commission to withdraw its proposal and as the Commission has not done this, I must on behalf of the committee ask the House to vote against. Against the opinion of the Committee on Budgets, the House has approved the Commission's proposal for a regulation. This means that the committee's motion for a resolution no longer has any purpose. It is therefore better to vote for the straightforward withdrawal of this motion, because otherwise we could find ourselves in a contradictory situation.

President. — I call Sir James Scott-Hopkins.

Sir James Scott-Hopkins. — Madam President, I would like to get it absolutely clear. We are now voting on a motion by Mr Dankert to withdraw his resolution. In that case it is just his resolution for which withdrawal has been moved and it is on that

motion that a roll-call vote has been requested; in other words only one vote.

(Parliament agreed to Mr Dankert's proposal)¹

7. Statement by the Commission

President. — The next item is the statement by the Commission on relations between the Community institutions.

I call the Commission.

Mr Thorn, President of the Commission. — (FR) Madam President, our Commission today has the honour of presenting to you a communication on relations between the institutions of the Community — a communication which I had promised to you last February when we were debating the work programme for this year.

I would like to describe to you, in a few words, the philosophy of the document, which is intended above all to be a contribution — perhaps a modest one — to a process of reflection which all the institutions must undertake together. Indeed, in giving you our views on the way in which we regard, and hope to cause to operate or see operating, relations between the institutions set up by the Treaties, we must stress that it is up to each institution — Parliament, Council, and Commission — fully to face up to its responsibilities so as to enable the Community to move forward. Our document is essentially the result of a collegial discussion, and therefore I take particular pleasure in associating the whole Commission with it — particularly Mr Andriessen, who will perhaps answer questions at the end of this debate, but also my other colleagues.

In addressing this Parliament, I have often had the opportunity to show how much importance we attach to respecting deadlines, whether it be on the agricultural prices last March, or on the 30 May mandate. This applies once more today. The appointment we made with you in February for the month of October has therefore been kept. The approach which our Commission has adopted in this document is in exactly the same spirit as that in which we approached the 30 May mandate.

Our aim is to revive — as you want us to do — and to strengthen the Community. Our work on the 30 May mandate, by identifying the main requirements for a restoration of balance in relations within the Community, and by proposing the renewal and development of common policies, seeks to present to the governments and citizens of the Community the

¹ Decision on requests for early votes: see minutes.

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prospects for what we call the 'second generation Europe'.

Our proposals on inter-institutional relations are thus an inseparable part of the revival — indeed the reshaping — of the Community effort.

A second concern which has guided us in our work is the basic need to restore some tranquillity to inter-institutional relations. There is no doubt that this is a precondition for our Community rapidly to make its decision-making procedures effective once more.

Indeed, the Community must recover the courage and the instruments for taking decisions. It is therefore perhaps of some use, Madam President, to recall here, at a time when most Members of Parliament are entering on the second half of their term, that the mandate which the European citizens conferred on you on 10 June 1979 represents and will always represent an historical innovation. Direct elections to the European Parliament brought with them many new hopes. On that day Parliament at last attained its full stature as the legitimate representative of the peoples of the Community.

You must, however, be careful not to allow yourselves or the European electors to entertain a fundamental misunderstanding. The Commission, as guardian of the Treaties, takes on novel responsibilities within the institutional framework of the Community. At a time when our constitutional system is often violently attacked, it is important to keep in mind that the Treaties aim at the continuous and fruitful reconciliation of national interests, and even of regional or local interests, with the general interest of the Community.

Our Community does not claim to be a central administration, but is rather an initiating and management entity to which the Member States, by signing the Treaties, delegated a part of their responsibilities — admittedly not a very important part.

There is very often a gap between the expectations of the citizen, who believes, more often wrongly than rightly, that Europe must or can do everything, and the real capabilities of our institutions.

I would like here to try to reply in advance to those who say that we have not gone far enough, and that we have refused to meet Parliament half-way on the basis of the requests which it made in its July debate. And that is true. I had the opportunity to tell you so in July.

However, one should not always try to get ahead of schedule at all costs. The Commission is not prepared to countenance the dismantling of its role or the whitening away of its powers. Parliament would be deceiving itself if it thought that it could ever — particularly in the short term — strengthen itself by trying to weaken the Commission.

The strengthening of the Community and its gradual transformation into a true European union will take place through a development which may be slow but which will be inexorable. As you know, ladies and gentlemen, the traps and difficulties on the way are many. There is above all the fact that the increasing disillusionment of the citizens with the European ideal creates confusion among those in government and also — if it is necessary to say so here — among the elected representatives.

In this connection, I think I should remind you that we should avoid confusing the systems of distribution of powers based on the operation of national authorities with the need for democratic control of Community activities. European democracy operates in different ways, and involves different stakes, from those of parliamentary democracy at the national level.

What we are proposing, in terms of guidelines to revitalize relations among Community institutions, can be looked at from two angles.

On the one hand, we are proposing to restore the balance between the institutions as defined by the Treaties, and this implies in particular that the Council should take its decisions again, and finally, by majority. We do not wish the Luxembourg agreement of 1966 to be revoked on the spot, for we know that would be unrealistic, but we hope that there will be an end to a situation in which the Commission's right of initiative, sanctioned by the Treaties, is in practice rendered null and void, thereby making a nonsense of the consultation of Parliament on our proposals.

In the same context, the Commission must be given the opportunity once more to exercise to the full its executive functions.

And then, above all, we wish to see the influence of Parliament strengthened — I mean that most sincerely — by perfecting and deepening our consultation and conciliation procedures. It is a question here of giving priority to Community procedures.

For this reason, just as we applaud the strengthening of political cooperation and the opportunity for Parliament to become better acquainted with the international activities of the Community, we also intend to halt the increasingly real encroachment of intergovernmental procedures, and I warn you against them, for they are not capable of leading to an authentic expression of the common interest of the Community.

Ladies and gentlemen, let us stress that for the moment what we are proposing is what can be achieved without making any immediate changes to the edifice of the Treaties. It is for the moment within the framework created by the Treaties that we wish to perfect the operation of the Community institutions and improve their performance. To that end, we need the help of the other institutions, but we need above

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all the help of this Parliament. It is essential for us to maintain contact through Parliament with the citizens of the Community.

We are aware that Parliament, which tries to translate all this into practice, needs to work out its own methods and procedures, and in particular must find better ways of putting into practice the dreams and hopes of European citizens, despite the reluctance of the Member States which seek to hold on to their sovereignty.

For this reason, we have tried to avoid proposing, in our contribution, new procedures which would at this stage further exacerbate the frequently too bureaucratic nature of those which already exist. We are concerned to preserve the spontaneous and sincere element in our relations, even if there is sometimes friction between the Parliament and the Commission. With your support, we can together make the Community move forward.

As I have told you more than once, make no mistake in identifying your partner, and above all make no mistake in identifying your enemy. Far be it from me to seek to give you lessons. But, Madam President, you must understand that sometimes we too are impatient with the practical everyday difficulties we come up against in the organization of inter-institutional relations. How do you expect the citizens to understand why, in today's world — marked by a deep disquiet and by the concern caused by external events and the wounds and scars inflicted by the economic and social crisis within the Community — our institutions go on holding interminable discussions on obscure problems of regulations and timetables? When we have to propose solutions for the forthcoming accession of our Spanish and Portuguese neighbours, or discuss our vulnerability in the energy field or the need for monetary stability, our institutions can often find nothing better to discuss than administrative problems!

Madam President, ladies and gentlemen, I hope you will realize when reading our document that our ideas are based on a double hope. On the one hand we hope that the governments will agree to implement the existing Treaties to the full, and on the other we hope that Parliament will not chase after illusions, but will contribute above all its practical sense and its determined support, without reservations, to the European effort.

Indeed, no institution can on its own create European union; cooperation among our institutions is essential, especially at this difficult time.

Today we believe we are offering you a way of increasing your influence, ladies and gentlemen. We invite each institution to face up to its responsibilities, and we call to witness not only you but the citizens who elected you in renewing our pledge to mould the

'second generation Europe' which our citizens ardently desire.

Allow me now to clarify, on behalf of our collegial body, the most operational part of our communication. The question at the heart of the institutional debate is to what extent your Parliament can exercise — as you would wish it to do — a greater influence on decision-making in the Community. Well, it is a fact that because of the shifting of the institutional balance and the unfortunately excessive intergovernmental character of the present Council it has become even more difficult for Parliament to have direct leverage on the final decision-making body of the Community, which too often seems to be and too often is the Council. Hence the importance of, in a sense, obliging the Council to take part in this institutional debate. Both you and we are concerned to achieve this.

It is not for nothing that, at several points in our document, we made proposals in connection with which we very clearly pointed out to the Council where its responsibilities lay. This applies primarily to the decision-making process in the Council itself. I have already said a few things about this in the speeches I have made before you. I wish to confine myself to reaffirming very explicitly that in my view there is no doubt that the first step towards strengthening the position of the European Parliament is a renewed and very strict respect for the rules laid down by the Treaty. The restoration of mutual confidence among the Member States must lead to the political institutions of the Communities being once more in a position, in the decision-making process, to carry out their integrative functions to the full, clearly and officially. This must also lead to determination and effectiveness — instead of being the exception as is too often the case at the moment — becoming once more the rule in this decision-making process.

Secondly, Madam President, where it is possible to strengthen Parliament's influence in the short term, we have — we hope — set in motion a process of conciliation on a new inter-institutional agreement among our three main institutions. This also applies to the consultation procedure, which my Commission wishes to improve and extend, and to the role of your Parliament in the international agreements — as you wished. There too, we advocate much more extensive powers for Parliament.

Finally, I think it is of great political importance that we stress unreservedly in the final part of our document that scope must therefore be left in any new treaty for clearly defined, effective powers for the European Parliament in the legislative field. I think, Madam President, that this is a political credo on the part of the Commission, which you should perhaps for your part value to the full.

One thing which has not escaped the notice of the Commission is that a series of proposals made in the

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institutional debate of last July, for example, and particularly, in the Hänsch and Van Miert reports, tend in a way to use the Commission as a lever in relations between the European Parliament and the Council.

Each institution approaches the institutional question on the basis of its own responsibilities and its own quest for greater influence. What could be more natural? It is not so much a question of whether the Commission allows itself to be used or whether one wants it to be misused. What matters is its political attitude towards Parliament. It is on the basis of this political attitude that we wish to deal as fairly as possible with that political institution *par excellence* — I do not say this to curry favour with you, but because it is our opinion — the European Parliament.

We explicitly acknowledge in this document — and also here, through my words — Parliament's desire to exert greater influence on the decision-making process. I can say unreservedly that we support this desire, but the Commission wishes to be in a position to carry out as well as possible the task conferred on it by the Treaties, and we hope that in this respect you, for your part, will be able to assist us.

The Commission remains politically accountable to Parliament for the way in which it carries out its tasks. It is therefore in this spirit that we reply — to a very considerable extent, we think — to the wishes which have been expressed here on the matter of relations between the Commission and Parliament. Whether on the monitoring role or on consultation, we are prepared to associate ourselves with the suggestions made by Parliament. We explicitly acknowledge that the change in the internal regulation with regard to consultation obliges us to have a dialogue with the European Parliament. We are also ready to begin this dialogue and, if necessary, within the limits of the possible and of our resources, to build a bridge between the European Parliament and the Council.

However, I tell you quite frankly that we are not prepared to accept an automatic arrangement, for that would be failing to meet our own responsibilities, which we do not wish to shirk, and the responsibilities which we must take in relation to Parliament.

We think it is very useful, before presenting more detailed and more formal proposals in important fields, to take the political temperature of Parliament. I think the parliamentary committees are particularly suited to this, and you will certainly see that my colleagues and myself, if necessary, even more than over the last few months, will take full advantage of our relations with your committees, if you wish, to familiarize ourselves as rapidly as possible with the views of Parliament on various subjects. We hope to hold this continuous dialogue with the committees.

The Commission thinks it highly desirable that Parliament should also be able to take initiatives of its own,

and the Commission firmly intends to support such initiatives within the limits of the possible. It is ready to assess to what extent it can contribute to their implementation. The Commission is prepared to take these initiatives as a basis and transform them, if you wish, into formal proposals.

That said, I trust you will not mind my saying that the Commission is concerned that there should be no encroachment upon its own prerogatives, and I can never lay enough stress on the right of initiative, for, I repeat, it is not in the interests of institutional balance, and therefore certainly not in the interests of Parliament, that the role of the Commission be reduced.

Those, Madam President, were a few clarificatory remarks on our proposals and suggestions, which I hope we shall study together very openly in the committees. I think that in political terms you should assess them as a whole within the framework of the Treaties, and later, if you wish, going beyond the Treaties, for the future, when we debate European union again at the end of the year.

We are also prepared to pursue this dialogue with you. I do not think we would be going about it in the right way if we were to check now, paragraph by paragraph and line by line, whether what we propose corresponds exactly to the resolutions adopted by Parliament. What is important — and I say this to men and women involved in political life — is the political attitude which we as a Commission have towards this political Parliament. We have left no doubt as to our desire to encourage an extension of Parliament's powers both in the short term and in the long term. That is a deep and sincere commitment which Parliament will, I hope, appreciate for its true worth.

(Applause)

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Klepsch. — *(DE)* Madam President, ladies and gentlemen, I should like to begin by thanking the President of the Commission for his closing remark. It is indeed true that we must enter into a constructive dialogue which can obviously only be a sort of prelude today. In presenting its synopsis, the Commission has drawn some initial conclusions from the debate we conducted on its programme last February.

The basic idea underlying the Commission's stance is surely correct. It is concerned with finding the right balance between the various Community bodies, re-establishing it where it has been upset and ensuring that the European Parliament can play its appropriate role, i.e. as the representation of 270 million Community citizens. Since we have only five minutes in which to state our initial reactions, I shall have to

Klepsch

resist the temptation of making a sort of contribution to a debate on institutional questions, as a great deal could undoubtedly be said on the subject of the relations between the Council and the Commission and the problems outlined in the Commission document. However, I should like to point out that we have repeatedly stated our opinions regarding the fundamental issues mentioned.

If I compare the demand made by Parliament in its resolution and the contents of the Commission document, I have mixed reactions, since on the one hand I can only welcome the fundamental idea of gradually giving Parliament a legislative role to play. Secondly, I welcome the ideas contained in Section 3 regarding a special procedure for dealing with amendments and resolutions. Thirdly, I welcome the proposals regarding what I might refer to as 'preconsultation' of Parliament. Fourthly, I welcome the passages dealing with the right of initiative insofar as they extend Parliament's right to play an active role. Fifthly, I welcome the proposals concerning the concertation procedure in connection with the budget and the questions of international legislation, which undoubtedly contain a series of very constructive ideas which will help us make progress, and sixthly, I welcome the ideas regarding the European Union outlined in Section 4.

On the other hand, I will make no bones about the fact that we are disappointed as regards certain fundamental elements which are lacking. We had not really expected the document to take this form even if this is in fact a perfectly valid form for it to take. However, when I recall that we have heard on a previous occasion from Sir Roy Jenkins that the Commission would follow up the analysis with concrete proposals but that we nevertheless had to wait a long time before anything was actually done, we have become a little sceptical in our attitude to new assurances, even if we do not have any doubts about the goodwill of your Commission, Mr Thorn.

During the debate on the appointment of the new Commission in February 1981, we pointed out that a draft inter-institutional agreement between the European Parliament and the Commission should be drawn up and discussed and we had the impression that this was on the cards. Therefore, we find it unsatisfactory that we should have been presented basically with another analysis which on the one hand is excellent, but on the other hand contains nothing new. However, we have at least — and I am fully prepared to admit this — been presented with a number of constructive considerations. Our aim must be to finally overcome the *status quo* and I should like to point out that we are completely in favour of cooperating with the Commission whenever this is in the interests of the Community. The November debate will provide us with an opportunity of going into the various subjects in detail after we have examined the question in the committees. However, we should also like to ask the

Commission not merely to bide its time while Parliament reflects pending the meetings of the committees, but to continue its work, perhaps in the form of supplementary contributions or statements during the November debate, which will permit us to continue in our constructive cooperation in accordance with the ideas we have in mind. I think we all realize that, in view of the present situation, we must do all we can in order finally to make some real progress in the interests of Europe. We hope that it will be possible, in the November debate, to put right the faults and weaknesses we have identified. At any rate, we should also like to point out that we intend to follow up these first steps towards a constructive dialogue and to endeavour jointly to direct further developments along the appropriate lines. My Group hopes that we will be able to conduct a detailed debate on this subject.

IN THE CHAIR: MR PFLIMLIN

Vice-President

President. — I call the European Democratic Group.

Sir James Scott-Hopkins. — Mr President, I welcome the fact that President Thorn has brought this document in front of us. I am going to be very brief because, like Mr Klepsch of the European People's Party, we need to look at the document and to study it before we come back to it, as indeed my group will do, in November or whenever the debate is going to take place, with constructive suggestions. All I will do is to run through the salient points in the space of two or three minutes.

With regard to Part II, the House knows and President Thorn will certainly know full well, what my views are on majority voting, and I don't need to elaborate on them. I hope he will be able to persuade the Council to move towards it.

In Part III, which he elaborated on when he was speaking, I think that, with regard to paragraphs 14 and 15, we would welcome the Commission's readiness to improve its response to Parliament's amendments. That particularly applies after what has happened this afternoon over one or two amendments, and I hope that improvement will take place. I welcome paragraphs 17 and 18 and I am glad he has put them in. I think that consultation at an earlier stage is much the best thing that can be done. The earlier we can be working with the Commission, the better. Concerning paragraphs 19 to 22, we certainly support the proposals put forward by the Commission, and I am glad they are prepared to accept the financial

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disciplines that we have long been seeking to impose — especially with respect to the discharge. Concerning paragraph 23, it seems to be clear that the Commission is concerned that Parliament should exercise greater influence on the agreements with third countries. I too think this is very important, although there is of course no mention made about the right to ratification. Perhaps we can come back to that at a later stage.

Paragraph 24 foxes me a little. I wasn't quite certain what the President actually meant when he said that the Commission was going to take the necessary steps: perhaps at some stage before we have our next debate he would like to elaborate on that. Finally, Mr President on paragraph 27, where the President was talking about Parliament's power being extended and redefined as part of a supplementary treaty on European union, I would say to the House and to the President that my group will most certainly play its full part in dealing with this matter and the process of drawing up such a supplementary draft in the coming months and years. I think this is an important issue and I am sure that my own group and the House will welcome the advances which have been proposed by the President. As I said, however, this is not the time to go into detail. We shall have to study this important document not only in the groups but also in a full plenary debate, and on the occasion I look forward to making constructive proposals not only to this House but to the President.

President. — I call the Communist and Allies Group.

Mr De Pasquale. — *(IT)* Mr President, pending a more wide-ranging debate planned for next month, we cannot refrain from making, even at this stage, a number of critical comments on the document which has been presented to us, in the hope that the Commission will take account of them and change its attitude. At the stage which the proposals for new and more correct inter-institutional relations have now reached, we think that the Commission should have tackled the whole problem in a less vague, less prejudged and less evasive manner.

Parliament — by adopting in July, after careful study, the five resolutions drawn up by its Political Affairs Committee, and earlier through the Rey report — has, in our view, produced a series of practical, precise and I would even say meticulous proposals, which, taken together, form an organic corpus of new procedures capable of making the Community institutions more effective within the framework of the Treaties in force.

On all these proposals, the Parliament has requested immediate negotiations with a view to an inter-institutional agreement. If the Commission wanted to take useful action, it should have started from this point, i.e. it should have examined Parliament's proposals carefully one by one, expressed its agreement or dis-

agreement with each of them clearly, and implemented without delay those relating to direct relations between the Commission and Parliament — if approved — i.e. those which do not require the approval of the Council; for the remainder, it should have associated itself with the request for an immediate trilateral negotiation. There is very little trace of all this either in the Commission document or in Mr Thorn's speech. The document states explicitly that the Commission confines itself to referring back — it is not clear whom, perhaps itself — to the resolutions adopted by Parliament. Equally disappointing is the weak stress laid on reform of the Treaties.

Parliament, in adopting the resolution tabled by 180 Members, has accomplished a basic political act and taken on the responsibility of drawing up a proposal for reforming the Treaties and submitting it for approval by the peoples, parliaments and governments of Europe. The Commission confines itself to saying in so many words that it finds it logical that Parliament should wish to participate in drawing up the Treaties. To participate? And with whom, Mr Thorn? Have you ever even thought of drawing up plans to reform the Treaties? Have you ever thought of using the power of initiative conferred on you by Article 236 of the Treaty? I do not think so. And in that case it would have been correct to make a different assessment of Parliament's decision and to declare that the Commission was prepared to undertake a joint effort. Particularly today, when the most varied and contradictory suggestions on the role of Europe are proliferating, when the economic, social and political situation is continuing to deteriorate, the Commission should have been able to, and still could, perform its function as a driving force to the full, by defending before Parliament and the governments a strategy for development of European integration and unity capable of really reversing the present negative tendencies.

In our view, the first duty of the Commission should be to make everyone understand, not through words but through practical actions, that without a revival of the Common Market, a correction of its internal imbalances and an increase in Parliament's power appropriate to a body elected by universal suffrage, the Community cannot last long. Even political cooperation, which it is desired to revive, if deprived of a solid Community base and reduced to a mere diplomatic relationship, will always remain weak, uncertain and ineffective and will definitely not be able to form a basis for the 'take-off' of European union.

In these difficult circumstances, Mr President, it is up to the more essentially Community institutions — Parliament and the Commission — to fight together to achieve a solution to the crisis which would integrate Europe or halt its disintegration, and in our view the document does not show us a Commission equal to this difficult task.

President. — I call the Liberal and Democratic Group.

Mr Bangemann. — (DE) Mr President, as Mr Thorn has clearly shown, we are all walking on thin ice in this debate. On the one hand, we are all Europeans and want this Community to move forwards and not backwards. On the other hand, however, we also realize that we are currently in a difficult economic situation which has resulted in a certain cautiousness on the part of all the Member States and hence the Council too, which means that many a well-meant initiative might appear risky because if it did not prove successful, it would tend to increase the sense of disillusionment which many people feel with regard to the Community. Thus we must have enough imagination to continue the development of the Community, but we must not let our imagination run wild so that we end up going backwards. This problem is one which faces us all, including the Commission and for this reason I do not say *'pitié pour les femmes'* but *'a fair deal for the Commission'*. This means that we must realize where the wrong questions are being asked.

This is always the case when claims to exclusivity are made, i.e. when people call for either new institutional developments or new policies for the Community, but not both. This is a misguided approach. We must do both. We cannot neglect one aspect and think we can put all our eggs in the other basket. The same is true in the case of the spurious alternative of working either within or outside the Treaties. I should like to say on behalf of my Group that we wholeheartedly support the Commission's basic principle, i.e. first of all to clear away all the deadwood within the context of the Treaties and to make full use of the room for manoeuvre available to us without, of course, ruling out the possibility of developing a new constitution for the Community — in fact we are intending to set up a new Committee to deal with this question at the beginning of next year.

Thus, we must work both inside and outside the Treaties. We must develop Community policies further, but the institutional structure must be improved too. Thus, what we are discussing here today — and I go along with this — is the question of trying to improve the operation of the Community within the framework of the Treaties by means of an agreement between the various institutions. I also share the view that our constitutional structure cannot be compared with that of any of the Member States. The Council is not a Lower House, the European Parliament is not a national Parliament and the Commission is not a government. These are all false analogies.

For this reason, we must define the respective roles of these institutions once and for all, since it will only be possible to achieve a sensible balance between the legislative powers, the executive powers and the representation of regional interests provided all three insti-

tutions play their allotted roles. This is what we can achieve within the Treaties.

In this respect, my Group is wholeheartedly on the side of the Commission and I hope that in this debate we will be able to encourage the Council to make a constructive contribution too. Our point of departure must be the strict application of the Treaties and I should like to stress what Mr Thorn said to the effect that the Commission has a very difficult job to do as the guardian of the Treaties.

Mr President, I regard the application of the so-called 'Luxembourg compromise', which was not in fact a compromise at all but a *'désaccord ouvert'*, as being in conflict with the Treaty. However, what are its implications as regards the political task which the Commission has to fulfil? If it feels obliged to act because the Council is unbending, this attitude on the part of the Council, which is in conflict with the Treaty, becomes not only a political but also a legal problem.

In connection with the fishing conflict, I have already considered together with my Group whether or not the efforts of the Council to reach unanimity at all costs should be regarded as an infringement of the Treaty and whether appropriate steps should be taken to deal with this. I concede Mr De Pasquale's point in this respect. The Commission will ultimately — perhaps not today, but in the near future — have to adopt an unequivocal stance. It is no longer enough simply to make declarations of intention. The Commission must take action just in the same way as it must adopt a position on the individual proposals in its dialogue with Parliament.

The second fundamental principle is that we must be careful that all our efforts of the moment do not ultimately lead to a step backwards. I am in favour of including European political cooperation in the Community decision-making machinery and I am also in favour of introducing new policies into this machinery. However, I am strongly opposed to these proposals if at the end of the day all we have achieved is intergovernmental cooperation. That would be a step backwards against which we must protect the so-called *'acquis communautaire'*.

I should like, if I may, to make two quite specific observations which we will deal with in the discussions in committee — and this will bring me to the end of my brief contribution. As regards the executive right to which you lay claim, you have allies in this Parliament. Mark my words, just implement the budget. After all we, with the boundless imagination of Members of Parliament, have already made a proposal. If funds have been provided for a certain policy in the budget, and when the Commission has already submitted a proposal, why doesn't the Commission do what it can within the framework of this budgetary decision without waiting for the Council to come up with a highly detailed legislative

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decision. This is a way of strengthening the Commission's executive right which it can use at its own discretion.

As regards the legislative right of this Parliament, I should like to make the following point. We have seen today what can happen if the Commission is unable to pronounce in good time on fundamental issues. In its Rules of Procedure and in other resolutions, Parliament has clearly stated that what this Parliament decides under the legislative procedure should be reflected in the decisions of the Commission. The Commission works on the principle — and I go along with it in this respect — that this should not become an automatic process, as the Commission would in that case be no more than a secretariat of this Parliament, and nobody would want that. We only need to look at our own secretariat. We do not wish to duplicate it. What we do want, however, Mr President of the Commission, is a clear answer to the question of the conditions under which you are prepared to adopt the decisions of this Parliament. How do you propose establishing a concertation procedure between yourselves and Parliament? We should like to hear more details on this question. Perhaps it was not possible to give such details today, but we must be able to count on receiving them in the next few weeks, since our own position is clear and we have explained it in detail. It is now for the Commission and the Council to adopt an equally clear position.

President. — I call the European Progressive Democrats Group.

Mr de la Malène. — (*FR*) Mr Thorn, ladies and gentlemen, in the short time at our disposal I do not intend — perhaps unlike the earlier speakers — to tackle the basic problems, which will be debated, I think, in November. I merely wish to make a few brief, general observations on the new document you have submitted to us.

My first observation is that here is yet another document on the institutions. Mr President, there was no lack of documents on the institutions. That does not mean that we are not pleased to see yours added to the pile. Even before the Tindemans Report, we already had many of them. Since then we have had the Tindemans Report and the report of the Three Wise Men. We ourselves voted for a number of institutional documents last July. I believe that Germany has just proposed one document and France is in the process of proposing another. So here we are with yet another institutional document! Well, so much the better, Mr Thorn, we thank you for enriching this collection, and I am sure there are many good things in your document — I repeat, I am sure of it. The only comment I could make is that if the earlier documents certainly represented hopes, they have become disappointed hopes. I am not sure that yours is a new hope.

My second observation on the institutions is a reaffirmation of our consistent position. We have often said that we are not at all opposed to an improvement in the institutions of our Community — quite the reverse. But we are well aware that this is only one means, and that the mistake is often made of taking the means for the end. We believe that if we wish to extricate the Community from the quagmire into which it is sinking, we cannot do so merely by strengthening a number of decision-making mechanisms — although these are necessary — but only by trying to discover, in the governments and the Member States, a political will which will make it possible to progress. We will not be able to make progress merely because we have set up mechanisms which are more or less favourable to the taking of decisions. If the will is lacking, the decisions will not be taken, and unfortunately — I repeat unfortunately — we do not see much sign of such a will.

My third observation is to stress the urgent need for the voice of Europe to be heard. Europe is in the process of disappearing from current affairs. When one reads the papers, one realizes how eventful — often sadly eventful — are international current affairs, while one notes regretfully the slight role played by Europe in these affairs.

There is one problem which dominates and will continue to dominate the future of our planet — that of relations between the more or less well-off nations and those in the rest of the world where people are dying of hunger or suffering from malnutrition. These relations are called by different names, and in particular 'the North-South Dialogue'. In this dialogue of fundamental importance — immensely more important than the question of redistributing wealth in our already wealthy countries — Europe should make its voice heard. Well, we cannot hear that voice. And this great void cannot be filled by some startling or grandiloquent statement — more or less out of place — by some minister about a particular act of violence or a particular position.

Here, then, is another document. It cannot replace political will, and yet political will is necessary, because Europe is necessary. I would not like to end on this excessively pessimistic note, but I shall say this to you, Mr President of the Commission, with some bitterness — you tell us, and repeat in your documents, that you want to face up to your political responsibilities. To do so, you formulate proposals. Fair enough, that is your duty. But if no notice is taken of your proposals, Mr Thorn, what conclusion will you draw? Will you continue to face up to your political responsibilities by making proposals, then more and more proposals? I put the question to you, and I would like to know if, in the years ahead of you, aware as you are of your responsibilities, you will take refuge in proposals without ever, perhaps, drawing conclusions from them.

President. — I call the Group for the Technical Coordination and Defence of Independent Groups and Members.

Mr Hammerich. — (DA) I would like to add a few remarks to point 4 of the Commission's communication where it is stated that the Commission welcomes the initiatives taken recently with a view to strengthening political cooperation and involving the Commission fully in this.

'In the foreign policy sphere the debate was of course particularly lively during the spring, summer and autumn. It emerged that the Treaty of Rome and the other treaties contained nothing about foreign policy. This means that should we in the future wish to extend cooperation within the European Community to include foreign policy also, which I do not think very likely, this would mean adopting new treaties or amending the Treaty of Rome, which could not be done in the case of Denmark, unless it were agreed that accession to the Community be pursuant to the Constitution.'

Mr President, what I have just said may possibly appear to you to be too radical or perhaps un-European, as one is wont to say down here, but the author of my script is now in 1981 a member of the EEC Commission. It was Poul Dalsager who wrote the speech in 1972 shortly before the Danish referendum on the EEC. Now he is the guardian of the Treaty but none the less one can accept his word because neither the Treaty of Rome or the Danish constitution have been changed in this respect, and I hope that he will always stand by the words he spoke in the big debate in the Danish Parliament in 1972 and point out to the Danish Government that the decision taken by the foreign ministers yesterday in London has no foundation in law. Poul Dalsager also said in 1972: 'The social democrats will not accept a form of foreign policy cooperation which would mean that Europe would speak with one voice.'

The EEC Commission and its officials have no right to participate in foreign policy cooperation between EEC foreign ministers if this authority has not been vested in them through the amendment of the Treaty of Rome or the adoption of a supplementary Treaty, and such an amendment will, according to Poul Dalsager, require a five-sixths majority in the Danish Parliament or a new referendum. Thus if Poul Dalsager wishes to have permission to become involved in the internal political affairs of a Member State, then he should inform his former colleagues in the Danish Government that they should issue writs for a referendum, so that there can be legal, lawful endorsement of a foreign policy secretariat, of the EEC Commission's participation in EEC foreign policy, of the suspension of a security policy and the introduction of a 48-hour emergency procedure.

Thank you in advance for allowing Poul Dalsager to take the floor here Mr President!

President. — Thank you on his behalf.

(Laughter)

I call the Socialist Group.

Mr Arndt. — (DE) Mr President, the Socialist Group intends to state its position on all these points at the November debate. For the rest, the European Parliament has, I think, already stated its views on the institutions. We therefore regard the proposals made by Mr Thorn today as an initial general commentary.

Nevertheless, we should like to ask the Commission to state its views on our proposals quite clearly the next time this House comes to deal with these questions. Thus, it should state quite unambiguously that this majority decision by Parliament indeed corresponds to the views of the Commission or, if it takes a different view and feels it should point out to Parliament that its views do not correspond to those of the Commission, it should say that this proposal is not acceptable.

I think this is vital if we are in fact falling behind as regards the further development of Europe and if this is the fault of the Council — and I think that basically the analysis contained in this document only confirms what the European Parliament has already said — the Commission should make an urgent attempt together with Parliament to get things moving again. And this is where we must make a small criticism.

We have the feeling that the cooperation between the Commission and Parliament does not run as smoothly as Parliament would wish. In the course of the last six months, Parliament has adopted a whole series of fundamental resolutions — including the resolutions concerning the mandate of 30 May. The Commission should not try to lag a little behind Parliament in this respect with a view to finding common ground with the Council. It should rather — as certain Commissioners have already done in public — adopt a clear and unambiguous position.

We hope, therefore, Mr Thorn, that at the next debate Commission will state quite clearly what view it takes of Parliament's resolutions. The Socialist Group can only reaffirm the view it has already put forward in this House during the summer.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, I should like to make just one observation in reaction to the point made by Parlia-

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ment. May I begin by stressing that in tabling the document which the President has just presented, it was the Commission's clear intention to begin a dialogue with Parliament — or perhaps I should say a triologue, since the Council should also be involved — and I must say that I was very pleased at Parliament's initial reactions which indicate that it too is in favour of entering into a dialogue. The Commission viewed the document in conjunction with the mandate, which contained a number of proposals for advance notice of policy proposals, but it is clear that the decision making on amendments to our policy must be such as to permit real decisions to be made and this institutional document and the relation between the three institutions are significant in this respect.

All sorts of movement are afoot in Europe. The document refers to this fact and references have also been made in this debate. It strikes the Commission as vitally important that a dialogue should now be initiated in the course of which relations can gradually be improved by making the best possible use of the possibilities afforded by the Treaties and, in the longer term, obviously the possibilities afforded by a further development of the Treaties too and the Commission would be glad to take part in the activities developed by Parliament in this respect.

Mr Klepsch deplored the fact that this proposal does not contain any specific proposals for a new inter-institutional agreement. This is correct. What this document does contain, however, is a statement to the effect that the Commission will take the initiative to get discussions on this question underway with a view to arriving at an agreement of this kind in effective consultation between the three institutions, and I can assure him that this initiative will be taken in the near future. He also asked the Commission to continue its work on this subject before the November debate and I can assure him that it will do so and I can at the same time assure Mr Arndt that insofar as the Commission has not already stated its point of view during the July debate — I am sure he will remember that I myself explained, on behalf of the Commission, our initial reactions to a number of suggestions from Parliament — it is obviously willing to go into the proposals contained in the report discussed in July in specific terms. However, I repeat that a wide range of subjects were discussed at the July debate, and in particular the subject he has just mentioned, i.e. the question of what the Commission does with opinions of this Parliament, and our President has just explained his point of view quite clearly once more. We take due note of this and we attach great importance to it. However, the automatic process, as it were, which the President has just mentioned would be impossible without fundamentally affecting the Commission's own responsibility.

Mr President, Mr Scott-Hopkins enthusiastically welcomed this document as an initial contribution of the Commission to a constructive dialogue. He promised to make his own contribution in more specific

terms at the November debate and we look forward to this exchange of ideas, which we hope will be constructive. Mr President, listening to Mr De Pasquale I should like to say that of course Parliament put forward its own views on a wide number of aspects of the relations between the various institutions at the July debate and it was perfectly entitled to do so. The Commission has now reacted to what was said on that occasion. The Commission has made its contribution here today and in the ensuing discussion, i.e. in the dialogue which is about to get underway, we can examine each other's proposals with a view to determining the best way of improving relations as far as possible. However, at the beginning of this dialogue, the views of the various interlocutors must be clear before they can be further compared and discussed. I therefore regard his criticisms as a contribution towards obtaining a clear picture of the problems and the dialogue itself will, I hope, produce satisfactory results. At the end of his speech, he made a more general criticism of what, if I understood correctly, he takes to be a failure on the part of the Commission to meet the great challenges of the day. I think, however, that I can reasonably claim that it is clear not only from the document on the mandate but also from numerous other proposals by the Commission that we are in fact endeavouring to answer these challenges. It is clear from the discussions we have had here today concerning the problems facing the steel and textile industries etc. that the Commission takes these matters seriously and knows how to adopt positions and draw up policies.

Mr President, I was very interested to hear what Mr Bangemann had to say. His first contribution to our debate was also very promising. He drew attention to a number of vital points which also relate to the task which the Commission has been set or might set itself. We have taken careful note of his points and would be only too glad to return to them in a constructive spirit during the November debate. Clearly, the Commission is under an obligation by virtue of the Rules of Procedure of this Parliament and it reaffirmed this fact once more today — even if it was not totally clear whether the Commission had already expressed its views on the question put on the basis of a specific amendment. The Commission intends to adhere to this provision contained in the Rules of Procedure as I myself promised on behalf of the Commission when the Rules of Procedure were being discussed here, and Parliament will remember that this provision has already been applied in practice on a number of occasions. I am thinking, for example, of a well-known instance, i.e. when we were discussing transport and the question of excise duties for which a solution was found in the context of this concertation, if I may refer to it in this way. We are decidedly in favour of a dialogue on these questions and I agree with Mr de la Malène that procedures alone are not enough and that obviously there must also be the necessary political will and scope for the development of policy. However, if what Parliament itself stated so emphatically at its debate in

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July is true, i.e. that even procedures and the relations between the institutions are not enough to effectively translate the political will which is in evidence or might be aroused into decisions, I think that it is a good thing that we are to continue the dialogue on these relations and procedures today and in the near future.

I see, Mr President, that Mr Dalsager has changed places today. I bumped into him in an out-of-the-way corner of this Parliament in a different guise (*laughter*). It is clear that the views of the Commission are being put forward here today and all the members of the collegiate body subscribe to these views. I wanted to leave it at that, Mr President, I in fact replied to Mr Arndt at the beginning of my speech. The Commission intends to go into the problems he raised as specifically as possible during the November debate. I hope, therefore, that I will be able to make it still clearer that, as regards cooperation with this Parliament, the Commission does not wish to exhibit a lack of drive but quite the opposite in those areas where the relations between the institutions can be improved.

Mr President, in this document, the Commission quite intentionally avoided listing, as it were, everything which has been said recently regarding these problems. Instead, the document was intended to embody a political commitment. This was not intended as a document simply for filing and forgetting and I hope, Mr President, you will take note of this point. What we need now is a discussion which may lead to a real improvement in the relations between the three institutions, and if the Council — which is present so my remarks are addressed to the Council too — if the Council would like to take part in a constructive debate, this would constitute an important contribution to this development and to the further improvement of the relations between the three institutions.

President. — The debate on this item is now closed.

8. *Competition within the Community (continuation)*

President. — The next item is the continuation of the debate on a number of oral questions on competition within the Community.

I call the Socialist Group.

Mrs Vayssade. — (*FR*) Mr President, this morning Mr Andriessen reminded us that every government has the right to choose the nature and the extent of any public ownership. A number of countries, Italy and the United Kingdom, for example, already have an extensive public sector: France is now doing the same and the commissioner recognized that the Treaties are being respected as it is done.

The Bill which is currently being debated in France does not ignore the Treaty of Rome, does not distort competition and does not limit the right of establishment — I am quoting virtually verbatim the Commissioner's words this morning. There was no question of anything other being the case: the Socialists have always been Europeans. In view of that, Mr Cousté's question seems to be an attack on our integrity and our intentions. And on what grounds is he attacking us and attacking the Bill which we are discussing at the moment? That we might be able to introduce barriers to the free circulation of capital. That is one of the areas where the Common Market has scarcely developed at all and where Member States have the greatest powers. In my view these insinuations are quite groundless and I would like the Commission to make that clear.

It has also been said that the nationalization which is currently under discussion will create monopolies or at least dominant positions in the market. The industrial groups are to be nationalized in their present form, without mergers or concentration. To say that this would result in a monopoly is no more than to recognize that the predecessors of the Socialist government allowed monopolies and dominant situations to be set up in France without being able to control them. If that is what they mean, then why don't they say so?

People also say that government aid will be extended because broadening the public sector always means extending government aid. That too, is bad faith — the bad faith of people who have freely nationalized losses but never touched a profit. What we are doing today is to nationalize companies which can make profits for all of the citizens of France and of Europe.

Lastly, transparency. I really think that before calling for a directive to be applied Mr Cousté ought to remember that it was the government which he used to support which petitioned for its overturn in the European Court of Justice.

It seems to me that today's show of bad faith has been very poor. I would have preferred it if our opponents had studied the Treaty of Rome a little better before setting themselves up as its defenders and noble champions. It is indeed saddening that those who have been the champions of national independence in so many debates have today dared to invoke European law so as to hinder the reconstruction of France.

President. — I call the Group of the European People's Party (Christian Democratic Group).

Mr d'Ormesson. — (*FR*) We are deceiving ourselves, Mr President, ladies and gentlemen, if we say that the French bill relating to the nationalization of French banks — whose activity, in the very nature of things, affects the whole range of our economic life — is

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compatible with the Treaty of Rome. It is unlikely, I fear, to be long before the Commission, and Mr Andriessen in particular, realize this. When they do so they must bring their actions into line with their words this morning.

According to the preamble to the nationalization bill, 36 banking houses will be affected, involving about 97.75% of all deposits held. Under these circumstances the nationalization which is being proposed is that of the entire banking sector. Indeed, the preamble to the bill says explicitly that that is the objective which is being sought.

Of course, nationalizing in this way a whole facet of a Member State's economic life cannot be concealed behind the provisions of Article 222 of the Treaty establishing the European Economic Community. The fact is that although this article says 'This Treaty shall in no way prejudice rules in Member States governing the system of property ownership', the Commission, in its replies of 3 April and 12 March 1974 to written questions Nos 489/73 and 703/73 said that with reference to that article 'The Treaty does not exclude the possible nationalization by a Member State of any sector of economic activity'.

You heard, ladies and gentlemen: 'any activity'. Now what the French government is proposing is not nationalization within one particular sector of economic activity but, once again, nationalization of virtually the whole of an economic sector. Since this is none other than the banking sector it is quite evident that the whole economy will be affected.

And with that, we are of course not talking just about a question of ownership but the very principles upon which the Treaty is founded, and which are put at risk by a decision to nationalize taken under such circumstances.

It is also wrong to restrict the aims of the Treaty to doing away with customs' barriers and establishing the free movement of individuals, services and capital and free trade by considering each of these aims as an end in itself. These are only the means of reaching a grander objective which the Member States seek together. For that goal we have to look first to the preamble to the Treaty, which records the will of the contracting parties to lay the foundations of an ever closer union amongst the peoples of Europe, to ensure the economic and social progress of their countries by common action to eliminate barriers, particularly direct and indirect government aid, whilst recognizing that the removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition.

The Community's task is to bring about these objectives, particularly by establishing a common market and progressively approximating economic policies, and in addition to promote throughout the

Community a harmonious development of economic activities, a continued and balanced expansion, an increase in stability, an accelerated raising of the standard of living and closer relations between Member States.

Now what the French government is proposing, according to the preamble to the nationalization bill, is also aimed at maintaining the standard of living and the development of economic activity, but it must be considered from the point of view of coordinated action by Member States aimed at achieving the objectives set out in the Treaty, as Mr Cousté was saying this morning. Some form of coordination is required insofar as this nationalization apparently runs contrary to the principles of non-discrimination set out in Article 7 of the Treaty.

Article 7 prohibits any discrimination on grounds of nationality and its first consequence involves the situation of banks in France controlled from abroad. There is no way these banks will have special rules applied to them because they are managed from abroad simply to avoid nationalization. The preamble to the nationalization bill is not entirely reassuring in this respect, however, since it says: 'Of course, the government also proposes that French banks should be able to withstand competition from foreign banks in France'. How will they be able to do this, if it is not with government aid? What is more, the prohibition on discrimination set out in Article 7 of the Treaty should be extended to include nationals of a Member State to protect them from discrimination practised against them by their own country.

The Commission has already taken this view on a number of occasions, particularly in cases such as that of *Walt Wilhelm and others versus the Bundeskartellamt*, in which judgment was delivered on 13 February 1969, and *Kenny versus Insurance Officer*, relating to social security, with judgment on 28 June 1978. In fact there will be a form of discrimination if all banks under foreign control are exempted from nationalization, even though some of them meet all the general criteria by which banks are deemed nationalizable.

The French Conseil d'Etat also considered this discrimination open to reproach in its opinion on the proposed nationalizations, and proposed that either nationalization should be extended to include those foreign controlled banks which met the general criteria or that the criteria should be modified so as to exclude all foreign controlled banks from the list of nationalizable banks.

I refuse to be party to this flouting of the Treaty of Rome and I invite the Assembly to support Mr Cousté's resolution and remind the French government that there has never yet been a society which did away with free enterprise and at the same time managed to retain civic liberties.

President. — I call the European Democratic Group.

Mr Purvis. — Mr President, in support of my friend Mr d'Ormesson I would say that we hope the Commission will exert all the influence it can and use all the powers it can to ensure that the freedom of banking services is freely available throughout the Community without any barriers at the frontiers, and that in itself may help to persuade the French government to change its mind somewhat. But I can state categorically that the European Democratic Group feels that full and final achievement of a common internal market is our single most important objective. To talk of Europe taking its rightful place in the councils of the world on foreign affairs, or on international economic, monetary or trade affairs; to talk of Europe realizing its full potential in industry and commerce and in technology; to talk of Europeans achieving their full aspirations in jobs, in living standards, in the quality of life or in social services; to talk of all these things is so much wishful thinking if we are not one single physical unit.

It is very difficult to instil in young people the spirit of Europe when any student on a vacation trip has to take his passport, has to submit to customs checks and queues at airports and frontier posts. It is difficult to convince industrialists and businessmen of the full benefits of a European market when their goods are harassed and delayed by border controls and form-filling bureaucracy; when they have to meet differing specifications for each nation in the Community which can change from week to week; when they have to juggle a variety of currencies with different interest rates and volatile exchange rates; when legal, banking, insurance, testing, transport and all these other services have differing requirements and conditions wherever the businessman or the individual travels and trades. We must tackle these residues of our separate pasts, and tackle them with urgency and determination.

The first prerequisite, the essential prerequisite is the political will in Member State governments and in the Council of Ministers and in the Commission, cajoled, chivvied, compelled by this Parliament to cut through the detailed undergrowth and emerge into the fresh air of a real common market. Will the Commission please use every weapon at your disposal — you must stand up to the vested interests boldly and expeditiously. If you do not, the people of Europe will tire of promises, the dream will fade and die and the burden of guilt will be on those, the Council included, who dithered and dallied preferring expediency, preferring the selfish short-term interests to the much greater benefits they could all of them, and all of us, have achieved. The Council and the Commission without further ado should set a date three years hence when the last internal border control will be abolished.

President. — I call the Communist and Allies Group.

Mr Fernandez. — (*FR*) Mr President, the nationalization programme which our government has decreed is a political act of considerable significance. We French members of the Communist and Allies group understand perfectly that a policy of the French government may well concern our European partners. No one, though, should be surprised if we reiterate clearly France's right to choose her own policy, and particularly her right to nationalize or take State shareholdings in a number of sectors.

There is no arguing with the fact that the question of ownership is a strictly national concern. The Treaties recognize it and so do the courts. Experience has already shown that there is no incompatibility between the principles of the Common Market and State ownership. The French government is acting in accordance with Community law and with French law. There is no question about that.

I am afraid that in fact the initiatives taken by Mr Cousté, Mr D'Ormesson and Mr Rossi belong more to the realm of political manoeuvring than to any concern of theirs to see the Community's rules and principles protected. The least that can be said is that it is curious that we should read in an EPD group memorandum that they call on the Commission 'to keep an eye on France'. The programme of nationalization in which the French parliament and the government is engaged is in the first place fulfilling the undertakings given by the President of the Republic. It does not fall to the European Assembly to debate the merits and contents of a policy supported by a large majority of French people and initiated quite independently by the government and parliament of our country.

It is easy to understand the disappointment of those who were rejected by universal suffrage on 10 May 1981, but we consider it unnecessary on their part to dissect the letter and the spirit of the Treaties in an attempt to challenge a policy for which the workers of our country have been fighting for many years and which they have now chosen democratically. On a higher level altogether than the technical and legal wrangling an attempt is being made to challenge not only this opportunity for France to acquire the means for an efficient policy but also, and more importantly, the right of French working people to have some direct say in the economic management of their country by being given new rights. Because nationalization is not just a means of implementing industrial policy. It is also a critical step towards democracy, a step towards halting the rise in unemployment and creating productive jobs. I need not remind you that creating jobs is in itself one of the aims of the Treaties. Nationalization is a major element in a policy of economic growth aimed principally at reversing the trend in unemployment and slowing down inflation.

We have no illusions that this will be easy. But it is not up to those who left France in crisis, with a stagnant

Fernandez

economy, growing unemployment and galloping inflation, to teach us lessons.

If I may finally address myself to the Commission, I would like to express some concern. In an interview with a German newspaper Mr Narjes made a number of statements which we consider unfortunate. The Commission has set up a working party on nationalization in France, and this astonishes us. As a matter of courtesy the French government advised the Commission of its nationalization plans. It was our hope — a hope which we have not yet lost — that the Commission would, in the same spirit, refuse to have anything to do with a campaign which we consider undignified. We are satisfied to note, therefore, the recent statements by Mr Thorn, which affirm clearly that the proposed nationalizations are compatible with the rules and principles of the Common Market.

President. — I call the Liberal and Democratic Group.

Mr Rossi. — (*FR*) I do not of course propose, Mr President, to transpose a national debate to a European level. I do not propose to raise the question of nationalization or of compensation, and I do not propose to deal with the problems of the branches of foreign businesses, these matters are for the French parliament.

We are, however, in a common market and measures of this scope are unlikely not to affect the working of our economic community. I have no intention of prejudging the issue and saying that what is proposed will inevitably contravene Community regulations, I think though that in a debate on government aid it is no bad thing to remind oneself of the rules of the market so as to warn and discourage those who might have notions of breaking them; it is likewise no bad thing for us to pose a number of questions so that the Commission can reflect on them and give us its reply.

We are well aware that the Article 222 of the Treaty of Rome is not concerned with the legal status of businesses. That is probably what the President of the Commission had in mind when he said that the Treaty and nationalization were not incompatible. I cannot however consider this response as a collegial statement until such time as the French bill has become law, and I think also that with the reply we should have been given a few more details and a word of warning.

I am surprised that the President of the Commission did not raise at least one doubtful point, which is that Article 7 of the Treaty prohibits any discrimination on the grounds of nationality. Now the intention, made quite explicit in the bill, is to nationalize only French banks, and that is one form of discrimination in which

case law in the European Court of Justice is quite clear. We should also perhaps be considering whether the Commission should have been consulted officially in accordance with Article 100.

Time is short, Mr President, so I will restrict myself for the warnings to the two which seem to me to be most obvious. The first relates to the ever-present risk of monopolies of a commercial character which are defined and prescribed by Article 37: I remind you that such risks have to be evaluated according to the nature of the goods or services rather than to the business, when the monopoly may influence trade between Member States.

The second warning should relate to the nationalization of the banking sector. When the public sector is extended at this level we must bear in mind the risk of the authorities succumbing to the temptation of intervening in everyday business activity and going on to distort competition.

I said earlier, Mr President, that I would prejudice no issues but I think I should even so draw attention to Article 50 of the bill which brings all banking establishments, including those which have not been nationalized, within the jurisdiction of the Conseil Supérieur du Crédit and of the Commission de Surveillance des Banques, that gives the government a great deal of scope for controlling the individual policy of each bank, Mr President, and is the point at which my argument returns to the subject of today's debate on government aid. Compare government aid — so frequently short term, dependent on circumstances, sometimes, too, rather modest, with the subtle selective and efficient effect of controlling credit. Are we not, ladies and gentlemen, shadow boxing and ignoring the hidden reality?

Circumstances have forced me to be brief, Mr President, but I would like to conclude by saying that although the bill has not yet been put to the vote we can still start our debate now, and start it by considering our future attitude towards the fundamental question of how far extension of the public sector may be taken before it starts to affect the underlying economic philosophy of the Treaty of Rome? The Treaty is built on a market economy, and under the circumstances just how far can we allow attacks on ownership, government intervention and a monopoly of credit to go? Those are questions which we shall have to seek to answer as time and events progress. That, Mr President, is why our Group will be seeking a further debate as soon as the bill in question has become law.

President. — Lack of time forces us to interrupt this joint debate once again. It will be resumed tomorrow.

IN THE CHAIR: MR DE FERRANTI

Vice-President

9. *Welcome*

President. — Both as President and as a member of Parliament's Swiss delegation, I welcome to the distinguished visitors gallery of the European Parliament the delegation from the Swiss Federal Assembly for relations with the European Parliament, led by Mrs Meier.

This is the first visit of our Swiss colleagues to the European Parliament since our direct elections in 1979, and we are most happy to see the establishment of a parliamentary dialogue with a most important trading partner and neighbour. We do hope that the working meetings of our delegation, led by Mrs Boot, will be a great success and will foster closer links and an open and continuing dialogue.

(Applause)

10. *Question Time*

President. — The next item is the second part of Question Time (Doc. 1-568/81).

As agreed, we begin with the question addressed to the Foreign Ministers.

I call Mr Israel on a point of order.

Mr Israel. — *(FR)* Mr President, I should like to remind you of Rule 44 (2) of the Rules of Procedure which states that 'Questions shall be submitted in writing to the President, who shall decide whether they are admissible; he shall determine the order in which they will be taken and how they will be grouped.'

These conditions have not been fulfilled in the case of the questions to the Foreign Ministers since they should have been grouped on the basis of their subject matter but they have obviously been put together trusting to luck.

So that my remarks will not be entirely negative, Mr President, I propose that the questions to the Foreign Ministers should be dealt with in the following order:

Firstly, questions concerning East-West relations and political cooperation, i.e. Question No 67, by Mr Berkhouwer, Question No 69, by Mr Schinzel, Ques-

tion No 83, Question No 81, by Mr Lomas, Question No 82, by Lady Elles and Question No 86, by Mr Cluskey.

Secondly, questions concerning human rights and development, i.e. Question No 66, by Mr Lalor, No 68, by Mr Boyes, No 71, by Mr Seligman, No 71, by Mrs Ewing, No 74, by Mr Collins, No 75, by Mr Prag, No 76, by Miss Castle, No 79, by Mr Blaney . . .

President. — Mr Israel, I think it would save your time and the time of the House if I were to make the decision of the Bureau and of the President in relation to this matter clear to you right at the start.

Mr Israel. — Yes, Sir, but on what grounds? You have to listen to my proposal!

President. — I should be grateful if you would listen to my decision.

(Laughter)

The decision of the Bureau and of the Presidency is to take the questions to the Foreign Ministers meeting in political cooperation in strict chronological order. What you have said will be taken into account by the Bureau when considering future question-times.

Question No 66, by Mr Lalor (H-347/81):

Have the Foreign Ministers meeting in political cooperation formed any useful relationship with the Organization of African Unity and do they see any hopeful signs for new peaceful initiatives by that organization in Africa following its annual conference in June this year?

Mr Hurd, *President-in-Office of the Foreign Ministers.* — The Ten naturally take an interest in the decisions of the Organization of African Unity but have no formal relationship with it. The Ten welcome all resolutions which contribute to the political stability of the African continent, including those recent ones on the Western Sahara and on conditions for a return to peace in Chad.

President. — In the absence of its author, Question No 67 will receive a written reply.¹

Question No 68, by Mr Boyes (H-376/81):

In view of the continuing violation of human rights and democratic freedoms in Chile, especially the recent expulsion of Christian-Democrat and Socialist politicians and other leading members of the democratic opposition, what steps are the Foreign Ministers taking to aid the restoration of basic freedoms in Chile, particularly those formally removed by the new Chilean constitution enacted on 11 March 1981?

¹ See Annex.

Mr Hurd, President-in-Office of the Foreign Ministers. — The Foreign Ministers of the Ten share the concern of the honourable Member at the unsatisfactory situation in Chile with regard to human rights and democratic freedoms. The recent expulsion from Chile of Christian-Democrat and Socialist politicians gives rise to particular anxiety. This concern of the Ten has been consistently expressed, both in international fora and in bilateral contacts with the Chilean government. The Ten recognize that violations of human rights constitute a problem not only in Chile but in a number of other countries.

Mr Boyes. — Mr Hurd obviously agrees with me that this is one of the most disgusting régimes existing in the world at the moment. Would he therefore explain to me why the Chilean Minister for Mining is in London at this present moment meeting with Conservative Ministers, in particular Mr Rees, the Under-Secretary of State for Trade, although in general his visit is being kept secret? He is being honoured in London by the London Metal Exchange at a dinner, and I do not doubt that the Chilean Minister from this disgusting, torturing, murdering régime is being welcomed by the government of Great Britain as well. Will the President-in-Office explain to me how he can reconcile his answer to my question with that invitation to Britain by the Thatcher government?

Mr Hurd. — The honourable Member must take responsibility for his own adjectives without associating me with them.

I do not think his supplementary is really a matter for the Presidency, but as a British Minister perhaps I could reply that obviously the visit to which he refers is not a secret, otherwise he would not be asking questions about it. It is a perfectly normal contact, and if indeed we are to exercise influence over the Chilean Government in the directions which he favours then contacts of that kind are obviously essential.

Mr Boyes. — Oh, don't be daft!

President. — Question No 69, by Mr Schinzel (H-389/81):

How do the Foreign Ministers view the US decision to produce the neutron bomb without first consulting or obtaining the approval of its European NATO allies, and do the Foreign Ministers believe that this action by the US has helped strengthen the basis of trust in the Community; do the Foreign Ministers consider that the United States of America could station or deploy the neutron bomb in any Community Member State without that State's consent?

Mr Hurd, President-in-Office of the Foreign Ministers. — The recent decision of the United States govern-

ment to assemble enhanced radiation warheads, commonly known as neutron weapons, is a matter outside the scope of political cooperation.

Mr Schinzel. — (DE) Does the President-in-Office agree that the EC Treaties do not exclude the possibility of discussing questions of security — particularly following the recent initiatives within the European Community which were aimed at intensifying joint discussion of questions of security? Do you not also agree that the Foreign Ministers of the European Community have every reason to concern themselves with a problem which increases the risk of nuclear conflict in Europe, causes a considerable strain on the relations between the countries of Europe and the USA and is a source of deep concern to the vast majority of the people of Europe?

Mr Hurd. — Yes, I agree with the honourable Member about the worry, but he has tabled a question about an American decision to manufacture weapons in the United States of America, so that without entering into the question of what is a security question and what is not in terms of political cooperation, I think it would in any case be true that this would not be a matter which the Ten would discuss.

Mr Seligman. — Does the President-in-Office not regard the neutron bomb as a most effective weapon because it does not leave radiation behind? Secondly, if we expect American troops to be stationed in Europe and to help with the protection of Europe, must we not make sure that they have the weapons they need to protect themselves? If we do not do that, won't they just disappear?

Mr Hurd. — I think my answer must be the same. Although discussion and comments on these matters is interesting, I do not think it is a matter for the Ten.

Mr Boyes. — When I asked the question about the barbarous, murdering, torturing Chilean government, the President found it in his heart to answer my question as spokesman for the British government. I wonder if he would find it in his heart to tell us today whether the British government has had any talks with the United States about the neutron bomb? Is it considering accepting it in Britain and would he disagree with the most stupid, inane comment that I have ever heard about the bomb from my greyhaired friend on the opposite benches? I have heard some comments in this Chamber, but that, Mr Seligman, with respect, is the most comical, stupid question and comment I have ever heard . . .

(Protests by members of the European Democratic Group)

President. — Mr Boyes, that is not a question. It is an offensive personal remark.

Mr Boyes. — ... when the whole world is in danger of being destroyed, how can you talk about a bomb that is going to be installed in Britain by your government?

(Protest and cries of 'Sit down' by members of the European Democratic Group)

President. — Order! Order!

Mr Boyes. — I will not sit down for you people ... !

President. — Order! It is the President who is asking you to sit down.

Mr Boyes. — ... I will leave that decision to the President.

President. — I have made the decision. Please sit down.

Mr Boyes. — Certainly, sir. But not for those people over there.

Mr Hurd. — The honourable Member doesn't seem to have grasped the point that neither the British government nor, as I understand it, any member government of the Community or indeed of NATO has been asked to accept on its soil the weapons to which he objects.

President. — Question No 70, by Mr Fergusson for whom Mr Seeler is deputizing (H-211/81):

What progress has been made in furthering cooperation of all kinds with the ASEAN countries?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Foreign Ministers of the Ten met with those of ASEAN in Brussels in November 1978 and again at Kuala Lumpur in March 1980, on which occasion a cooperation agreement was signed which was the first between the two regional groupings. The third meeting of Foreign Ministers took place in London yesterday and today, and I understand that there was a valuable exchange of views on matters of mutual interest. Furthermore, ASEAN ministers are meeting with the Commission today, and a meeting of the Joint Commission will take place on 19 and 20 October.

Mr Seeler. — *(DE)* Mr President, I am sure you will agree that the implementation of this cooperation

agreement between the ASEAN countries and the European Community will also require money. I should therefore like to ask you whether you are prepared to use your influence both in the Council and in your own government to see to it that the funds for cooperation which were deleted by the Council are reinstated at the second reading of the budget, since only then will it be at all possible to conduct the contact, between the ASEAN countries and the European Community, as provided for in the agreement, on a rational basis.

Mr Hurd. — I note what the honourable Member has said, but he wouldn't expect me to give that undertaking today. The ASEAN countries do benefit already from the Community's programme of aid to non-associated developing countries and from the food-aid programme. The agreements which already exist have made possible a number of programmes — training programmes, a mining mission, programmes for scientific and technological cooperation — which I think are recognized by everybody to be of very real value, not just to the ASEAN countries, but to the Community as well.

Mr Prag. — Could the President-in-Office tell us whether proper account is being taken in the cooperation agreement of the vast growth potential of the ASEAN countries — the fact that they are among the fastest-growing regions in the world — and of the possibilities which the agreement mentions for joint ventures?

Mr Hurd. — Yes, indeed. I accept what the honourable Member said. There have been, as he may well know, two industrial investment conferences already within the framework laid down by the agreement and the Commission has also financed a number of other missions, for example in the mining sector. So I think that the institutions of the Community, certainly with the approval of the Council, are active in the general field which he favours.

President. — I call Mr Schinzel on a point of order.

Mr Schinzel. — *(DE)* Mr President, I should like to protest against the fact that when we were dealing with the question of the neutron bomb just now, you allowed other Members to put supplementary questions but did not let the questioner himself speak again. This is a very arbitrary way to act in connection with a subject to which we attach great importance.

President. — Each Member may put only one supplementary question to each question.

President

Question No 71, by Mr Seligman (H-258/81):

Do the Foreign Ministers consider that the cause of human rights is served by the dispossession of the Sioux Indians of the Black Hills in the USA, which they claim as theirs by right according to the 1868 Fort Laramie Treaty?

Mr Hurd, President-in-Office of the Foreign Ministers. — No, sir, the matter has not been discussed by the Ten in political cooperation.

Mr Seligman. — Well one question is why not, but the other question is: with all the accent on human rights around the world is it not our duty to point out to our friends and cousins in America that they would greatly forward the cause of human rights if they did in fact give the Sioux Indians a fair deal in land in East Dakota which contains uranium and all sorts of minerals which are rightly theirs and which are worth untold millions and are almost incapable of being compensated for? I do think we should say something to the Americans about this as a Community.

Mr Hurd. — I do not think that the honourable Member would really expect this to be a matter which could usefully be discussed in political cooperation. Of course the question of human rights is a legitimate matter for international discussion and there are a number of fora, notably the UN Commission, where discussion does take place. Indeed, I understand that representatives of the North American Indians do have observer status at the sub-commission on the prevention of discrimination and protection of minorities which met fairly recently, at the end of August, so I think that it is in those kind of fora that the case which the honourable Member favours is best pursued.

Mr Schmid. — (DE) Mr President, you have just said that this subject had not been discussed by the Ten in political cooperation, I am also right in believing, however, that this matter was not discussed at the informal meeting of the Foreign Ministers in London either, unlike the question of the neutron bomb which was discussed at that meeting?

Mr Hurd. — No, Sir, I do not think that I gave that impression in my earlier answer, but I confirm that this question, the subject raised by Mr Seligman, has not been discussed by the Foreign Ministers either formally or informally.

Mr Schinzel. — (DE) I should just like to ask whether or not the Minister misinformed us just now in his first answer to the question about the neutron bomb if this question was in fact discussed at the informal meeting in London.

Mr Hurd. — No, Sir, as I think I have indicated, this question — I think that we are reverting to Mr Schinzel's question — of the enhanced-radiation neutron weapon has not been discussed in political cooperation.

President. — In the absence of its author, Question No 72 will receive a written reply.¹

Question No 73 by Mrs Lizin (H-361/81):

Can the President of the Council of Foreign Affairs Ministers state what has been done to bring about a cease-fire and what chance he thinks there is now of the European Middle East initiative's taking practical effect in view of the latest developments in the region?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Ten believe that the cease-fire now in effect across the border between Israel and the Lebanon is an encouraging development which should be built on in efforts to seek a wider peace. The Ten are determined to pursue the search for a comprehensive peace settlement and will continue to seek ways of making progress on the basis of the principles set out in the Venice Declaration. The recent tragic death of President Sadat reaffirms the need to pursue the search for a comprehensive solution to the problems in the region.

I should add, that, at their meeting yesterday the Foreign Ministers agreed that the President-in-Office, Lord Carrington, should before long visit Riyadh on behalf of the Ten to discuss this general situation in the light of our Venice Declaration and also in the light of the interesting eight-point plan recently announced by Crown Prince Fahd, which in our views is certainly a positive step forward.

Mrs Lizin. — (FR) Mr President, when I formulated this question I did not anticipate it being put at such a dramatic moment.

Apart from the option of the visit to Riyadh, what is the attitude of the Foreign Ministers meeting in political cooperation to the Saudi initiative? What does the President-in-Office think of the statements made by Mr Arafat on this question and of the contacts between Mr Mubarak and the European leaders who were present in Cairo for the funeral of President Sadat?

Mr Hurd. — Well, I think President Mubarak made clear in his discussions with the different European leaders that he intended to achieve a continuity in Egyptian policies and that the peace policies undertaken by President Sadat would be continued.

¹ See Annex.

Hurd

The honourable lady asked for greater precision about our attitude towards Prince Fahd's plan. We would not, I think, accept it in all its precision, but there are items in it, particularly Item 7, which implies the recognition of the right of all States in the area, including Israel, to exist: we believe that is definitely a positive step.

As regards discussions with Mr Arafat, I do not think I have much to add to what has already been said. It obviously would, in the view of the Ten, be a major step forward in the peace process if the PLO, who we believe should be associated with discussions, were able to say that if and when Israel recognized the Palestinian right to self-determination, they, the Palestinians, would in those circumstances recognize Israel's right to exist.

Mr de la Malène. — (FR) Does the President-in-Office think that the statement made by the Foreign Minister of a country of our Community, according to which the death of President Sadat removed an obstacle to a solution in the Middle East, has increased the chances of the European initiative making headway?

Mr Hurd. — The honourable Member would not expect me to walk into that trap, however skilfully he disguised it. All I would say is that all the Foreign Ministers meeting yesterday were clear that the death of President Sadat was a major blow, not just to Egypt but to world peace.

(Applause from certain quarters on the right)

Mr Radoux. — (FR) Does the President-in-Office of the Council agree that, after the events we have just witnessed, Europe must in future play a greater role in the Middle East than hitherto?

Mr Hurd. — Certainly we think that there is an opportunity and a responsibility on the Ten not to solve these problems single-handed, because that would obviously be absurd, but to make a distinctive European contribution to bringing the parties together in circumstances which might enable them to agree. Progress has been slower than we hoped, and it may well be that 1982 rather than 1981 is now the real year of opportunity.

Mr Marshall. — Would the President-in-Office accept that following the Venice Declaration the beleaguered people of Israel regard themselves as having been deserted by their one-time allies, and would he accept that only when the PLO accepts Israel's right to exist there is going to be any progress whatsoever and that that is somewhat less likely than was the conversion of St Paul on the road to Damascus?

Mr Hurd. — No, I would not agree with either point of that question. I think it would have been perfectly possible for the Israelis to give a warm welcome to the Venice Declaration if they had read it carefully before they condemned it, and I think it is a pity that they took it in the way that they did, because it does, of course, provide for the safeguarding of Israel's security.

On the second point, I would agree to this extent that I am sure, as I indicated before, that it would be a big step forward if the PLO accepted the right of Israel to exist, just as it would be a big step forward if Israel accepted the Palestinian right to self-determination. We in the Ten accept both. When the parties on the ground accept both, then indeed there will have been a breakthrough.

President. — In the absence of its author, Question No 74 will receive a written reply.¹

Question No 75, by Mr Prag (H-413/81):

Faced by incontrovertible evidence of brutal religious persecution, notably of members of the Baha'i religion, in Iran, the European Parliament in September 1980 and April 1981 called on the Foreign Ministers to make representations to the Iranian Government to end its persistent violations of human rights in this respect.

Seventy-seven adherents of the Baha'i religion have now been executed since 1978, for no other reason than their Baha'i beliefs. The pace of executions, murders, kidnappings and robbery has been notably stepped up in recent months. In July alone, over 30 Baha'is were arrested.

Would the President-in-Office bring us up to date on the action taken and progress made in response to these two resolutions?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Ten are seriously concerned by the report of persecution of the Baha'is in Iran, but we do not wish to take any action which would further endanger the Baha'is position. We therefore consider that action through the UN would be the more effective way of alleviating the situation, and certain member governments of the Ten are pursuing this approach.

Mr Prag. — I know the very great difficulties involved in deciding how to approach this question and through whom to act; also the dangers of doing the wrong thing and producing the opposite result to that required. But given the fact that what has been done so far has really not produced results, does the President-in-Office not think that a direct approach to the Iranian Government might produce a better result?

¹ See Annex.

Mr Hurd. — I am grateful to the honourable Member for phrasing his question in that way. The difficulty is that, as he well knows, the Baha'is are often falsely accused of being in some way agents of the West, and direct representations of the kind he suggests might well make their position worse for that reason.

Perhaps in my national capacity, however, I could add to my answer and say that we certainly are following this with very great concern. It is a sad fact that the authorities in Iran have not made any provision in their own constitution for the rights of this community, unlike others. We condemn the persecution of the Baha'i community which this discrimination produces.

Mr Eisma. — (NL) Does the President-in-Office of the Council agree that the action of the Council of Ministers in connection with the brutal religious persecution should be extended to cover all the other kinds of brutality taking place in Iran at the moment?

Mr Hurd. — The Council is all in favour of action where action is likely to produce the result which is wanted, but action which would have the effect of producing headlines in Europe which might make the position of the Baha'is actually worse is not, I think, something that we could reasonably be expected to do.

Mr Hurd. — Would the President-in-Office agree that it is totally unreasonable and unacceptable for the Community to continue to export substantial amounts of agricultural products, with taxpayer subsidies, to the present régime in Iran?

Mr Hurd. — That is a different question, and I would wonder whether action against this civil trade with Iran would actually improve the position of the Baha'is.

Mr Seeler. — (DE) Mr President, the United Nations reacted to the violations of human rights in South Africa with economic sanctions. Do you think it is possible that the Foreign Ministers in the United Nations might initiate similar sanctions against Iran?

Mr Hurd. — I am not sure that the honourable Member is right in this premise about sanctions against South Africa. In fact, I am sure he is not. But, as regards Iran, the Council has to consider what action we could favour or suggest which would actually improve the lot of those who are suffering there. This is a difficult thing to decide, but I do not believe that the Council is likely to come to the conclusion that economic sanctions will help.

President. — Question No 76, by Mrs Castle (H-416/81):

Will the Foreign Ministers meeting in political cooperation consider new initiatives to press the South African authorities to release Nelson Mandela and other political prisoners who have been detained because of their support for racial equality and full democratic rights within South Africa?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Ministers of the Ten have not discussed the question of Mr Nelson Mandela. However, I am sure that the South African Government is conscious of the excellent effect on international opinion which the release of Mr Mandela would have, and how widely it will be welcomed in the Community and elsewhere. The Ten made a statement on 30 November 1980 in the UN General Assembly, in which they demanded that the South African Government free immediately and unconditionally all those imprisoned because of their political beliefs.

Mrs Castle. — Are the Foreign Ministers aware that Nelson Mandela has been imprisoned on Robben Island for 19 years, that his colleague, Walter Sidoulu, has been imprisoned for 17 years and that for political prisoners in South Africa there is no remission, no hope and no justice? Are the Foreign Ministers aware that a young woman, Cesarina Makweri, has been held in solitary confinement in a South African prison for 13 months out of her 48-month sentence so far? And can we really in this European Community tolerate this inhuman treatment of political prisoners? Will the Foreign Ministers raise this matter immediately and urgently and tell South Africa that it will be ostracized politically and economically until it releases prisoners whose only crime is that they are fighting for democratic rights?

Mr Hurd. — The honourable lady has made her point, and there will be very many who will sympathize with her. She will have noticed the very strong language used on behalf of the Ten by the President-in-Office, Lord Carrington, when he spoke to the UN General Assembly on 22 September about our rejection of the system of apartheid, the enforcement of which carries with it the kind of actions of which the honourable lady has spoken.

We deplore the harsh measures required to enforce apartheid. When it comes to making representations in individual cases, then the Ten have to consider that and are obviously willing to do so. They have to consider their stance in any particular matter, the likely success of it and their responsibility towards nationals of the European Community imprisoned in South Africa, but the principle of such intervention is not excluded.

Mr Eisma. — (NL) Has the President-in-Office already visited the exhibition devoted to Mr Mandela, which was opened this morning in the Parliament building? If not, may I ask him not to leave Strasbourg before doing so?

Mr Hurd. — Yes, I will certainly try.

President. — Question No 77, by Mr Galland (H-421/81):

Kampuchea is anxiously approaching two critical events: the rice harvest, which has suffered considerable damage as a result of natural disasters, and the suspension of emergency aid from international organizations (ICRC and UNICEF).

Do the Foreign Ministers envisage an approach by the Community to the international organizations proposing that the discontinuation of the aid takes place on a more gradual basis than originally planned, possibly coupled with special financial assistance?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Ten look forward to receiving an up-to-date assessment of the aid needs of Kampuchea at the next donors meeting which is due to take place next month in November. Member States will then consider their contributions to the expenditure of the agencies in the light of that meeting.

Mr Galland. — (FR) Mr President, in view of the Council's responsibility it is only natural that you can only act on the basis of report. However, we are aware of certain facts, i.e. that the rice harvest will be bad this year as a result of climatic problems and that the international organizations have decided that, in the normal course of events, aid will be discontinued. Thus, we know that action is called for. Pending this report, which can only confirm what I have told you, has the Council already prepared any action?

Mr Hurd. — Well, our information does lead to a certain anxiety — the prospects for the current harvest do seem to be uncertain and there may well be localized food shortages, rather than a general famine. So it will be important for Member States to consider — and I am sure they will — when we have the up-to-date assessment at the donor's meeting, what action needs to be taken. I think it is worth recalling again because sometimes the outside world perhaps receives the impression, from arguments that we should do more, that we are not doing much. It is worth recalling that in the 19 months to December last year, the Ten gave about 80 million ECU of aid to Cambodia and to refugees in Thailand and this year a further 5 million ECU and cereal aid will be given. This does amount to some 40% of international relief operations over the period and I think that is quite a substantial percentage.

President. — In the absence of their authors, Questions Nos 78, 79 and 80 will receive written replies.¹

Question No 81 by Mr Lomas (H-441/81):

What measures have Foreign Ministers meeting in political cooperation considered to ensure South African recognition and implementation of United Nations Security Council Resolution 435?

and Question No 84 by Mrs Buchan (H-455/81):

In view of South Africa's continued defiance of international law over its continued occupation of Namibia, will the Foreign Ministers meeting in political cooperation consider the termination of diplomatic relations between the Community and South Africa?

Mr Hurd, President-in-Office of the Foreign Ministers. — The Ten have repeatedly made clear, most recently in their joint statement delivered at the special session of the UN General Assembly on 8 September, that they regard it as of the utmost importance that South Africa should abide by its declared willingness to let Namibia gain independence in accordance with Security Council Resolution 435. To that end, the Ten have welcomed and supported the continued readiness of the front-line States to work for a settlement on this basis and the determination of the five Western States involved in the contact group to continue their effort. The Ten hope that these efforts will lead to an internationally acceptable and peaceful solution to the problem of Namibia.

Mr Lomas. — Thank you, Mr Hurd, I am very grateful for that reply which is most encouraging. I have no supplementary question to put. I would simply support Mr Hurd's statement and urge him to carry on pressurizing the South African Government to accept these proposals.

President. — We shall now turn to questions addressed to the Council.

Question No 50, by Miss Quin (H-284/81):

When did the Council last discuss the situation in the European shipbuilding industry and what was the content of the discussions?

Mr Hurd, President-in-Office of the Council. — The Council last discussed the shipbuilding sector on 28 April this year when it adopted the Fifth Directive on aid to shipbuilding. The purpose of this directive is to organize aid in such a way as to further the reorganization and the increased efficiency of this industry. It accordingly discourages aid aimed at increasing capacity and allows only under certain

¹ See Annex.

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conditions aid to rescue undertakings, aid to deal with the social and regional consequences of restructuring and crisis aid. Since then the Community's position with regard to the problem of shipbuilding worldwide was explicitly and formally reaffirmed on 10 July this year within the OECD at the meeting of Working Party No 6 on Shipbuilding.

Miss Quin. — Does the Council's failure to act on some of the other proposals from the European Commission on shipbuilding — proposals which have been approved by the European Parliament, such as on the scrap and build policy, or on social assistance to redundant shipyard workers — mean that the Council is just going to continue with its rather negative and restrictive competition policy attitudes and is going to do nothing to adopt a more positive approach to enable European shipbuilding to recover from the recession and also to recover its position *vis-à-vis* Japan?

Mr Hurd. — The honourable lady is quite right in saying that other schemes have been discussed in the past, but it has not been possible to reach agreement on them. For example, the scrap and build scheme, which she has specifically mentioned, was discussed in November 1979, but such a scheme, which would involve increased subsidies, did not receive the support of Member States. I think the philosophy behind this, which I certainly would not regard as negative, is that increasing subsidies could lead to a subsidies race which at the end of the day would benefit nobody.

President. — Question No 51 by Mrs Lizin (H-304/51/rev):

Could the British Presidency state more precisely than its predecessor what priority it attaches to hastening the progress of the regulation setting up machinery for consultation in cases where it is proposed to site nuclear power stations in frontier regions? Has any approach been made to the Member State which is displaying most reluctance, and what will be the date of the next Council meeting at which this regulation appears on the agenda?

Mr Hurd, President-in-Office of the Council. — The proposal for a regulation concerning the introduction of a Community consultation procedure in respect of power stations likely to affect the territory of another Member States is still being examined within the Council, taking into account the European Parliament's resolution of 20 November 1980 on the siting of nuclear power stations in frontier regions. Although it has not yet been possible to find a common approach to this matter, the Presidency will do everything possible to ensure that a successful outcome is achieved as soon as possible.

Mrs Lizin. — (FR) As I see it, this question is a bit of a joke since the way in which the work is being carried

out makes me wonder. Does the British Presidency intend to include this question on the agenda for a Council meeting and has it got the impression that the Member State which has been the most reticent on this question — France, to mention no names — has adopted a different attitude regarding the necessary cooperation with neighbouring countries in the case of nuclear power stations being sited in frontier regions, not to mention on foreign territory, as in the case of Chooz?

Mr Hurd. — The honourable lady's persistence in this is well known and understood. She knows the background. She knows that I cannot comment on the attitude of individual Member States. The matter has been discussed extensively in the energy working group and by the high level energy group. It has not yet proved possible to reach agreement on a procedure acceptable to all Member States and I cannot hold out any prospect that this will appear on the agenda of the Council.

Mr Galland. — (FR) Does the President of the Council not think that if a procedure were to be acceptable to all the Member States, the term Member States would have to have a nuclear energy policy to start with. This means, however, that it will always be very difficult to impose Community standards as long as certain Community Member States do not have a nuclear energy policy and could therefore impose standards which they themselves would never have to apply. Isn't this the real problem? When we have a nuclear policy we will have safety standards!

(Laughter)

Mr Hurd. — I think it must be right to try to continue working to reach agreement on this particular aspect of its problem, even in the absence of a wider nuclear policy such as the honourable Member suggests.

President. — In the absence of the author Question No 52 will receive a written reply.¹

Question No 53, by Mr Gondikas (H-261/81):

By virtue of the general principles of the Treaty (Article 3 (c)) and the special provisions on the free movement of capital (Articles 67 and 73 in conjunction with Article 100), the establishment of a European stock exchange is essential. Has the Council decided to take any measures on this matter and, if so, what are they?

Mr Hurd, President-in-Office of the Council. — Any proposal along the lines suggested by the honourable Member has to be submitted by the Commission. However, the Council would point out that it has

¹ See Annex.

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already adopted two directives harmonizing Member States' domestic law in areas which are directly relevant to the operation of stock exchanges, namely conditions for the admission of securities to official stock exchange listing and requirements to be met by the listing of particulars to be published for such an admission. The Council plans to adopt shortly measures to align the requirements to be satisfied as regards the information to be published on a regular basis by companies throughout the time that they are listed in stock exchanges.

Mr Gondikas. — The answer of President-in-Office is most satisfactory, but I would like to know whether he is aware of what we have been discussing yesterday on the Collomb report and if so if the President-in-Office agrees with what we have decided.

Mr Hurd. — I have been informed of the discussion yesterday and I am sorry that I was not able to listen to it myself. My understanding is that the parties being consulted and who are concerned, i.e. mainly the existing stock exchange authorities, prefer an improvement in the links between existing stock exchanges to the creation of a European stock exchange. The Commission is looking into this in cooperation with the Committee of Stock Exchanges in the Community.

President. — Question No 54, by Mr Forth (H-402/81, formerly O-35/81):

Will the Council state whether it regards the existing enforcement powers of the European Court as sufficient to ensure compliance with Community law? Since evidence would suggest that they are not, what extension of powers does the Council have in mind? Would these include suspension from the benefits of Community membership while non-compliance by a Member State continued? Will the Council consider imposing a fine of 200 000 EUA each day in each case while all such breaches of Court rulings continue? What is the Council's reaction to the present 14 violations of Community law by the Government of Italy?

Mr Hurd, President-in-Office of the Council. — As the Council has pointed out to the European Parliament on several occasions, it is the responsibility of the Commission and not of the Council to ensure that the provisions of the Treaties and the measures taken by the institutions pursuant thereto are actually applied. In this regard I would draw the honourable Member's attention in particular to the first indent of Article 155 of the EEC Treaty. If the Commission considers that a Member State has failed to fulfil an obligation under the EEC Treaty, and in particular under Article 171 thereof, it may open infringement proceedings as laid down in Article 169 of the Treaty. In these circumstances, Mr President, the Council does not consider that it rests with the Council to envisage measures of the type advocated by the honourable Member.

Mr Forth. — The trust of the question was, of course, directed at the lack of effective sanctions available to the Court rulings. We are all very well aware of the fact that it is the Commission's responsibility in the first place to identify breaches of the law and refer them to the Court. What the concern of this question is directed to is the inability of the Court effectively to apply Community law to Member States. We have cited an example of a particular government of a Member State which is in breach, and has been for some time, of a large number of regulations and directives. Surely the Community is not going to be able to work effectively with an effective body of law if there are no sanctions available to the Court, and it is to that that I would ask the President-in-Office to direct reply.

Mr Hurd. — I entirely understood the thrust of the honourable Member's thinking. The formal answer is, of course, that the proposals outlined in his question would require amendment of the Treaty, and it is certainly not for the Council, whatever may be true of the Commission or of a Member State, to propose amendments to the Treaty. I think it is worth reflecting, perhaps a little more philosophically, whether sanctions of the kind that the honourable Member envisages would really be the answer to his problem. I personally am not sure that they would.

Mr Marshall. — Would the President-in-Office of the Council not agree that it is quite unsatisfactory that Member governments can ignore the decisions of the Court with impunity, while individuals can be sued for very large sums of money if they ignore decisions of the Court? Is it not quite wrong to have one law for individuals and another for governments? Would the President-in-Office of the Council not further agree that Member governments such as those of France, the Netherlands and Italy are undermining the very principles of this Community of freedom under the law and freedom of trade? If they carry on the way they are doing, then the future of Europe is black indeed.

(Laughter)

Mr Hurd. — I think the honourable Member somewhat overstates the case. There is no precedent for outright refusal to comply with the judgment of the Court, although of course Member States have not always responded immediately. It is desirable that they should do so, but I don't think that it necessarily adds to the force of his case to imply that outright refusal is the normal response.

Mr Galland. — *(FR)* On the assumption, Mr President, that we all agree that the rulings of the Court should be applied in the Member States may I ask the Council if it is familiar with the ruling of the Court in Luxembourg in the Costa versus ENEL case which

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dates from 15 July 1964? If not, may I ask the Council to familiarize itself with this extremely interesting decision which will demonstrate why we think he should reconsider his opinion on the French nationalizations.

Mr Hurd. — No. I think it would be wrong for me to comment on particular cases, particularly one of that kind.

(Loud laughter)

Mr Sieglerschmidt. — *(DE)* Mr President, do you agree that there is in fact a gap in the Treaties if it is possible for other supranatural courts of justice to ensure that its rulings are respected? I should like to remind you in this connection of Article 94 of the United Nations Charter whereby the winning party in a case before the International Court of Justice may put the matter before the Security Council, and Article 54 of the Convention on Human Rights whereby the Committee of Ministers is obliged to ensure compliance with a ruling of the European Court of Human Rights, should this be necessary.

Mr Hurd. — I understand that it would be unusual, if not unique, for an international court to be given powers to impose fines on sovereign States, which is what the questioner suggested. Perhaps I should repeat that the thrust of this questioning is that the Treaty should be amended to give powers of one kind or another, enforcement powers, to the Court. Amendments to the Treaty are really not a matter for the Council of Ministers to initiate.

Mr Harris. — Mr President, is the President-in-Office aware that there is a growing feeling among ordinary people in quite a few countries of the Community now that some Member States do genuinely try to enforce the Community law and regulations while other Member States merely turn a blind eye to those requirements? How on earth are we going to reassure those ordinary people that there is justice across the Community if the European Court does not have power, does not have sanctions, to uphold the law and to back the Commission?

Mr Hurd. — I think many people would feel that some matters go to the Court which should be settled before they reach that stage. But on the main point I can only repeat that it is not for the Council of Ministers to propose changes of this kind and I would add my personal opinion that I doubt, given the nature of our Community, whether an attempt to give enforcement powers of the kind suggested, with all the hazards that would involve, would really add to its cohesion or popularity.

President. — Question No 55 by Mr Hutton (H-316/81):

Will the Council explain the apparent discrepancy between two statements made by the President-in-Office at Question Time in May 1981¹ when he claimed that 'The Council takes its decisions in accordance with the Treaties' but also admitted that there were 'a number of weighty matters which, it has been agreed, must be decided unanimously' and does the Council now regard the Luxembourg compromise as having the status of a treaty and, if so, what similar acts of the governments are now considered to have this status?

Mr Hurd, President-in-Office of the Council. — Mr President, there is no contradiction in our view in the reply given by the President-in-Office of the Council to the question put by the honourable Member during the May part-session. The Council considers that the provisions of the Treaties which rule that a decision may be taken by a simple or qualified majority, do not prevent the members of the Council from continuing their efforts to align their viewpoints before the Council takes a decision.

Mr Hutton. — In spite of his answer would the President-in-Office accept that it is almost past comprehension to some Members here that the Council persists in believing that the Community can progress towards its goals without a return to majority voting according to Article 148 of the Treaty and will he give this House an undertaking that the British Presidency will make a serious and concerted effort to reintroduce majority voting while it retains unanimity only for really vital national interests before the end of this year?

Mr Hurd. — I could not give the honourable Member that undertaking. I am sorry to disappoint him but I do not think it would really be in the best interest of the working of the Community that we should do so. It must be sensible to try to reach general agreement wherever possible, for example, on the kind of measures which this House quite rightly spent a lot of time discussing this morning and this afternoon on the unity of the market. On some of these matters it really is sensible to try one's utmost to achieve general agreement because I really do not believe that in the absence of such general agreement any decisions taken would actually stick. I do not think that it is in the interests of the Community for the very important interests of one or a minority of members to be overridden if we are interested in real substantial progress on the ground. What we have got to try and do is to increase the pace at which such progress can actually be achieved.

Mr Newton Dunn. — Mr President, the President-in-Office of the Council used the words 'on some

¹ Annex 1-271 to Official Journal, pp. 136-7.

Newton Dunn

matters' in his last reply. This implies that he agrees that there are other matters on which it is not necessary to have unanimity. Does he not accept that ever since the infamous Luxembourg compromise of 1966 this Community has suffered by a lack of decision-making by the Council and is it not time, at least on those other matters which he appeared to exclude in his last reply, to abandon the Luxembourg compromise?

(Applause from various quarters)

Mr Hurd. — I would not myself agree with that and I certainly would not think that in the view of the Presidency or of the Council that would be a wise step. Progress is slow — to that extent the honourable Member is entirely right, and it is entirely natural that honourable Members of this House in particular should be impatient with the pace of decision-taking and should act as a spur and a stimulus to the other two institutions of the Community. Having said that, I do not myself believe that the best way of doing that is to press for the abandonment of the Luxembourg compromise.

Mr Radoux. — *(FR)* It would appear from the statement made by the President of the Council that political cooperation as he understands it should work on the principle of unanimity rather than majority votes. Does he not think that there is a contradiction between the fact that we have political cooperation on the one hand and the principle of integration for other matters? In other words, does not the fact that the Treaties were signed on the basis of integration logically mean that this principle should be applied across the board?

Mr Hurd. — The Treaties lay down certain procedures, and I think it is worth just recalling that in the three Treaties the number of articles requiring a unanimous decision is 48, the number of articles requiring a qualified majority is 25 so that, even long before the Luxembourg compromise was born or thought of, these were the procedures laid down by the Treaties, i.e. a mixed set of procedures. After that came the Luxembourg compromise and parallel with that has grown up political cooperation. I don't think that political cooperation, if this is the thrust of the honourable Member's question, would in practice be improved by the adoption of majority voting there.

President. — Question No 56 by Mr Seligman (H-318/81):

What proportion of the energy requirements of each Member State shall be met by coal in order to achieve the Community's energy objectives for 1990?

Mr Hurd, President-in-Office of the Council. — Bearing in mind the fundamental objective of reducing

the dependence of the Community on oil, the Council believes the expansion of coal consumption to be essential, particularly in electricity power stations and in industry. The Council nevertheless has not laid down targets for the consumption of coal in individual Member States. On 9 June 1980, however, the Council did adopt a resolution on the energy objectives of the Community for 1990, setting a guideline for the production of 70-75% of electricity needs from solid fuel or nuclear energy. A further communication from the Commission on the substitution of coal for petrol in other industries was the subject of an exchange of views at the Council on 24 June last and the specific proposals of the Commission on this are now awaited.

Mr Seligman. — The percentage share of coal has hardly moved in the last three years. It has been 41% all that time and the share of nuclear has only gone up from 11 to 14.5%. France has just cut down its nuclear programme. So does the President agree that the prospects of achieving 75% coal and nuclear targets is not good, and how does he hope that the Council will achieve this target without setting individual targets to individual nations and then reporting on them regularly?

Mr Hurd. — The honourable Member is an expert on this but his prophesies are a bit at variance with those of the Commission. The Commission lumps together its projections for solid fuel and for nuclear energy and at its meeting on 3 March last the Council considered a communication from the Commission on these points which contained an estimate that in 1990 some 77% of all electricity in the Community would be produced from solid or nuclear fuels, i.e. an estimate which suggested — although all these estimates must be subject to error — that the Community would more than meet the guideline which had been set down.

Mrs von Alemann. — Yesterday we were told by Commissioner Tugendhat, when we were asking question on the use of loans in the budget of 1981 on new items, that the Commission was planning a programme to the end of this year on coal gasification and liquefaction. It was said that the Commission hopes that the Council would then speed up its decision for this project. Would the President-in-Office be able to agree that this is a very important project and that the Council should really see to it that the Commission's proposals would then be accepted as fast as possible?

Mr Hurd. — The honourable lady is certainly right in stressing the importance of this. We have not yet received the communication which apparently Commissioner Tugendhat was referring to yesterday, but I have taken note of what she says and I am sure that whatever presidency is in office at the time will do its best to ensure that it is looked at with reasonable speed.

President. — Question No 57 by Mr Galland (H-335/81):

The Director-General of FAO (United Nations Food and Agriculture Organization) has just launched a new appeal in Rome for an increase in world food aid for the poorest countries.

The 1981-82 objective of USD 1 000 million for the world food programme must be attained as soon as possible; contributions so far amount to only USD 733 million.

Can the Council consider granting special aid and organizing joint action by the EEC member countries?

Mr Hurd, President-in-Office of the Council. — The Council is currently considering the possibility of new initiatives and action in the field of food aid for the poorest countries. The Council gave a very favourable reception to the Italian Government's initiative, put forward at the economic summit in Ottawa, with the aim of promoting a special international project to bring swift relief to the problem of hunger, particularly in the neediest countries. In response to the wish of the Italian Government that the Community make this initiative its own, the Commission has recently submitted proposals on the subject to the Council. The Council will be discussing these very important proposals in the near future and the Presidency certainly will spare no effort to arrive at rapid conclusions.

Mr Galland. — (FR) I should like to thank the Council for its answer which at least reflects a certain willingness to do something in this respect. May I ask the President-in-Office whether he could perhaps be more precise in spite of the difficulties which I fear are in store for us? Could he give an indication of how long this is likely to take and how much special aid would probably be involved?

Mr Hurd. — I think it is difficult for me, Mr President, to add much to the impression of urgency, which I gave in my original response. There is a substantial impetus behind this and I know that Commissioner Pisani entirely shares our eagerness to get on with it, and I hope that it will be possible before long to reach decisions. It is perhaps worth emphasizing that in the current year, i.e. in advance of whatever may be decided in the light of the Italian proposal, the Community's food programme, not including those of Member States, covers a total of 927 000 tonnes of cereals, 150 000 tonnes of butteroil, plus, of course, specific projects covering other products — already a very substantial programme.

Mr Boyes. — Does the minister agree that there is a relationship between the amount of money spent on weaponry in the Ten and the amount of money available for food aid; and does he agree with me that it might be better if we spent less on armaments and

made sure that we reached higher targets and gave more money to the people in the world who are in most difficulty regarding food? One thousand million dollars really is a pittance when one considers that it is costing the British Government ten thousand million pounds to re-equip Trident submarines.

Mr Hurd. — It is not a Community matter, but of course the honourable gentleman is right. Money could more profitably be spent than on armaments. That is why I think that all Member States of the Community are extremely anxious to reach a balanced, verifiable arms control and disarmament agreements with the Soviet Union. That is the only way we would achieve the result which the honourable gentleman aims at, in a way that can be reconciled with our own security.

(Applause from certain quarters of the European Democratic Group)

Mr Provan. — Would the President-in-Office agree that there are a great number of organizations trying to assist world food aid programmes? Would he take an initiative in the Council to try and get some rationalization of these organizations so that all the programmes can be more effective and that the Community's food aid programme benefits as a result.

Mr Hurd. — Personally, I have a lot of sympathy with the honourable Member's point. I think anyone who works in this field at all is worried about the possible overlapping of programmes. This is a matter which is wider than the Community but I note what the honourable Member says. I am not quite sure how the Council could help to bring this about, but it is a point we will certainly bear in mind.

Mr Maher. — Does the President-in-Office of the Council not think that there is a certain contradiction in all of the statements emanating from the various institutions of the European Community? For instance the Commission in its mandate of 30 May speaks about a reorientation of agricultural prices towards world prices, other than towards what we were used to in the European Economic Community, which cannot of course lead towards extra agricultural production without which we would have no food aid to distribute. Is it not also true that the Council, and indeed the Commission, have again and again emphasized the need to get a better balance between supply and demand and to eliminate food surpluses in the European Community. Would you not think there is a contradiction here? How do we supply the Poles and the third world with food if we do not have surpluses produced inside the European Community?

Mr Hurd. — I take the honourable Member's point. Of course food aid has been important and, as I

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showed in the figures I gave, a substantial element in the Community's contribution to relieving poverty. But it is not the view of the Presidency, and I do not think it is the view of any sensible people that food aid is in itself the answer to the problem of world hunger. We have always emphasized that the real answer lies in stimulating effectively agricultural production in the developing countries themselves. So that in the discussion of food aid and its relationship to possible surpluses inside the Community, I think we should bear in mind that our real objective in this field should be to encourage, and where necessary help through Lomé and other instruments, the developing countries to produce themselves the food which they need to feed their people.

President. — In the absence of their authors, Questions Nos 58, 59 and 60 will receive written replies.¹ Question No 61, by Mr Herman (H-411/81):

Can the Council inform the European Parliament of the progress made in discussions on the proposed mandate for the renewal of the trade arrangements to apply in 1982-83 in the framework of the Association Agreement between the European Community and Cyprus and is it able to assure Parliament that the mandate will be accorded sufficiently early for the Commission to bring the negotiations to a successful conclusion?

Mr Hurd, President-in-Office of the Foreign Ministers.

— At its meeting on 14 September 1981, the Council had a thorough discussion on the directives to be given to the Commission for the negotiations with Cyprus on the trade arrangements to apply in EEC-Cyprus trade in 1982 and 1983. The discussion was inconclusive and will have to be continued at the meeting on 26 and 27 October 1981. Concurrently with this meeting — that is to say, the next meeting of the Council — a ministerial meeting of the EEC-Cyprus Association Council will also be held at the request of Cyprus.

Mr Herman. — (FR) Would the President-in-Office explain why the meeting of 14 September was inconclusive? Can he tell us which party was responsible for the objections and what form these objections took?

Mr Hurd. — Unfortunately, I cannot satisfy the honourable Member on the second point, but on the first point the reason why the Council has not yet been able to agree on the extent to which it should offer further concessions to Cyprus is that there is a disagreement on agricultural products and this is, objectively speaking, a sensitive issue for some Member States at the present time. However, the Presidency hopes for, and thinks it is important that we should achieve, a decision at the Foreign Affairs Council on 26 and 27 October, after which there will be an Association Council, as I have said, with the Cypriots.

¹ See Annex.

Mr J. D. Taylor. — Is the President-in-Office aware that there is a considerable resentment in Cyprus at the manner in which Community aid is being given to that island? Is he aware that it is being given in such a manner as to increase the economic partition between northern and southern Cyprus, and in the further discussions which the Council are about to have and to which he has referred, would he please see that it is taken into consideration that further arrangements between the Community and Cyprus are so based that both sections of the community in that island benefit?

Mr Hurd. — I note the point which the honourable Member makes. Indeed, it is what the Community has always striven to ensure — namely, that the benefits of the Association Agreement should be equally available to both communities in Cyprus — and the Council is determined to continue with this even-handed approach.

Mr Marshall. — Would the President-in-Office confirm that the Cypriot Government has always taken, a very positive attitude to Stage 2 of the Association Agreement, and would he accept that those concessions which the French and Italian Governments oppose would substantially benefit the Cypriot economy without really having any impact whatsoever on the economy of those two Member States?

Mr Hurd. — I am glad to agree with the first part of the honourable gentleman's question about the attitude of the Government of the Republic of Cyprus; what he says is certainly true. As regards the second part, I obviously cannot name any names. I would simply repeat that the Presidency does hope, and does think it very important, that there should be agreement on this matter at our next Council meeting at the end of this month.

President. — Question No 62, by Mr Schinzel, for whom Mr Wettig is deputizing (H-417/81):

The provisions for the introduction of a Community passport allow for the inclusion of a machine-readable plastic card. Can the Council give an undertaking — in the interests of confidentiality of information and the protection of civil liberties:

- (a) that no data will be allowed to be stored on this card other than those which can be read with the naked eye,
- (b) that, if such is not the case, the passport holder will be fully informed immediately of any additional data stored on the card?

Mr Hurd, President-in-Office of the Foreign Ministers. — The resolution of the representatives of the governments of the Member States meeting within the Council on the introduction of a passport of uniform

President

design, which was adopted on 23 June this year, provides that this passport shall contain the same information in the form of either a conventional identification page or a laminated page which complies with the ICAO recommendation that nothing should be included in the passport which is not visible to the holder thereof. As is apparent from the reply given by the Council to Oral Question H-66/81, by Mr Chambeiron, this resolution does not contain any provision which would oblige Member States adopting a passport with a laminated card to provide for a machine-readable strip on the card.

Mr Wettig. — (DE) Mr President-in-Office of the Council, you said in your answer that the resolution did not contain any provision obliging Member States to provide for a machine-readable strip on the passport. I should like to know, however, whether Member States are forbidden to include a strip of this kind which would not be visible to the holder of the passport.

Mr Hurd. — No, the position is that there is no obligation to introduce a machine-readable common format passport. I understand that to date only the UK has taken a firm decision to introduce machinery with this ability, although possibly several other Member States are considering that possibility. The possibility of including information which cannot be read with the naked eye is not catered for. It is certainly not envisaged or proposed in anything which the Community has published or put forward on this subject. And the ICAO recommendation to which I have already referred is that nothing should be included in the passport which is not visible to the holder thereof.

Mr Sherlock. — Can the President-in-Office hold out any hope that the introduction of a mechanized passport-reading system might ensure something comparable for the immigration office to the green channel which has become more popular with customs officials ensuring rapid passage of those who can insert their device into the correct slot — always presuming that like my neighbours they have not forgotten them — and so ease the tedium which at present exists on so many Community borders?

Mr Hurd. — I think the honourable Member is quite right because if machine-readable passports in a common format are widely adopted by Member States and other States, they will allow ordinary travellers to pass more quickly through immigration control. And they will encourage the development of automated port procedures across the world. This trend has already begun with the recent introduction of machine-readable passports by the United States. And it is also true that the machine-readable passport offers greater security since it is difficult to counterfeit it, to forge it, or to tamper with it.

Mr Seligman. — Will the President-in-Office ensure that if we do install computers at the frontier they are more rapid than the parliamentary computer is?

Mr Hurd. — I am sure the point has been noted.

President. — In the absence of its author, Question No 63 will receive a written reply.¹

Question No 64, by Mr Boyes (H-451/81):

What was the Council attitude to the decision to exclude Cuba, whose President is the Chairman of the non-aligned countries, from the North-South dialogue discussion to be held in Mexico?

Mr Hurd, President-in-Office of the Council. — As the honourable Member probably knows, the European Community as such will not be participating in the international meeting on cooperation and development in Mexico, so the Council has not been involved in the decision referred to by the honourable Member.

Mr Boyes. — I hope that the President-in-Office will make further comment on this particular question because whatever else one thinks about his answers, and I agree with very little of what he says, he is probably giving the best attempt at answering questions of any minister while I have been a Member of this Parliament.

(*Applause from the European Democratic Group*)

But I wonder if the President-in-Office would agree with me that the non-aligned countries and I am aware of the different political complexion of many of these countries have an important role to play in the world at the moment, particularly with the build-up of the arms race, not only in the Soviet Union, as you keep mentioning, but, as you have got to acknowledge, also in the United States of America. But it is not that which worries me so much as the proliferation of nuclear weapons throughout the world. And as a consequence, non-aligned countries will have an important role to play in the world in the future. And I am disappointed that it looks as though the Cubans will be excluded from these very important talks. And I am sure, President-in-Office, that you have an attitude on this particular matter even though you gave what may be the correct answer in terms of the mandate that you have.

I would be grateful if you could give us some form of comment on this particular question.

¹ See Annex.

Mr Hurd. — I am grateful to the honourable Member for the kindly turn which his adjectives have taken. I will try to comment on it. It was not for the Council, and indeed it was not for the British Government, to say who should be asked to Cancún or who should not. He is perfectly right about the importance of the role of developing countries. And indeed 14 of those are going to be at Cancún compared with eight developed countries, three of which are members of the Community. So the developing countries will be there. I understand that the sponsors — I am thinking in particular of the Mexicans and Austrians — have always made it clear that participants are asked as countries and not because they hold a particular posi-

tion in another international grouping. But I think he can be sure that whatever his feelings about Cuba, the voice of the developing countries will be very loudly and clearly heard at Cancún.

President. — Question Time is closed. On your behalf I thank the President-in-Office most sincerely for enabling us to get through the questions so informatively and so briskly.¹

(The sitting was closed at 7.00 p.m.)

¹ *Agenda of the next sitting*: see minutes of proceedings.

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 3, by Mr Price (H-384/81)

Subject: State aid to Belgian horticulturalists

Does the Commission intend to press for quick results from the application of Article 93 (2) of the Treaty in respect of State aid to Belgian horticulturalists or will it let the matter drag on for over a year as has happened with State aid to Dutch horticulturalists?

Answer

The Commission on 23 September decided to extend for a further year, at the rate of 25% of the increase in fuel-oil costs between 1 January 1980 and 1 July 1981, the guidelines authorizing Member States to grant exceptional aid.

The Belgian aid to which the honourable Member refers comes under these provisions, and is accordingly passed by the Commission.

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Question No 12, by Mr Kappos (H-343/81)

Subject: Food aid to Morocco and violations of human rights

In view of the fact that the Moroccan Government is waging a war against the people of the Western Sahara — which is struggling for self-determination — and suppressing the fundamental rights of the people of Morocco, culminating in the recent murder of at least 150 demonstrators, what measures does the Commission intend to take to ensure that food aid will be used to provide relief for the people of Morocco and to ensure that acts of cruelty against them are not repeated?

Answer

Food aid is in principle humanitarian aid. It therefore has no political aims and should genuinely benefit the people for whom it is intended. In this instance aid will be distributed free to approximately 500 000 needy people by social and charity organizations and to drought victims by *Entraide Nationale*. This has been agreed with the Moroccan authorities and is a condition for the delivery of the aid.

The Commission will be kept informed by reports drawn up by the Moroccan authorities and these reports will be included in the exchanges of official letters between the Commission and Morocco. The operation will be followed on the spot by the Commission delegation in Morocco.

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Question No 15, by Mr Purvis (H-372/81)

Subject: Safety of fast reactor systems

Has the Commission studied the relative safety features of liquid metal and gas cooled fast reactor systems?

Answer

1. The Commission has been watching all developments in both gas and liquid metal cooled fast reactor systems. As far as safety is concerned, it should be mentioned that the Commission has organized discussions on various occasions between experts of the Member States both within the framework of existing working groups (Working Group on Safety of the Liaison Committee on Fast Reactors) or of *ad hoc* groups set up to consider specific topics.
2. Since these two types of reactor are far from having reached the same stage of development, it is not feasible to carry out a valid comparison of their representative safety features.

The sodium-cooled fast reactors now in operation or under construction have shown that this type of reactor can be built and operated in accordance with the same general safety criteria as are applied to thermal reactors. On the subject of gas-cooled fast reactors, it can be ascertained from the results of research and development work that this type of reactor can also be built without major problems in observing the same safety criteria. It should however be pointed out that up to now there is no reactor of this type in existence.

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Question No 16, by Mr Harris (H-377/81)

Subject: National transport market

Will the Commission consider exempting owner-drivers in the ready-mixed concrete industry from the provisions of EEC Directive 74/561 as permitted by the provisions of Article 2 (2) of the Directive on the grounds that the transport concerned has little influence on the national transport market due to the nature of the goods transported and the short distances covered by it?

Answer

Article 2 (2) of Council Directive 74/561/EEC of 12 November 1974 on admission to the occupation of road haulage operator in national and international transport operations clearly states:

Member States may, after consulting the Commission, exempt from the application of all or some of the provisions of this Directive natural persons or undertakings engaged exclusively in national transport operations having only a minor impact on the transport market because of:

- the nature of the goods carried, or
- the short distance involved.

The reference is therefore not to a general exemption for a given class of transport but to a specific exemption in particular cases. Exemption is at the discretion of each Member State but the Commission must however be consulted beforehand.

No Member State has yet approached the Commission on the subject of the class of transport referred to by the honourable Member. If it were asked to give a ruling in such an instance, this would naturally be done in an objective fashion on the basis of all the facts provided by the Member State concerned.

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Question No 17, by Mrs Poirier (H-379/81)

Subject: Adulterated or artificial wines

An Italian weekly *L'Europeo* recently reported that 'special wines', largely intended for the French market, were being manufactured in Sicily from a product called invertase which needed only to be mixed with sugar and water. Wines are also made from lees cubes.

Is the Commission aware of practices of this kind, and does it not think there is a need to propose measures more effectively to combat wine fraud and adulteration?

Answer

The Commission can reassure the honourable Member that it is certainly not possible to obtain a 'special wine' or a drink with a taste similar to wine by taking sugar and water, even containing lees cubes, and adding to it invertase, an enzyme which transforms saccharose into glucose and levulose during alcoholic fermentation.

At the same time, it is to be regretted that in certain Member States there is a shortage of inspectors and also, as a result of the principle of national sovereignty, it has not been possible to set up a body of Community inspectors operating directly in each Member State.

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Question No 18, by Mrs Castle (H-400/81)

Subject: Manufacturing beef

Can the Commission say how much meat was exported from the Community last year which would have qualified for intervention, and will the Commission supply details from each Member State's customs authorities as to what type of meat has been exported, i.e. fresh or frozen, and whether bone-in or boneless?

Answer

The Commission is not in a position to state how much meat exported in 1980 might have been purchased by intervention bodies because export beef is not classified by category. Total exports of beef in 1980 amounted to 523 000 tonnes of fresh meat (of which 5% was boneless) and 298 000 tonnes of frozen meat (24% boneless).

Information on the Member States' exports, broken down by type of meat, will be found in the relevant records.

Meat exports in 1980 (tonnes)

	Total		Total		Total		
	Fresh bone-in	Bone weight	Fresh	Frozen bone-in	Bone weight	Frozen	Fresh and frozen
Bel./Lux.	935	235	1 170	8 813	1 795	10 608	11 778
Denmark	10 038	3 998	14 036	5 612	4 486	10 098	24 134
Germany	105 921	3 186	109 107	46 681	5 122	51 803	160 910
France	29 915	1 555	31 470	84 935	12 722	97 657	129 127
Ireland	10 326	270	10 596	12 418	40 465	52 883	63 479
Italy	18 683	161	18 844	24 767	2 373	27 140	45 984
Netherlands	21 274	2 690	23 964	36 414	1 424	37 838	61 802
United Kingdom	15 442	641	16 083	6 042	3 493	9 536	25 619
Total	212 534	12 736	225 270	225 682	71 880	297 563	522 833

Question No 19, by Mr Seligman (H-401/81)

Subject: Competition at the petrol pumps

What steps have been taken to achieve free competition in petrol service stations by ensuring that the retailers have free choice of supplier and are not controlled by the oil companies in the pricing of the product?

Answer

The Commission has not up to now needed to intervene under the terms of the EEC Treaty rules on competition against restrictions placed on petrol retailers specifically on the operators of petrol service stations, by oil companies.

Although it is aware of the common practice of petrol suppliers of committing dealers to exclusive long-term supply contracts and thereby exerting an influence on the setting of retail prices, the Commission considers that this question is primarily of the competence of national authorities.

In this case it is matter of relations between undertakings established in the same Member State and does not directly concern intra-Community trade. As a matter of fact, the Commission has not received a single complaint with respect to such contracts nor has it been notified of such agreements.

The Commission does not however exclude the possibility that trade between Member States may be adversely influenced by the cumulative effect of this type of contract, which is the outcome of the networks which all the suppliers concerned have established in each Member State. Any problems with respect to Community competition law will have to be solved within the framework of the rules regarding vertical sole-agency agreements.

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Question No 20, by Mr Caborn (H-403/81)

Subject: European Community's visitors programme

Would the Commission briefly explain to Parliament the nature, operation and cost of the European Community's visitors programme, and is it intended to extend the programme and, if so, under the authority of which institutions of the Community and at what cost?

Answer

The European Community's visitors programme was set up on the initiative of the European Parliament by its resolution of 19 January 1973. The resolution stated that the purpose of the programme was to allow young Americans to come to Europe to acquaint themselves, through direct contact, with realities of European integration.

Candidates are selected by a steering committee firstly from political, press and trade union circles. Candidates from economic, financial and industrial circles must represent professional groups or bodies. Finally, there are candidates from universities and cultural organizations.

Parliament and the Commission each provide 50% of the funds for the programme. In 1980 the overall cost of the programme amounted to approximately 100 000 EUA, or about 4 500 EUA per visitor.

It is the Commission's view that the programme should be not only maintained but also improved and perhaps expanded geographically to take in other areas of the world. Expansion is hindered, however, by staff and budgetary constraints.

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Question No 21, by Mrs Radoux (H-404/81)

Subject: Economic convergence and the economic situation in the Member States

Having noted with interest the action taken by the Commission last July in addressing a recommendation to the Belgian Government, I should like to know if the Commission intends to take similar action regarding other Member States, whether or not they belong to the European Monetary System.

Answer

The Commission addresses economic recommendations to one or more Member States whenever it considers that the circumstances justify special action on its part.

In this respect, it is the Commission's view that a Member State's participation or non-participation in the European Monetary System to regulate exchange rates is not a distinguishing criterion. It is in fact essential that policies of convergence, or policies which may produce such results, be pursued by every Member State on account of the need to preserve market unity.

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Question No 22, by Mr Cottrell (H-406/81)

Subject: Piracy against Community vessels sailing in south-east Asian waters

Will the Commission state what action it has taken through its office in Bangkok and representations to ASEAN to deal with piracy against Community vessels sailing in south-east Asian waters, bearing in mind that three such attacks have now been reported; what machinery is at the disposal of the Commission to prevent such occurrences through its contacts with the ASEAN nations and what reaction, if any, has been received from the countries concerned?

Answer

Although the Community has no formal authority to combat piracy, the Commission will not fail to give the Member States every support in their efforts to improve the situation.

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Question No 24, by Mr Calvez (H-168/81)

Subject: Community coal policy

According to a recent study, the Member States will double their industrial coal consumption by 1990. Does the Commission not therefore feel that new proposals for the coal sector should be drawn up to prevent the Community from becoming too dependent on imports?

Answer

It was stated in fact in a communication from the Commission to the Council on 11 May 1981 (Substitution of coal for oil in 'other industry') that industrial consumption of coal, apart from the steel and energy sectors, would double by 1990.

The Commission communication proposed the study of certain possibilities to encourage the process of substituting coal for oil. On 24 June the Council had a brief exchange of views on this communication and asked the Commission to draw up specific proposals.

In a document adopted on 23 September 1981 on the development of an energy strategy for the Community, the Commission acknowledged that investment in the coal industry linked to a reconsi-

deration of coal policy was a matter of priority. Specific proposals will be made by the Commission at a later stage.

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Question No 28, by Mr Seal (H-424/81)

Subject: UK food price increases caused by EEC membership

Could the Commission justify to Parliament the reason for issuing a costly tabloid newsheet suggesting that British membership of the EEC had not increased food prices for the British housewife, in view of the Council's reply to Lord O'Hagan's written question No 1846/80?¹

Answer

1. The leaflet in question was mainly concerned to point out the advantages, for a food-importing country like the UK, of the secure sources of supply provided by the CAP in a world where food shortages are becoming endemic. The figure given as to the percentage of increase in the price of food caused by the CAP was based on parliamentary replies by successive British ministers of agriculture.

2. So far from being 'costly' the leaflet was produced very cheaply. The printing cost per copy was £ 0.00828.

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Question No 29, by Mrs Seibel-Emmerling (H-425/81)

Subject: Directive on the assessment of environmental effects

How many changes have been made to the proposal for a directive concerning the assessment of the environmental effects of certain public and private projects (COM(81) 313 fin.) since it was forwarded to Parliament?

Answer

The Commission has not made any changes to the proposal for a directive concerning the assessment of the environmental effects of certain public and private projects since it was communicated to the Council in June 1980.

Naturally, preparatory discussions have begun since then at civil servant level within the Council. The present stage reached in this exchange of views and the general discussion held by the Council on this proposal on 11 June have strengthened the Commission's belief that it has succeeded — thanks to very wide-ranging consultations with all concerned — in drawing up a well-balanced proposal.

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Question No 30, by Mr Moreland (H-426/81)

Subject: Auditors' rights in the Eighth Directive

Has the Commission made clear to the accounting profession in the Community that — (to quote the written answer to a question from me given on 13 April) — 'The proposal for an Eighth Directive

¹ OJ C 210 of 19. 8. 1981, p. 5.

does not prohibit statutory auditors of a company's accounts from acting on other matters for the company whose accounts are audited?'¹

Answer

The Commission has repeatedly made clear to the members of the accounting profession in the Community that the proposal for an Eighth Directive does not preclude the statutory auditor of a company's accounts from acting as tax adviser or in any other capacity for the company whose accounts are audited.

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Question No 31, by Mr Pattison (H-42781)

Subject: Educational television

Has the Commission, in the framework of its policies on education and vocational training, examined the role which television and related technology can play in this context, and assessed the extent to which it is used for these purposes in the Member States; and does it intend to propose any initiatives at Community level in this field, particularly towards coordinating and supporting the development of video cassettes in appropriate areas?

Answer

The Commission is aware of the significance of the media in the field of education and vocational training and of the increasing use being made of new information technologies.

In 1980, the Commission set up a research group whose work has been coordinated by a team from the British Open University, in order to examine experience gained in using mass media and home-study methods in providing basic adult training. The report on this work, which will shortly be published and concentrates on the needs of the socially disadvantaged groups of the population and of adult illiterates, contains a whole range of recommendations for measures which ought to be implemented at Community level.

When drawing up its proposals in the field of further education and vocational training, the Commission will pay special attention to those recommendations which are of specific relevance to three sections of the population which are particularly at risk and which have been the object of particular concern in all the Member States: the unemployed (both school-leavers and older adults), members of ethnic or cultural minorities, and adults living in the economically less-favoured regions of the Community. The Commission does not however intend to undertake a specific initiative with respect to the coordination and promotion of the development of video cassettes.

In the final phase of the Community programme² for facilitating the transition from education to working life for young people, the Commission invites the Member States to ensure that radio and television (including local stations) become a permanent feature of national measures for the dissemination of knowledge.

Since 1978, the Commission has at regular intervals organized exchanges of views among representatives of the media and the Education Ministries on the use of media to provide information to migrant workers and contribute towards their training, their integration into their new environment and the maintenance of the mother tongue and native culture.

Through the Kreysing Fund the Commission has for some years been providing financial and technical aid to an independent committee of representatives from the education and training departments of the television authorities in the Member States. This committee is responsible for Community production and financing of television programmes on major European themes to be shown directly in schools.

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¹ OJ C 308 of 18. 5. 1981, p. 19.

² OJ C 308 of 30. 12. 1976, p. 1.

Question No 32, by Mr Newton Dunn (H-430/81)

Subject: European fertilizer industry

Some time ago the Commission started an enquiry into the fertilizer industry and sent out detailed questionnaires to most if not all of the fertilizer businesses within the Community. Nothing more has been heard from the Commission about this. What was the purpose of the questionnaires and what is the Commission proposing to do, if anything, about the information which they have obtained?

Answer

The enquiry in question, which took place in 1979, concerned the effects on trade between the Member States of the system applied by most European fertilizer producers of quoting prices free to a specified zone. The Commission is also examining the scale of exports of fertilizer from one Member State to another and the terms on which this export is carried out. The enquiry was based on Article 85 of the EEC Treaty.

As far as the purpose of the enquiry is concerned, the Commission would refer the honourable Member to the answer given to the Written Question No 1002/77 by Mr Glinne on whether specific geographical pricing systems complied with the Community rules on competition (OJ C 113 of 16. 5. 1978, p. 8). The Commission is of the opinion that geographical pricing systems are almost inevitably detrimental to the unity of the Community market. In order to have as clear an insight as possible into this very complex subject, it undertook a survey of the market in various homogeneous products where the pricing policy has comparable features. The enquiry to which the honourable Member is referring was only one part of the analysis undertaken by the Commission. Its purpose was to arrive at a pricing system compatible with the provisions of the Treaties. In one sector other than that of the fertilizer industry, specific proposals relating to an adjustment of the existing geographical pricing system were put forward by some leading firms. Should these proposals prove acceptable, they could be used as a model for the other sectors.

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Question No 33, by Mr Didò (H-431/81)

Subject: Community regulations on the indexing of wages in the Member States

Does the Commission intend to submit a formal proposal to the Council in the form of a draft recommendation for the definition of Community rules on wage indexing in the Member States? Does it not feel that this kind of initiative constitutes an infringement of free bargaining between the social partners and that the opinion of the social partners concerned should be sought before any steps are taken in that direction?

Answer

The Communication to the Council on the principles of indexation in the Community should be considered a follow-up on the request expressed by the European Council in Maastricht that an adjustment of rigid systems of indexation of incomes should be considered. The Commission welcomed this request which is in conformity with the past recommendations in the Annual Economic Report and considers as its duty to work towards a greater convergence and cohesion within the Community, not only with respect to budgetary and monetary policy but also with respect to the developments of price and wage costs.

The Commission has neither the mandate nor the intention to interfere in the collective bargaining process in Member States. The Communication is therefore intended to stimulate debate at Community level on the principles of indexation. The Commission agrees that the social partners have an important contribution to make to this debate and intends to organize consultations in this respect in the coming months. The Communication has also been transmitted to the Parliament and the Social and Economic Committee in order to prepare a debate on this question.

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Question No 34, by Mr Patterson (H-432/81)

Subject: Frontier authorities of all Member States

Following the reply by the Commission of the European Communities to Question (H-230/81)¹ tabled by myself for Question Time in the June part-session — namely that the refusal of the French 'Police de l'Air et des Frontières' at Dieppe to allow entry into France of a British citizen on the grounds of 'défaut de ressources' was contrary to Community law and the reply to the Council to question (H-323/81) tabled by myself for Question Time in the September part-session² — namely that this was the responsibility of the Commission — will the Commission now take action to ensure compliance by the frontier authorities of all Member States with the provisions of the Treaties concerning free movement of Community citizens?

Answer

The Commission has always exercised supervision of the type indicated by the honourable Member with respect to all Member States. It both examines and controls, with respect to free movement, right of establishment and freedom to provide services, the compliance of national law and the implementing decisions thereof with Community law.

In the event of alleged or clearly established infringements certain procedures may be instituted in accordance with Article 169 of the EEC Treaty. Depending on the case, the Member States in question are either given the opportunity to submit their observations or the Commission may deliver a reasoned opinion.

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Question No 35, by Mr Nyborg (H-435/81)

Subject: Community tendering system

It is an established fact that many firms are unable to prepare quotations in response to the invitations to tender published by the Commission (for works and supply contracts in the Community and the developing countries). Will the Commission submit proposals for longer deadlines, to make the conditions more reasonable for all?

Answer

In its answer to Written Question No 562/81 by Mr Welsh, the Commission outlined the type of problems inherent in the current system of publishing invitations to tender in the Official Journal of the European Communities, as well as the measures it intended to adopt in order to find a swift solution.

The honourable Member may like to know, by way of an addition to that information, that the Commission has given strict instructions to the relevant departments to the effect that:

notice of

- no/invitation to tender will be published if the tendering deadline is less than the minimum established by Community directives;

notice of

- no/invitation to tender using the accelerated restricted procedure (i.e. with much shorter deadlines than normal) will be accepted unless it is sent by the awarding authority to the Publications Office in Luxembourg by telex or telegram (in view of the fact that deadlines are calculated from the date of dispatch of the notice and there are often considerable delays in the transmission of notices by post).

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¹ Verbatim report of proceedings of 15. 6. 1981.

² Verbatim report of proceedings of 16. 9. 1981.

Question No 36, by Mr Howell (H-437/81)

Subject: 'Atom bomb proof' shelters

In the light of increasing sales of 'atom bomb proof' shelters, has the Commission any proposals to harmonize the specifications to which these shelters are built and, if so, will it now publish the specifications involved?

Answer

The Commission is not aware of Member States' initiatives in the area of the relevant legal and administrative provisions. Also, since the Commission has not been approached on this matter, it has not at the present time undertaken any work on the subject.

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Question No 37, by Mr O'Donnell (H-442/81)

Subject: Integrated development programmes for certain regions of Ireland

West Clare, Southwest Kerry, West Cork and the Sliabh Felim area are among the most depressed regions in the Community. The serious economic and social problems existing in these regions can be effectively overcome only by means of integrated action programmes. Will the Commission take immediate steps to formulate and implement such programmes?

Answer

On 12 January 1981, at the request of the Irish Government, the Commission agreed to include the Sliabh Felim area on the list of least-favoured areas under the terms of Directive 75/268/EEC on mountain and hill farming and farming in certain less-favoured areas. Farmers in these regions are not entitled to benefit from the compensatory payments and other forms of aid covered by this directive.

On 14 April 1981 the Commission adopted the special programme on Ireland in liaison with the implementation of Regulation (EEC) 1820/80 on the acceleration of agricultural development in the less-favoured areas of the west of Ireland, including West Clare, West Cork and Southwest Kerry.

In view of the fact that the implementation of these special measures has just begun in the areas mentioned by the honourable Member, the Commission has no plans to introduce other measures at the present time.

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Question No 38, by Mr Diana (H-446/81)

Subject: Commercial transactions on food compound feedingstuffs for export to Eastern bloc countries

Can the Commission state whether reports published by various newspapers are correct in saying that the abovementioned transactions account for approximately 80% of annual exports of these products? Can it also comment on the rules governing these transactions, indicate for how long the export certificates are valid and provide any other information which will enable Parliament to assess whether these transactions are in order and the cost to the Community budget?

Answer

The Commission has no knowledge of the transactions to which the honourable Member refers.

The conditions attached to these transactions are drawn up by the parties involved.

All export certificates for such operations would be valid for the period laid down in the relevant legislation, i.e. the month of delivery plus three months. The rate of export refund depends on the percentage of cereal contained in the feedingstuffs and the destination of the exports.

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Question No 39, by Mr Bonaccini (H-447/81)

Subject: Effects of the application of the trigger price in the USA

Can the Commission state what is happening as regards the application of the trigger price by the United States authorities and what effect it has had on EEC steel exports?

Answer

Community steel exports to the United States — which showed a downturn in 1980 compared with the previous year, partly because of the recession in the United States and partly because of the effects of the anti-dumping investigation by US Steel — have returned since spring 1981 to levels closer to those recorded in recent years.

This overall trend conceals however the different pattern of exports of the various products. Whereas exports of tubes, pipes and heavy plate have expanded in 1981, exports of thin sheet are down in comparison with 1979 and 1980. This pattern is explained by the combined effects of a whole series of factors including, apart from the level of the trigger price, the pattern of demand on the American market according to geographic area and product, the trend in prices applied by the American steel industry and competition from other foreign suppliers.

While Community exports have returned to more satisfactory levels, the operation of the trigger price mechanism is nevertheless a source of concern for the Commission. Developments in the general pattern — fluctuations in American domestic prices and exchange rates — have produced distortions in the system, in particular a widening gap between the trigger price and the actual level of prices on the American market. The Commission has made its concern known to the American authorities on several occasions since the first quarter of 1981.

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Question No 40, by Mr Treacy (H-449/81)

Subject: Crisis in small farmer's incomes in Ireland

Is the Commission aware of the deepening crisis affecting the incomes of small farmers in Ireland, and what action does it propose to take to remedy the situation?

Answer

The Commission is aware of the crisis in farm incomes which has arisen not only in Ireland but in other Member States of the Community as well.

In April and in July of this year the Council, following appropriate proposals by the Commission, adopted two groups of special measures for Ireland which were specifically designed to improve the income earning capacity of farmers. Also in April the Commission approved a special programme to stimulate the development of agriculture in the less-favoured areas of the west of Ireland, which should, in due course, have a significant positive impact on the incomes of small farmers in this region.

At the same time, the average price increase for farm products granted in the context of the 1981 price review amounted to approximately 14% insofar as Irish farmers are concerned.

However, there are many other factors apart from farm price which influence the level of farm incomes and over which the Commission has no control.

Consequently, for the time being it is difficult to see what further action the Commission could take to remedy the income situation of Irish farmers.

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Question No 41, by Mr Boyes (H-450/81)

Subject: Poverty projects

Would the Commission state the latest situation of the implementation of a new series of poverty projects?

Answer

1. On the basis of the Council Decision of 22 December 1980¹ a number of further studies about poverty are now being carried out to complement the original programme and to broaden the work on evaluation. These studies are focused on the following themes:

- a) poverty in Greece
- b) problems of second generation migrants
- c) problems of single parent families
- d) 'Minimum vital' and poverty
- e) strategies and obstacles encountered in the combat against poverty
- f) study of documentation available on poverty research in the USA.

2. The Council Decision provided for this action to be financed from the appropriations remaining available for the poverty programme under Article 306 of the 1980 Community budget, and, to this end, authorized the transfer of 500 000 ECU for use during 1981. On 26 May 1981, the Parliament gave its agreement to the the transfer of only 300 000 ECU, which obliged the Commission to reduce the scale of the activity originally envisaged.

3. The Commission is considering the scope for new Community initiatives to contribute to the elimination of poverty. New proposals, as appropriate, will be formulated in the light of reactions to the forthcoming report on the first poverty programme.

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Question No 43, by Mrs Buchan (H-453/81)

Subject: Companies operating in South Africa

Can the Commission state the number of companies based within Member States which have subsidiaries or associate companies in South Africa?

Answer

The Commission is not in a position to give a satisfactory reply to the question tabled by the honourable Member, since it is difficult to lay down a threshold above which a company can be said to belong to the undertakings referred to in the question.

It can, however, state that, in implementation of the 'Code of Conduct' adopted by the Member States in 1977 for undertakings with subsidiaries in South Africa, a list of approximately 380 undertakings has been drawn up and that official United Nations documents² indicate that the number of European companies operating in South Africa is now more than one thousand.

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Question No 44, by Mr Beazley (H-459/81)

Subject: Dutch gas subsidies to their glasshouse industries

Will the Commission advise me what negotiations it has had with the new Dutch Government to ensure that Holland removes its subsidization of gas prices to its glasshouse industry by 31 October

¹ OJ L 375 of 31. 12. 1980, p. 68-69.

² Memoranda and documents No 28/80.

1981, rather than to delay the completion of its harmonization of energy costs until April 1984 and can the Commission now give the assurances of Holland's willingness to comply promptly which I have sought in my previous questions?

Answer

At the end of September 1981 a meeting at high level took place between the services of the Dutch Government and of the Commission.

Furthermore, the Commission has at the beginning of October been in contact with the President of the Landbouwschap in order to make clear to the Dutch horticulturalists the importance of a rapid and satisfactory solution to this problem.

In the light of the contacts with the Dutch authorities the Commission expects in the near future a reaction from the Dutch authorities in the direction of reducing the alignment period.

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Question No 45, by Mr Cecovini (H-467/81)

Subject: Importation of Japanese technology

How does the Commission view the joint venture by Siemens and a Japanese company, FANUC, to build an almost wholly automated factory in Luxembourg for the manufacture of advanced-technology robots?

Answer

The Commission has not been informed of any decision on the venture referred to by the honourable Member, whereby the Siemens and FANUC companies are said to have agreed to set up a factory in Luxembourg for the manufacture of robots. The Commission can therefore not make any comment on this matter, since it has no knowledge of the venture apart from the sparse reports which have appeared in the press.

However, the Commission takes a keen interest in Europe's numerically controlled machine tool industry and a study on the future of this sector is currently in progress. The study will also examine, in connection with Community rules on competition, an existing agreement between Siemens and FANUC for the European distribution by Siemens of numerically controlled machine tools produced by the Japanese company. The Commission will follow developments resulting from the venture to which the honourable Member refers, so that these factors may be considered during the current study of the Siemens-FANUC distribution agreement.

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Question No 46 by Mr Cluskey (H-468/81)

Subject: Report of Irish National Economic and Social Council

Is the Commission aware of the recently published report by the Irish NESC (National Economic and Social Council), which illustrates that in terms of living standards Ireland has actually fallen further behind other EEC States since accession in 1973; and what action does it propose to undertake to remedy the situation?

Answer

The Commission has noted the findings of the recent report of the Irish NESC (National Economic and Social Council) to which the honourable Member's question refers.

The Commission recognizes that there is a clear need for comparatively more vigorous economic growth in Ireland which is among the less prosperous Member States. With this end in view, it will pursue its efforts to ensure the optimal use of Community financing instruments in order to encourage the growth of productive investment in Ireland. In recent years the average annual rate of growth in Ireland was well above the Community average: it is hoped that the substantial Community budget transfers and Community loans on preferential terms which Ireland has received since 1973 in order to increase the productive capacity of the economy, will consolidate this trend. In 1980, for example, these transfers and loans amounted to 193.9 million ECU and 377.1 million ECU respectively. These sums do not take into account the large transfers which Ireland has and continues to receive under the Guarantee Section of the EAGGF. Viewed overall, annual net transfers from the Community to Ireland have varied between 3% and 6% of GDF since 1973.

If Irish living standards are to be improved, however, it is essential to avail to the full of the opportunities offered by access to EEC markets. In present circumstances, due account should be given to the restraints which arise from the deficits in the government's and external accounts. This requires not only a prudent public expenditure policy but also wage moderation and increased worker productivity. These are factors which must largely be determined by the Irish Government and population.

Note: Tables showing (1) Community grants for structural improvements and (2) Community loans to Ireland, since 1973 are attached.

Table 1

Community grants for structural improvements paid to Ireland in the period 1973 to 1980

(in mio ECU)

	1973	1974	1975	1976	1977	1978	1979	1980
1. EAGGF guidance	—	—	1.0	6.2	9.4	16.9	27.2	22.7
2. Social Fund	1.4	7.3	4.5	7.5	16.8	30.9	42.0	71.5
3. Regional Fund	—	—	5.2	12.1	14.1	20.5	38.8	37.7
4. EMS interest rate subsidy	—	—	—	—	—	—	66.7	67.0
Total	1.4	7.3	10.7	25.8	40.3	68.3	170.0	198.9

Table 2

Total amount of loans granted by the Community to Ireland 1973 to 1980

(in mio ECU)

1973 EIB+ECSC	1974 EIB+ECSC	1975 EIB+ECSC	1976 EIB+ECSC	1977 EIB+ECSC +EUR*	1978 EIB+ECSC +EUR	1979 EIB+ECSC +EUR +NCI	1980 EIB+ECSC +EUR +NCI	TOTAL 1973-80
22.6	46.4	37.9	58.1	79.9	117.4	353.5	377.1	1 092.9

Source: Table 4 of Report on the Borrowing and Lending Activities of the Community, Financial Year 1980, (Com(81) 419 final of 9 September 1981) and EIB Annual Reports 1973 and 1974.

* EUR = Euratom

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Question No 47, by Mr Bocklet (H-472/81)

Subject: Obstruction of milk deliveries to Italy

Milk deliveries from Bavaria to Italy are constantly being held up at the border by discriminatory checks by the Italians. Despite repeated assurances by Italy that these border checks are to control

quality only, have no effect on clearance and do not involve long waits or hold up deliveries, since 1 September, 13 milk tankers have been held up for 24 hours, without any samples being taken, before being cleared. This procedure clearly contravenes Community law.

Is the Commission aware of these incidents and is it prepared to use every means at its disposal to prevent this violation of Community law, and the principle of the free circulation of goods in particular?

Answer

The Commission submitted to the Council some time ago two health directives and a regulation on the quality and marketing of milk for consumption.

Article 11(2) of the proposal for a regulation states, in particular, that the accompanying documents drawn up by the exporting State must be recognized by the importing State.

Until such time as the Council adopts specific legislation in the matter, the checks in question must be viewed solely in the light of the general provisions of the Treaty concerning the free movement of goods within the Community.

The Commission has just requested information from the Italian Government in order to be able to determine whether the checks to which the honourable Member refers may be justified, on the basis of Article 36, on the grounds of health protection.

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Question No 48, by Mr Paisley (H-474/81)

Subject: Remarks of Commissioner Richard on Northern Ireland

Will the President of the Commission advise the Assembly if the reported remarks of Commissioner Richard in New York on 30 September 1981, indicating that it is a goal of the EEC to persuade the people of Northern Ireland to leave the United Kingdom and enter an all-Ireland Republic, represented Commission policy and what steps has he taken to ensure that no such further unwarranted attacks are mounted on the fundamental rights, constitutional status and citizenship of the people of Northern Ireland by Members of the Commission?

Answer

Commissioner Richard was of course speaking in a personal capacity when answering questions from journalists in New York, as he is perfectly entitled to do and as he made clear at the time. He acknowledged that the Commission had no role to play in the constitutional affairs of Northern Ireland. He emphasized, however, the high level of priority that the Commission is giving to the economic and social difficulties in Northern Ireland.

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Question No 49, by Mr Habsburg (H-477/81)

Subject: Polish meat deliveries to the Soviet Union

According to thoroughly reliable Polish trade union sources, every week deliveries of Polish-produced meat and imported Western meat are being transported from Stettin and Swinemünde to the USSR. Has the Commission received similar information, is it prepared to investigate these rumours and what steps will it take if and when they are confirmed?

Answer

Following the remarks by Mr Haferkamp on this matter on 16 September 1981, the Commission has found no evidence that meat imported into Poland from the Community has subsequently been transported to the USSR. Press reports in Germany and the Netherlands which suggested this prompted the Commission to initiate an inquiry. The answers provided in the course of this inquiry by the relevant national authorities make it clear that the rumours are unfounded.

Furthermore, the Polish Government has officially rejected these press allegations and assured the European Community that imported meat has been and will continue to be placed on the domestic market for consumption in Poland.

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II. *Questions to the Council**Question No 52, by Mr Flanagan (H-348/81)*

Subject: Adapting the New Community Instrument (NCI) more towards the needs of the industrial sector and towards the objective of reducing unemployment

Does the Council agree that the New Community Instrument has failed to encourage investment in the industrial sector and that in future loans to small and medium-sized firms should be given just as high a priority as projects in the energy and infrastructure sectors?

Answer

The Commission has already submitted to both our institutions a report on the operations of the NCI during its experimental period. Your Parliament no doubt took this into consideration when it gave a generally positive opinion on the Commission's proposal for continuing the NCI on a permanent basis. The Council is now examining this proposal in the light of your opinion. I hope that we shall very shortly be sending you the Council's common position.

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Question No 58, by Mr Radoux (H-370/81)

Subject: Mandate of 30 May

Does the Council intend to consult the European Parliament on all the proposals which the Commission is to submit to it in connection with its report on the mandate of 30 May? In view of the great importance which the decisions to be taken will have for the future of the Community, does the Council not think that it should enter into overall consultations with the European Parliament on this subject?

Answer

It is only on receipt of the proposals prepared by the Commission in implementation of the mandate of 30 May that the Council will be able to decide whether or not to consult the European Parliament on these texts.

The conciliation procedure will be applicable to the texts if the conditions laid down in the joint declaration of 4 March 1975 are met.

Meanwhile if — as I understand is likely — your Parliament expresses itself at its November part-session on the Commission's report, your resolution will of course be studied with interest.

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Question No 63, by Mr Howell (H-436/81)

Subject: Operation of the three major Community institutions

Is the President-in-Office of the Council satisfied with the operation of the three major Community institutions, namely Council, Commission and Parliament or does he feel that improvements could be made in the decision-making process of the Community?

Answer

It is not appropriate for the Council to pass judgments on the effectiveness of the operation of the other Community institutions.

As far as the Council itself is concerned, in the light *inter alia* of the European Council's conclusions of the Report of the Three Wise Men, it has taken various measures with a view to improving the effectiveness of its operations.

To the extent that the decision-making process is affected by relations between the three institutions, the United Kingdom Presidency has taken a number of measures to ensure an improved dialogue between the European Parliament and the Council. The question will be discussed further at the meeting on 17 November in Strasbourg.

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*III. Questions to the Foreign Ministers**Question No 67, by Mr Berkehouwer (H-365/81)*

Subject: Agreement with the Soviet Union

Do the Ministers not consider that steps should be taken to encourage the Member States to adopt a joint Community position on agreements with the Soviet Union for the supply of natural gas from the Soviet Union to energy consumers in the EEC?

Answer

This matter has not been discussed by Ministers in political cooperation. However, the Community has adopted energy policy objectives which apply *inter alia* to natural gas supply. There seems no reason to believe that the proposed arrangement for supply of Soviet gas to certain EC Member States is in any way inconsistent with these objectives.

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Question No 72, by Mrs Ewing (H-357/81)

Will the Foreign Ministers seek information from the Ethiopian Government about the fate of the Rev. Gudina Tumsa, General-Secretary of the Ethiopian Mekane Yesus Church, which has half a million members and is affiliated to the Lutheran World Federation, who was abducted on 28 July 1979 and has not been seen since; and will they also press for the release of his wife, and the several hundred other people who were all arrested in February 1980 and are still in detention?

Answer

The Ten have not discussed the particular case of the Reverend Gudina Tumsa. However, their opposition to violations of human rights wherever they may take place is well known and has often been emphasized. Individual governments of the Ten have had exchanges of views with the Ethiopian

Government on the question of its conduct in the human rights field, and will continue them until the situation improves.

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Question No 74 by Mr Collins (H-393/81)

Subject: Plight of the Vaschenko and the Chymykhalov families of Soviet citizens trapped in the American Embassy in Moscow.

In the Council aware of the plight of the Vaschenko and Chymykhalov families of Soviet citizens who have been trapped in the American Embassy in Moscow for the past three years while seeking to emigrate from their country because of Soviet persecution of members of the families because of their Christian faith and can the Council say whether they can bring any pressure to bear to have these people released to freedom in the West where they can enjoy freedom of worship?

Answer

The Ten have not discussed this particular case, which is primarily a matter between the United States and the Soviet Union. Nevertheless, the Ten have repeatedly made clear, for example at the CSCE Review Conference in Madrid, their concern about Soviet abuses of human rights with particular reference to freedom of movement and freedom of religious belief. The Ten will continue to make their attitude on these subjects known to the Soviet authorities on every appropriate occasion.

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Question No 78, by Mr Calvez (H-423/81)

Subject: Saudi peace plan for the Middle East

What is the EEC's position on the Saudi peace plan for the Middle East which was drafted at the beginning of August and which contains no reference to the recognition of the existence of the State of Israel?

Answer

The Ten have generally welcomed Prince Fahd's statement as a positive contribution towards a negotiated settlement of the Arab/Israel dispute. While not accepting all its principles, the Ten have noted in particular the call that all States in the region should be able to live in peace. This implicit reference to Israel is to be welcomed.

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Question No 82 by Lady Elles (H-445/81)

Subject: Improvements in European Political Cooperation

Have the Foreign Ministers meeting in political cooperation considered the resolution adopted by the European Parliament on 9 July 1981, relating to improvements in European political cooperation and what, if any, measures have been proposed or taken to implement Parliament's recommendation?

Answer

The Foreign Ministers of the Ten at their meeting on 13 October agreed on a number of improvements to the machinery of political cooperation. These include several of the proposals which were also contained in the Parliament's resolution of 9 July.

IV. *Supplementary answer to Oral Question H-1/81 by Mr Langes¹*

Subject: Bureaucratic restrictions on small and medium-sized undertakings exporting goods and services

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Introduction

1. The honourable Member's question consists of three general questions and an annex containing a description of a number of bureaucratic formalities which German handicraft firms must comply with in order to export services or goods to Luxembourg.
2. The Commission replied to the general questions in April 1981 (Annex to the Official Journal of the European Communities, No 1-270, p. 184).
3. The following remarks are replies to the individual points raised in the annex to the question and for the sake of clarity are set out in exactly the same order as those points. At the end there is a general reference to new moves to revive the internal market.

A. EXPORTATION OF SERVICES

I. Certificate issued by the Chamber of Commerce

4. This certificate is issued by the German Chamber of Commerce as proof for the Luxembourg authorities of the holder's qualifications of practical experience.
5. This is necessary since the content and duration of craft training vary in the ten Member States of the European Community. As long as this is the case, every State has the right to require foreign craftsmen to meet the minimum requirements set in the host country.

¹ Report of proceedings of the European Parliament No 270 of 6. 4. 1981.

6. In these circumstances the Commission, as long ago as the beginning of the 1960s, sought to bring about the mutual recognition by the Member States of their professional qualifications and the possibility of compensating for less theoretical training by practical professional experience. Under the provisions of Directive 64/427/EEC (Official Journal of the European Communities No 117 of 23 July 1964) Luxembourg recognizes professional experience acquired in another Member State and accepts as proof thereof a certificate issued by an official body in that Member State.

7. In order to abolish this formality, the training courses for craftsmen would have to be harmonized in all the Community Member States. It is likely that at present the effort involved would be out of all proportion to the benefits gained. It should be pointed out that this certificate is issued immediately and free of charge by the Chambers of Commerce.

II. *Extract from the judicial record*

8. The principle of the freedom to provide services as embodied in the EEC Treaty does not mean the automatic abolition of all formalities but only the abolition of all forms of discrimination. Thus a German firm can work in Luxembourg under the same conditions as those applying to a Luxembourg firm. If Luxembourg legislation requires that firms are only allowed to engage in a certain activity if they fulfil certain formalities as proof of their reliability or credit worthiness, German firms must normally also fulfil these formalities.

III. *Certificate of freedom from insolvency and bankruptcy*

9. See comments under II. above.

IV. *Stamp duty*

10. Stamp duty costs LFR 500 and the stamp is affixed to the work permit. See following point.

V. *Work permit*

11. This document certifies that the foreign craftsman has provided the documents referred to under I. to III. above and is entitled to freedom of movement as guaranteed in Community law.

12. If a document of this kind is not required of firms domiciled in the host country, this may constitute formal discrimination against foreign craftsmen. However, it remains to be seen in practice whether the grouping of three certificates issued in German into a single Luxembourg document may not actually be in the interest of the craftsman himself.

VI. *Tax number*

13. The obligation to be entered in the VAT register is based on Council Directive 77/388/EEC of 17 May 1977, which lays down a uniform basis of assessment for the common system of value added tax.

14. In accordance with Article 22 of this Directive, anyone taking up an activity subject to VAT in Luxembourg must inform the 'Administration de l'enregistrement' of this within 15 days. This office then enters the person newly subject to VAT in the register of VAT numbers.

15. The technical requirements of the common system of value added tax require all persons liable to VAT to be registered in this way, irrespective of whether they have their permanent residence in Luxembourg or not.

B. TEMPORARY EXPORTATION OF GOODS

I. *ATA Carnet*

16. 'ATA' is the French/English abbreviation for 'admission temporaire' and 'temporary admission'. The ATA procedure was not created by the European Community but by an international customs

agreement to which the ten Community Member States are also signatories and which was concluded in 1961 by the Customs Cooperation Council, the headquarters of which only happen to be in Brussels.

17. The ATA Carnet enables its holder to take tools and other professional equipment duty-free across the border. This also applies to samples being taken to trade fairs and exhibitions. The guarantee that the objects will subsequently leave the country is assumed by the Chambers of Commerce, which have founded among themselves a guarantee chain via the International Chamber of Commerce. The price of such a carnet rises in proportion to the value of the goods.

18. The Commission holds the view that this ATA procedure is no longer appropriate in intra-Community trade. Although the reduction of customs restrictions has not got rid of the tax borders, it ought to be possible with the present level of integration to agree on a procedure which is less complicated and costly without disregarding the justified interests of tax supervision. Therefore in July of this year the Commission presented the Council with a proposal for such a procedure. Since there is likely to be opposition to it, the Commission will doubtless need the support of Parliament referred to by the honourable Member in the general part of his question.

II. *Customs certificate*

20. After the Community procedure proposed by the Commission has come into force, it will no longer be necessary to deposit the entry and exit forms of the ATA Carnet at the border.

C. FINAL EXPORTATION OF GOODS

I. *Export declarations*

20. Such a document is required not only in Germany but also in the other Community countries as a check on trade for tax and statistical purposes. Twenty-three years after the EEC was founded and thirteen years after the Customs Union was set up, industry is justifiably annoyed that customs formalities within the Community are hardly any different from those with third countries. It is no longer valid to maintain that border formalities cannot be simplified until the remaining trade barriers are removed and especially until indirect taxation has been completely harmonized.

21. At least as regards goods subject only to value added tax, i.e. the large majority, the Commission considers that even at the present stage it is possible to organize the collection both of VAT and of the relevant statistics in such a way as to bring the system considerably more into line with the rules applying to domestic trade in the various Member States. At the same time customs documents could be replaced by the normal invoices. The easing of restrictions in these three areas has already proved successful in trade between the Benelux countries.

22. The Commission will shortly be publishing proposals to this effect. It knows that the European Parliament attaches great importance to this question.

II *Certificates of origin*

23. The problem of certificates of origin arises nowadays only for goods which are still subject to commercial policy measures taken by individual countries. If a Member State imposes a quota restriction on the import of a product from third countries, there is a risk of this quota system being undermined by imports making a detour via other Community Member States and entering the country of destination in the guise of products imported under the free trade arrangements which apply within the Community. Thus any progress towards a uniform Community trade policy is a move towards establishing the internal market, since a common external Community border would obviate the need for any checking of origin at the internal frontiers. This already applies to the vast majority of goods.

24. Even where trade policy measures taken by individual Member States still apply, it is not acceptable that a thousand exporters of Community goods should have to provide a certificate of origin just so that one exporter of potentially disruptive goods from a third country can be detected. The Commission has had this opinion considerably strengthened by the most recent ruling by the Court of Justice of the European Communities on the relation of Article 30 of the EEC Treaty (prohibiting measures having an effect equivalent to quantitative restrictions in internal trade) to Article 115 of the same Treaty (protective measures in the case of gaps in EEC commercial policy), and it was this

opinion which led to Commission Decision 80/47/EEC of 20 December 1979 (Official Journal No L 16 of 22. 1. 1980, p. 14), which lays down that the Member States may, if necessary, require the importer to state the origin of the goods in the import document but may request additional proof and in particular a certificate of origin only in cases where serious and well-founded doubts make such proof essential.

25. In February 1981 the Commission departments sent a general reminder of this legal position to the competent authorities in all the Member States. If Member States introduce surveillance measures which infringe the Treaties, the Commission will take action on each case and, if necessary, bring the matter before the Court of Justice.

III. *Freight documents*

26. Documents T1 and T2, which have replaced a number of customs documents of individual Member States, are part of the Community freight procedure. Unfortunately this procedure has not yet been simplified as much as the Commission would like to see. The Commission has put forward several proposals on which the Council has not yet decided.

IV. *Invoices*

27. As pointed out in paragraph 21, the Commission would welcome it if invoices could be presented instead of customs documents.

Prospects for the future

28. The Commission is anxious not to let the details of the numerous border formalities, with which a number of other non-tariff barriers to trade are associated, blur its view of the whole range of problems posed by the present state of the internal market. The grouping of several individual questions into larger packets of decisions and an awareness of the economic context can give rise to political impulses for boosting the internal market. To this end the Commission recently issued a 'Communication on the Situation of the Internal Market' (Document COM (81) 313 of 17. 6. 1981).

29. At its meeting on 29 and 30 June the European Council stated that it shared the Commission's concern and agreed that 'a concerted effort must be made to strengthen and develop the free internal market for goods and services which lies at the very basis of the European Community, and which is the platform from which it conducts its common commercial policy'.

30. After this policy statement by the Heads of State and Government, it is now more likely that the Council of Ministers will agree to deal rapidly with a large number of outstanding decisions intended to strengthen the internal market. The Commission, for its part, feels encouraged to publish new proposals for reducing border formalities and improving the freedom to provide services.

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Question NO 85, by Mr Caborn (H-457/81)

Subject: South Africa — forced removal for migrant labourers

Noting the recent event at Nyanga will the Foreign Ministers meeting in political cooperation consider an approach to the South African authorities expressing opposition to the forced removal of migrant labourers?

Answer

The Ten have recently made diplomatic representations to the South African Government in order to express their concern about this problem.

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IN THE CHAIR: MR JAQUET

Vice-President

(The sitting was opened at 10 a.m.¹)

1. *Agenda*

President. — I call Mr Chambeiron.

Mr Chambeiron. — *(FR)* Mr President, I know it is always very difficult and rather annoying to ask for the agenda to be changed, since it is drawn up far enough in advance to allow Members to arrange their timetable, but I should like, if I may, to point out that I thought I was right in assuming that the report on the verification of Members' credentials would be taken at ten o'clock this morning. This report has been on the table for three months and I think it is time we finished with it. The report is ready and there should not be any great problems with it.

Can I ask you to change the order of the items on the agenda so that we start with this report which, as I said, was supposed to be taken at ten o'clock this morning?

President. — I call Mr von der Vring.

Mr von der Vring. — *(DE)* I am sorry, Mr President, if I have to object at this point but I am definitely against changing the agenda for such reasons. It would not be a bad thing if the Bureau could at last bring a bit more order into the proceedings and programme here, but we cannot start changing things now at the beginning of the sitting. On behalf of my Group, I am therefore against any kind of alteration.

President. — I call Lady Elles.

Lady Elles. — I am sorry, but I object to placing this item on the agenda. People may want to speak on it who have not been informed and who are not present in the Chamber at the present time. It is a dereliction of the order of business which has been adopted by Parliament, and my Group strongly objects to any change.

President. — The objections to the change are such that I feel I have to ask Mr Chambeiron not to insist.

I call Mr Habsburg.

Mr Habsburg. — *(FR)* On the basis of Rule 87 of the Rules of Procedure, Mr President, I should like to propose that the Pedini report (Doc. 1-560/81) on the use of European languages in air traffic control be held over until next month, since I do not think the matter has been given enough attention.

President. — I call Mr Friedrich.

Mr Ingo Friedrich. — *(DE)* I second Mr Habsburg's proposal because Parliament would be doing itself a favour if the report could be better drafted.

President. — I call Mr Schmid.

Mr Schmid. — *(DE)* Mr President, I am against but I am not going to give any reasons. I am just speaking to satisfy the procedure.

(Laughter — Parliament agreed to postpone consideration of the report)

2. *Competition within the Community (continuation)*

President. — The next item is the continuation of the joint debate on five oral questions (Docs. 1-529/81, 1-530/81, 1-520/81, 1-480/81/rev. and 1-482/81) on competition within the Community.¹

I call the Group of European Progressive Democrats.

Mr Nyborg. — *(DA)* Mr President, it is a source of great pleasure to me that the Heads of State and Government should have been so quick to express their determination to put the internal market into effect. The uprating and implementation of customs union is something the European Parliament has called for on a number of occasions. The aim of today's debate — the initiative for which came from us — is to concentrate the Council's mind on the promises reflected in the decision taken by the Heads of State and Government.

We have heard quite enough fine words and declarations of intent — it is now up to the Council to take decisions. If the Community is to regain the position of strength it once had on the international market, it

¹ *Approval of minutes — Documents received — Texts of treaties forwarded by the Council — Motions for resolutions entered in the register under Rule 49: see minutes.*

¹ See debates of 14 October 1981.

Nyborg

is vital that we should bring into being an extensive internal market within the Community to provide the essential basis for us to compete successfully on the international market. The Member States must make a better show of unity with respect to imports of goods originating from third countries.

Over the long term, the Community must, in its commercial agreements with third countries, endeavour to prevent Community quotas being divided up into national quotas, the aim being to ensure that imported goods are freely transferable once they have passed the customs union's external frontiers. I feel that the Commission should take a very close look at all those agreements which are already in force or are being implemented between individual Member States and third countries with respect to import controls. The Commission must of course react immediately whenever the existing rules are found to have been circumvented, but I should also like to call on the Commission to act as quickly as possible to put forward fresh proposals should the need arise.

While I am on this point, I should like to say with all due emphasis that, when the Commission formulates proposals on essential modifications of this kind or provisions designed to protect the internal market *vis-à-vis* third countries, the Council should and must pull itself together and take the logical decisions.

Finally, I should like to ask the Commission most urgently to keep the European Parliament fully informed as to all its planned activities. After all, the Commission and the European Parliament have always supported each other in calling for the implementation of customs union; that being so, I am quite sure I can give an undertaking that we in the European Parliament will do all we can to support the Commission in this task.

On 16 September this year, this House discussed the programme for the implementation of customs union. The Commission's report incorporates a list of priority measures which there is no need for me to reiterate. These proposals date back to 1972 and 1973, at which time it was clearly impossible to make any headway on the issue. Delays of this kind give rise to drawbacks and problems — for instance for small and medium-sized undertakings — on a scale far in excess of the trivial matters the Council is always shuffling around from one tray to the next.

Mr Narjes said here on 19 September that the Commission agreed with Parliament that application of the current customs procedure at internal frontiers was an anachronism harking back to the time before the Community was set up, and that the paperwork involved had long ceased to have any sense.

How right Mr Narjes was! On the same occasion, he announced that the Commission would be presenting a series of proposals instituting identical customs

procedures throughout the Community, of a kind which have existed for years between the Benelux countries. I should like to hear the Council's reaction to proposals for simplifying forwarding procedures in the Community, a proposal which — as we very well know — has been blocked in the Council for ages and ages.

As I have also said on previous occasions, the European Progressive Democrats feel the time has long been ripe for the introduction of various specific proposals on improving the free movement of goods between the Member States of the European Community.

President. — I call the Socialist Group.

Mr Hänsch. — (DE) Mr President, ladies and gentlemen, I should like to say something with reference to Mr Cousté's question and immediately thank Mr Andriessen for the clarification which he made yesterday of the situation with reference to the compatibility between nationalizations and the Treaty of Rome. Mr Cousté's oral question is pure cant. His political Group lost the elections in France and he would now like, with the help of a statement from the European Parliament, to cancel that result out. His attempt will, of course, founder.

Those people who consider that nationalizations are not compatible with the Community Treaties, would like to establish the European Community firmly on a purely privately-owned market economy system. This is mere ideology and in no way serves the purpose of furthering the development of the Community. All the modern economies in Europe are mixed economies, and within them the State-owned sector never has formed and does not now form a block. The nationalized sector of the French economy will even when the new nationalizations have taken place only cover 18% of investments, 15% of production and 10% of the workforce. These nationalizations are part and parcel of a specifically French reform package in order to put the French economy back on a healthy footing. France is trying, through the nationalized sector, to equip itself with an economic instrument which will permit it to fight the unemployment crisis which has been brought about by faulty decisions taken by private enterprise and the ill-conceived policies of the defeated government majority. If this programme succeeds, then France will be doing more for the Community than all those who talk about 'competition' and really mean 'a capitalistic free-for-all'.

Mr Cousté and his ilk are not really interested in observing the Treaties. He is interested in preventing what the majority of the French people have clearly expressed as their wish in democratic elections. A Member State must be able to carry out the economic reforms which it itself considers to be necessary from

Hänsch

an economic, social and historical standpoint. Whoever hampers a Member State in carrying out democratically arrived at reforms to its economic structure, is destroying the Community. If the cautious reforms which they are now trying to implement in France are really not possible under the Treaties, then they are no more than an instrument for protecting the status quo of ownership and power in the Member States of the Community — and in that case they would in our opinion be worthless.

We wish to strengthen the Community and if one wants to strengthen the Community and wants to develop a framework for economic and social progress then one must give France the chance to organize its economy in the way in which its citizens by a large majority have felt to be the right one.

President. — I call Mr Friedrich.

Mr Ingo Friedrich. — *(DE)* Mr President, ladies and gentlemen, I am very glad that I can also speak on the subject of French nationalization just after Mr Hänsch has. Mr Mitterrand is the originator of the famous saying, that Europe will either be socialist or there will be no Europe. Mr Hänsch indirectly followed on from that today when he said that the Treaties are only of any worth if one can apply socialist policies with them. As a result, socialist policy guidelines are more important to him than the Treaties. I must quite clearly state that for me the opposite is true. The legal aspects of this question have already been dealt with yesterday. So I would ask you to let me refer to the economic aspects of Mr Mitterrand's nationalization policy. In order to do this, I should briefly like to compare the French economy to a large firm, a limited company. Since Mr Helmut Schmidt, the Social Democrat, has already described himself as the foremost employee of the firm 'Federal Republic of Germany' this is perfectly feasible in socialist circles.

So, let us say, that the manager of the limited company 'French economy' is President Mitterrand and that his Head of Department is Mr Jacques Delors who for many years was a highly esteemed colleague of ours, that is as long as he was merely a Member of this Parliament — and they are now carrying out the following changes in their firm. Firstly, they are increasing the number of salaried employees by 60 000 without increasing production. Secondly, they are boosting the firm's expenditure by 25% without having any additional revenue. Thirdly, they are merging several subsidiaries, which up to now have been independent and flourishing concerns with the parent company. How, ladies and gentlemen of the Socialist Group, would you see the share price for this firm developing? One does not need to be a great prophet to foresee that the price will drop. This is why the franc has already after only 4 months had to be devalued. This was not the work of ill-intentioned specula-

tors, but the outcome of the policies introduced. A firm of this nature loses its competitiveness, and its chances of providing secure jobs diminish and its wealth drops.

Of course, the nationalizations being carried out today do not make France as yet a socialist country — Mr Hänsch quoted some figures on this — and it is not a socialist-planned economy which is being introduced, but the effects of this will be fatal even so. The economic and psychological warning light of Mr Mitterrand's whole range of measures will involuntarily, but I am afraid quite inevitably, mark the start of France's economic decline. The first to have to pay for this will be the workers and the socially disadvantaged, not the privileged classes.

Now the Socialists are probably wondering what on earth this has to do with the Member from Bavaria. . . . — I am very grateful to you Mr Seeler for confirming what I have just said. . . . the European economies are now so closely interwoven that a . . .

(Interruptions)

Ladies and gentlemen, the fact that our economies are interwoven means that my companies too have less chance of carrying on trade with France now. A desperate situation in France will of course spread into the rest of Europe. A sick France will lead to a sick Europe. Therefore, we are interested in having a healthy France and that is why the European Parliament is debating this matter. Ladies and gentlemen, the path which is now being followed in France is calm, broad and even popular but — and I must warn you about this here and now — it is a slippery slope. When he reaches the bottom, the traveller along it is in for a rude awakening and will only be able to look back at the ruins of his dreams and his formerly high standard of living.

Now I should just like to say a word about the thousands of millions of francs in compensation which will have to be paid. Perhaps this interests the Socialists more. These payments — this is guaranteed by international law — using fair and objective international rules of play, will have to amount to thousands of millions of francs! These sums must be freely available and transferable from one country to another. How on earth could one explain to a German, Dutch or Italian shareholder that his shares are now, because they happen to be invested in France, no longer at his disposal?

If therefore the French State, or to be more precise the French taxpayer, has to pay correct, real compensation — which in accordance with our European sense of justice must be very high — then these additional sums will only bloat the money supply, further weaken the franc and intensify the flight of capital out of France. The State however, if only because of its more difficult

Friedrich

access to the money market, still needs this money and as a result gets even deeper into debt. In addition this nationalization will not create one single new productive job.

What then is the point of this nationalization drama which the Socialists feel obliged to stage but which in reality only brings with it new burdens for the French worker and does not offer any new opportunities for the future. The path to economic success is narrow, stony and perhaps even unpopular, because one is forced to make demands on one's citizens, but one cannot achieve economic success by nationalization bills alone. Mr Mitterrand, please leave this broad path and rejoin the circle of those who really want to do something for their citizens.

(Cries from the left, loud applause from the centre and right)

President. — I call Mr Schmid on a point of order.

Mr Schmid. — *(DE)* Mr President, there is provision in the new Rules of Procedure for speakers to be asked questions during their speeches. The exact procedure for this has not been settled, however. I have been prompted in fact by what the speakers said to ask you how questions may be put. I could have asked at least five questions but I have no idea how to go about it. Could you please explain to the House how questions of this kind may be put, now that they are permitted by the Rules of Procedure?

(Applause)

President. — Since another Member from your Group will have an opportunity to speak in this debate, Mr Schmid, he will be able to ask these questions.

I call Mr Forth.

Mr Forth. — Mr President, I would like to support what has just been said because Rule 64(4) says that by leave of the President a speaker may give way in order for a question to be put by someone else. I have always believed that the debates in this House would be enlivened if this were allowed to happen. I have on previous occasions been prepared to give way but the President was not prepared to allow it. Now would the Presidency please look again at Rule 64(4) and allow questions to be put during interventions in this Chamber which would enliven proceedings and make them a lot more productive.

(Applause)

President. — I agree that this was a useful practice to introduce but in this instance, in view of the fact that

the speaker had finished, I fail to see how he could have been interrupted to have questions put.

I call Mr Vandewiele.

Mr Vandewiele. — *(FR)* Mr President, I would suggest to the honourable Members who have raised this point to allow the Chair time to consider the matter with the Bureau, rather than embarking on a debate at this point in time.

President. — Thank you, Mr Vandewiele. I do believe you are right.

I call Mr von der Vring.

Mr von der Vring. — *(DE)* I think there is some mistake here, Mr President. The opportunity to put questions is not new and it has always been in our Rules of Procedure. As long as a year ago I tried to get the Chair to look at the matter. I have had occasion to ask questions with the permission of the Chair but the speaker was not given an opportunity to reply. The Chair has been trying to avoid answering this question for a year now.

President. — It is possible to ask a speaker a question during his speech, but since Mr Friedrich has finished it is no longer possible to do so.

We shall resume the debate. I call Lady Elles.

Lady Elles. — In fact, Mr President, of course I support those who wish to put questions to speakers and of course the Bureau will be looking at this question, taking into account the very important factor of the length of time that a speaker has by the agreement of the chairmen of political groups on these subjects. So the timing is of course vital in this particular matter.

Turning to the subject in hand, Mr Friedrich of course spoke with great passion about the effects of socialism on the economy. Certainly this side of the House would agree that the only visible common factor between all Marxists economies is that they have never succeeded in improving the lot of their citizens except with assistance from social market economies. This is all the more reason, of course, why we in the West with the benefit of the European Economic Community should be looking at our own internal market to provide both a strong economy for our own citizens but also to help those who are suffering under Marxists economies or who have failed to develop their economies for some other reason.

But, Mr President, the Community's industrial and commercial activities can only become more competitive in world markets if the conditions in its internal

Elles

market are such as to create stability and certainty. And the value of an economic community with closely integrated trading links and a large population of 270 million citizens is diminished in proportion to the impediments to the free flow of goods and services envisaged by the Treaties. Impediments cause uncertainty and delays. Now these impediments take the form not only of national protectionism and national standard specifications — one Member State indeed introduced about 800 national standard specifications in one year alone — but also of practices and procedures by the Commission. And here I in no way criticize the present Commission because I very much welcome, and I am sure the whole House very much welcomes, the very open way in which the present Members of the Commission are addressing their minds to these problems. But I think it is our duty to draw attention to some of the lacunae which certainly exist at the present time.

Now there are three areas of uncertainty and delay which are caused at the moment by these practices and procedures. I shall give three examples. In each case they cause consequential detriment to business concerns.

The first was a draft directive on technical products produced in 1975 concerning heating apparatus. Now this draft directive has hung like a sword of Damocles over those manufacturers engaged in producing this particular type of apparatus and it meant that no forward planning could be made, that no expansion of markets could be envisaged until this draft directive was adopted.

Another example, but the other way round, was where a draft directive had been adopted in 1977. I have raised this matter on an earlier occasion in this House. This particular directive on paint labelling was adopted in 1977 but has still not been implemented in four Member States. Now the result of failure to implement this particular directive in four Member States has meant that one company in particular has had to spend nearly half a million pounds on changing the way in which their paints were labelled in order to export their tins of paint to the markets which they had already developed in other Member States of the Community. But those manufacturers within the Member States which had not implemented the directive were of course at an advantage because they had not spent these vast sums on conforming to the legislation of the Community. So the way these technical directives are being drawn up and adopted and the failure to implement them in all the Member States are another aspect of the same problem.

In fact, I think the Commission must really start turning its mind to this problem in a much wider way, because the rapidity of scientific and technological development demands a completely new approach to the setting of technical standards. It should submit proposals for the establishment of common norms,

possibly initially with what we call in our English parliamentary system green papers for discussion rather than draft directives, which imply a certain legislative force but, of course, have none and are very often heavily criticized by Member States and particularly the trade associations and the manufacturers concerned. The Commission should also possibly consider whether there is some way in which a general norm could be established, rather than having individual specific technical standards for each individual item. I think this is something that the Commission must look at.

Mr President, I would ask that the Commission make some statement on their declaration on the *Cassis de Dijon* case which, of course, does go into this aspect.

Finally, Mr President, there is the question of competition. The powers of the Commission, sometimes excessive in the field of competition, are nevertheless insufficient to take the necessary decision and prompt action when faced with particular situations. There seems, for instance, to be no rapid way under Article 86 of preventing public undertakings from abusing a dominant position by restricting their sources of supply, so leading to possible extinction of supplying companies. This may be a case for instituting an independent tribunal, which is already being considered in relation to the investigation of infringements against Article 85. This tribunal might fulfil a role in this particular instance, because there is no way of dealing with interlocutory matters at the present time. I think this is very important and I would ask the Commission to look at it.

These few examples seem to show the need for a new stimulus to Community policies, and the European Parliament indeed would do very well to institute an internal market committee to look at these particular matters. At the moment we have no committee in Parliament which looks at these matters fully and sufficiently. Mr President, one member of my Group, Mr Turner, is not going to speak and so I have taken the liberty of using his two minutes, since he has chosen to leave the House. The much-needed encouragement of investment opportunities for expansion must be based on security and certainty if the evil of unemployment is to be mitigated. Community policies and procedures and the manner in which they are implemented must therefore be urgently reviewed.

President. — I call Mr Leonardi.

Mr Leonardi. — (IT) Mr President, it seems to me that the serious crisis which we are now going through has, if nothing else, the advantage of helping us to highlight the basic positions of the various parties involved. In my view, this is also made clear by the large number of questions which we have rapidly to examine now and, when all is said and done by this morning's heated debate.

Leonardi

For some, the emphasis is laid on the need to abolish the technical barriers to trade and to improve thereby the terms of competition within the Community. We fully support this demand, but we feel it is not sufficient and this is why we wish to state our agreement, with and lay particular emphasis on, what was said in the discussion we had yesterday on the question put by Mr Glinne and others on the subject of the urgent need for Community policies in the steel industry and other sectors.

As for the specific proposals which were made in those questions, other than those to which I do not wish to refer, given the short time I have for my speech, it seems to me that a particularly important suggestion made was that a working party, or a committee, such as the Committee on Economic Affairs, ought to intensify their relations with national authorities in order to get to grips with and abolish the technical barriers, that is by carrying out their work in close collaboration with national parliaments. We agree with this point, as indeed we also do with the proposal for establishing Community methods for the assessment and approval of goods imported into the Community. For other people, on the other hand, attention was focused on public aids and on State-owned companies, and as a result they have been bitterly criticizing nationalization plans and particularly that which is now being carried out in France.

In our opinion, these Members are forgetting that the major part of public aid is made necessary by the inability of private enterprise to solve the problems with which society has entrusted it. They are forgetting that the great effort which is being made at the moment, not just in France is intended to provide, via nationalizations, an increase in the efficiency of the economic system, and not just to help lame ducks. The real problem, in our opinion, is one of guaranteeing the proper operation of a mixed economy which provides good development and information potential both for private enterprise and to publicly-owned companies and there is no doubt that we ought to devote more attention to this subject because, in my view, the study of the mixed economy system which is carried out annually in the report on the competition situation in the Community is totally insufficient. Therefore, I think that the Commission ought to provide us with a document which examines and analyses the real conditions under which, both in the Community as a whole and in the individual Member States, private and nationalized industries operate, and this could then be of great help for our assessment of the competitiveness of our economic system overall.

By pursuing the path of criticism of aid and of nationalization, a lot of old problems are being brought to the surface, and Mr Andriessen gave a well-chosen reply on this point yesterday. Certain of our fellow Members have for example made a very narrow-minded reading of the Treaty of Rome, which we have always opposed, thereby trying to hide the responsibil-

ity of the forces they represent for the shortcomings in achieving all the potential of the Treaties and in the building of the Community as a whole, which we support as an instrument of progress which allows the individual Member States to act as they see fit, therefore even by nationalizing, in order to achieve the objectives of prosperity and development which are referred to, and even stressed, in the very first articles of the Treaty of Rome.

President. — I call Mrs Nielsen.

Mrs Tove Nielsen. — (DA) Mr President, from a liberal point of view, direct national support for the private sector tends to distort competition and is, in most cases, extremely short-sighted. Given that market forces will normally tend to ensure that resources are distributed in the most sensible way to ensure that growth, employment and prosperity are kept on as high a level as possible, it follows that State subsidies for private undertakings frequently tend to do precisely the opposite. But there is often a great temptation for governments to intervene in the process and give direct support to undertakings which would otherwise be in danger of folding up. Experience has frequently shown, though, that these undertakings are, in most cases, beyond redemption anyway, and that the granting of further subsidies stands in the way of the emergence of new competitive undertakings in the same field, because the available resources have been committed to an undertaking for which, in all probability, there is no future. The worst instances of this kind of thing over recent years have been seen in the United Kingdom, Italy and Sweden. These three countries have sought, by way of a totally mistaken policy, to conserve economic structures to serve demand which does not exist. It is of course vital that companies should produce the kind of goods for which there is sufficient demand, so that there is a sensible ratio between prices and costs, something which cannot be done by basing one's policy on pumping colossal amounts into non-viable companies. That is the kind of policy which will jeopardize long-term employment prospects, and which is, from a liberal point of view, a totally mistaken one.

However, that does not mean to say that we Liberals cannot give our support to the granting of aid to individual companies in particular situations. But there must be very special reasons to persuade us to take such a line, and it will not do simply to say that otherwise the firm would go to the wall. The criterion must be that the firm should, to begin with, be cut back to a size whereby the level of production is reasonably in proportion to the level of demand. Each case must be thoroughly judged on its merits to ensure that any resources which may be ploughed in to the firm in question might not be put to better use to create economic conditions favourable to new firms and to enable self-employed people to become established.

Nielsen

These are, after all, precisely the kind of measures which will generate new jobs in the same field and consequently offer the only way out of the crisis which is viable in the long term.

We in Denmark have fortunately up to now been spared this kind of mistaken policy of direct State support for private undertakings. Recently, though, we have seen how the Danish Social-Democratic Government has forked out DKR 700 million in an attempt to save 1 700 jobs at a steel rolling mill. Just think how many jobs could have been created for this money in other sectors and in the same region over a shorter period instead of trying artificially to maintain production on a scale entirely inappropriate to the level of demand. We have more than 250 000 people unemployed in Denmark, and we are prepared to spend something like DKR 700 million to preserve one place of work in one of the internationally most vulnerable sectors which is, generally speaking, plagued by a substantial amount of overcapacity. It would make more sense to make this capital available for productive businesses with a future in the form of easy-term loans. As I said earlier: we have nothing against providing aid for the preservation of jobs, but what we are committing ourselves to must make sense and must have some future. There is no sense at all in what has been going on in Denmark, and that is what we are against.

I should like to say in conclusion that we Liberals feel that giving consumers a free choice is the best means of guidance for producers. Free and independent consumer behaviour can help to point production in the desired direction. We are also against the State providing economic support for maintaining the production of commodities for which there is insufficient public demand . . .

President. — If you do not mind, Mr Sutra would like to ask a question.

Mr Sutra. — (*FR*) Mr President, a short time ago you said that questions had to be put before the speaker had finished. I should therefore like to say to Mrs Nielsen, who is equating grants to companies and nationalizations, that in France when the car firms Peugeot and Citroën were merged, the State contributed FF 1 000 million, whilst Renault has not received a single grant since 1948.

Mr President, I should like to ask Mrs Nielsen if she intended to make a declaration, based on her beliefs, against the economic system we are trying to institute in France — in which case I have nothing to say to her — or if her speech was in fact well intentioned.

Mrs Tove Nielsen. — (*DA*) Mr President, I should like very briefly to reply to the honourable Member who asked this question by saying that I should like

very much to see an ideological debate on what has been going on and what is going on in France under the Socialist Government. It is quite clear that the Socialist Government under Mr Mitterrand wishes to nationalize entire industries, something which has always been and will remain an antiquated policy from the liberal point of view. It is a policy which is totally out of step with our present state of development because it is quite obvious that the State does not have the power to run businesses, nor does it have the power to run people's lives. From a liberal point of view, we would say that it is the individual and the individual alone who should have the right to shape his own life. It is certainly not the job of the State to impose itself upon companies and individual citizens. At a time of general freedom of consumer choice, it is up to the people themselves to decide what will be produced and what will be bought at reasonable terms to ensure a higher rate of growth and more prosperity, something which should be to the benefit of all the people of Denmark, the European Community and the entire world. That is what I should like to say as my ideological contribution to this debate. That is why we say that what we need is an active economic policy with no limitations, a policy which will encourage production and create jobs and which will give us the higher rate of growth and the higher level of prosperity we so rightly demand and which can help to get us out of the economic and employment crisis we are now in.

President. — I call Mr De Gucht.

Mr De Gucht. — (*NL*) Mr President, I should like to say a few words on the problem of the Belgian steel industry, one which is being tackled from a biased political and ideological point of view. The fact is that the economic aspect and the question of profitability — and that is, in the final analysis, the vital thing — were taken into account in the numerous enquiries, but were ignored when the time came for a decision to be taken. You cannot treat the steel industry as if it were suffering from no more than a nosebleed and, in so doing, allow firms to go bankrupt. No government can afford to do that. We Liberals, though, have a clear view as to what ought to happen, we have a single aim in mind, a practical solution, and we eschew any unrealistic ideological claptrap. In specific terms, what this means is that, in our opinion, government intervention should be strictly limited in terms of time and should not give rise to an increase in global capacity. Allow me here to address a remark in passing to the conservatives, who make a show of principle whenever we are talking about competition policy, but who are prepared to grant massive aid for the erection of a steelworks in India.

That was just something I wanted to say in passing. Returning to the question of State intervention, any such measures must be restricted to the period needed

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for restructuring a steel undertaking with prospects for the future, and should cover no more than the social consequences of redundancy, should the firm in question have no such prospects. It is up to the Commission to insist on strict application of the terms of the Treaty and the provisions on competition. It would appear that the Commission is being manoeuvred into granting dispensation after all, in particular as regards the Claes Plan, although such a thing should be unthinkable for a really consistent and logical Commission. Secondly, the restructuring of the steel industry logically entails the inexorable elimination of non-viable firms. And here is the rub once again. The entire steel 'triangle' is being merged under the motto 'strength in numbers'. The result is that it is becoming that much more difficult to cut out the deadwood, because what we are talking about now is not just single companies. The whole thing is being elevated to a global scale to make it, socially, a hot potato. In fact, the merger was political madness. Thirdly, there are bound to be redundancies. Those steel firms with a theoretical hope of future viability will be smaller and will employ fewer people. Fourthly, there must be pay cuts on a significant scale. At the moment, the least productive steel workers in Europe, those in the French-speaking part of Belgium, are the best paid. Of course, I am referring here not only to the workers, but also to the management. Allow me to add here a fifth, typically Belgian point. In practical terms, it is the Flemish-speaking population of Belgium which will, very largely, have to meet the bill for the bankrupt steel industry in the French-speaking part of Belgium, Wallonia. Not that I have any objection to this — I believe in European solidarity and, *a fortiori*, national solidarity — but there are limits, and no one should be in any doubt as to where these limits lie. Firstly, the aid must, in the short term, lead to the steel industry being placed on a sound foundation once again. We have no intention of giving the kiss of life to moribund firms. If that is what is planned to keep the Wallonian steel-industry unions happy, then let them pick up the bill themselves. Secondly, the fact that Wallonia is worse off should not be used as a pretext for slowing down the progress made in Flanders. I am thinking here, for instance, of the water agreements with the Netherlands. The Wallonians must be made to realize that only a strong Flanders will be in a position to help its weaker partner. Allow me to conclude, Mr President, with a general remark. We are not prepared to help to work towards nationalization via the back door. We believe in future prospects and not in past glory. We do not wish to be cast in the role of nurses in an institution for protracted illnesses. We want to be the architects of the future, putting to use all that prosperity has given us, and which we are now in the process of shamelessly frittering away: an efficient, free-market economy.

President. — I call Mr Galland.

Mr Galland. — (FR) Mr President, ladies and gentlemen, I should just like to speak for a minute in order to clear up a point and give a timely warning.

First of all, I should like to clear up the basic problem raised by the French nationalizations. We are in complete agreement with our colleagues in the EDP group, but we have not adopted the same parliamentary tactics and I think that we were right not to.

And now I should like to give a timely warning.

I should like to tell the Commissioner that, should the Commission continue along the same path, then it will lose a great deal of respect. We put 17 questions to the Council and 22 questions to the Commission, all of which were on specific subjects. Each refers to an article of the Treaty with respect to the French nationalization bill. It has taken three months for all the answers to reach us on a subject on which you, Commissioner, are certainly aware, even though there are grounds for doubting this at times, the Court of Justice has delivered a judgment, and I am here referring to the judgment in the *Costa ENEL* case.

The Commission's duty and role is to be the keeper of the spirit and letter of the Treaty. If it continues to state that the French nationalization bill does not raise any problems with respect to the Treaty, then it is making a grave error.

By acting in this way, the Commission does not fulfil its role, either towards Europe whose interests it is neglecting, or towards the French Government, from which it would be well advised to request further details rather than being forced to enter into conflict with it later.

I should like the Commissioner to know that we shall take this question to the Court of Justice if we must. Take care lest the Court find against you! What sort of a situation would you be in then?

President. — I call the Commission.

Mr Narjes, Member of the Commission. — (DE) Mr President, I have asked to speak in order answer some of Lady Elles's questions. Lady Elles mentioned some of the basic aspects of the problems arising with respect to the harmonization of rules in the internal market, such as their security and the unnecessary delays which have arisen in the decision-making procedures of the Community. It is not my intention to go back over what was said on this subject in Committee, but I should first and foremost like to state that we see the whole scope of these problems with great clarity.

In the document we sent to the European Council in July, we had already stressed that Article 155, para-

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graph 4 of the EEC Treaty ought to be more strictly applied than previously. This provision permits the Council of Ministers to empower the Commission to make adjustments, particularly in view of the technological revolution now rapidly taking place. Like you, we also can see that technical developments in many sectors proceed at a greater pace than the decision-making process of the Council of Ministers which means that proposals are already technically outdated when erected if they have had to spend two, three or even four years going through the decision-making process.

In addition, we should like to try to delegate the drawing-up of perfecting detailed regulations — particularly in setting standards — to other bodies. For example, a short time ago, after a discussion in the Committee for Economic and Monetary Affairs, we decided to suspend the Directive on the safety of toys, which was drawn up in a particularly perfectionist manner, for six months, because we felt that the basic technical problem in this matter could be more efficiently and in the long term even more quickly dealt with by the two European institutions CEN and CENELEC.

I hope, and this is why I have taken the floor, that a Regulation which we have forwarded to the Council of Ministers concerning an improvement in information flow between the Commission, the Council, CEN and CENELEC, will in the foreseeable future be enacted and form the legal basis required for us to delegate specific responsibilities to CEN and CENELEC and speed up the legislative process provide greater security and clear information to the investing economy. I believe that the package of measures which we have taken is of a nature to go some way towards meeting the criticism which even we have had to accept as being fully justified.

Another subject is that of drawing up comprehensive Community regulations and legal provisions. We very clearly understood your reference to British 'green papers' and we are even intending to go further in this direction by concentrating on harmonizing the laws relating to several large projects which can be fully discussed and then relatively quickly passed through the decision-making procedure of the Council in their definitive wording. In this respect, several national traditions and customs have been combined in this procedure. It has been shown that a fundamental discussion by all those concerned if started at the correct time and based on a comprehensive document, would seem to be the most suitable way to make progress. In conclusion, I should just like to say a few words on the *Cassis de Dijon* verdict. I can here only repeat how grateful we are to the Court of Justice for its clarification of this point. We consider this verdict and its follow-ups as the basis for all our work concerning Article 30 of the EEC Treaty. At the moment we are working, with the aid of Article 169 which refers to the introduction of infringement

procedures, to gain full recognition for Article 30. This would never have been possible to the same extent without the *Cassis de Dijon* verdict, on which we have published the Commission's interpretation in the *Official Journal*.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, there is one more comment I should like to make following the speeches we have heard in the second part of this debate. A number of Members have referred once again to the interpretation of the Treaties and the Commission's judgment in the first instance on the compatibility of the French decision in favour of nationalization with the Treaty. The speakers concerned were Mr d'Ormesson, Mr Rossi and, at the end of the debate, Mr Galland. I must say, Mr President, that the comments made by the honourable Members have not caused me to alter the position adopted yesterday by the Commission. None of the references made by various Members in the course of this debate to Article 7, to Article 102 or Article 37 are sufficient to induce the Commission to change its attitude in the light of what is known to date of the views of the French Government as communicated to the Commission. As I said yesterday, the Commission will be keeping a close watch on how the situation in France develops, but at this present juncture, we see no cause to take a line different to the one we have taken so far. Let me point out here that the Commission remains in contact with the French Government — after all, the proposal was not accepted by the National Assembly — and that we shall of course be keeping a close watch on how these nationalized undertakings in France operate in the future to enable us, wherever necessary, to exercise our responsibilities. I would therefore reject Mr Galland's criticism to the effect that the Commission had failed to do its duty as guardian of the Treaties in this matter. On the contrary, the Commission takes the view that it is precisely by virtue of its role as guardian of the Treaties that we should adopt the stance I explained here yesterday and which I have reiterated here today.

The second point I should like to make, Mr President, is that a discussion on aid to industry and nationalization is bound to give rise to ideological debate between the various political groupings in a politically aware Parliament. Obviously, I do not wish to interfere in this debate on behalf of the Commission, which explains why I shall not refer in my reply to what a number of speakers had to say, no matter how lively and interesting their contributions may have been in their own right. One thing I should like to go into, Mr President, is the following. I subscribe to the view that aid to firms may sometimes backfire, have an opposite effect to that which was intended and set out to preserve the kind of jobs for which there is no future. This view was shared by a number of Members who have spoken in this debate, including Mrs Nielsen. On the

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other hand, I should like to point out that the Treaty very definitely — albeit under certain conditions and for certain specified objectives — regards aid as desirable, or at least not incompatible with the system laid down in the Treaties. I therefore feel that, at the end of this debate, it is incumbent on the Commission to stress once again the fine balance of views between the two sides. As to what Mr Leonardi said to the effect that the interpretation I had placed yesterday on the relevant articles from the Treaty was, in his view, a conservative one, I would say that, in my view, the interpretation I gave is the best way of preserving the kind of common market we want to see in a mixed economy. In this respect, I have no objection to him calling my interpretation of the Treaty a conservative one. He asked for an analysis of the economic conditions in which private or public undertakings can operate. Mr President, I spoke at length yesterday about the transparency guideline drawn up by the Commission, which has still not come into effect because of the objection raised by three of the Member States. We shall certainly endeavour to get as clear an insight as possible into the relations which exist between national governments and their public or private undertakings.

Mr President, as regards the views put forward by Mr De Gucht, I should like to point out that the criteria used for evaluating aid to the steel industry — in his case more specifically the Belgian steel industry — are entirely in line with the code which came into force in August this year. The question of whether or not the Belgian steel industry's proposals accord with the terms of the code — which he denies — will, as I said yesterday, have to be answered before long by the Commission. At present the Commission is still looking into the matter, and so of course I cannot prejudice the final outcome of the enquiry.

Mr President, I should like, by your leave, to reply to a number of motions for resolutions which have been tabled in the course of this debate. Firstly, we have the motion for a resolution tabled by Mr Glinne setting out a number of specific recommendations with regard to the situation in the steel industry. I should like to say that the philosophy reflected in this motion for a resolution is perfectly acceptable to the Commission so long as recommendation No 3, in which the Commission is invited to draw up a regional development programme for each region with a steel industry of its own, is taken to mean that it is not the Commission which will draw up the plans but that the Commission is prepared to cooperate in any such venture and to play as active a part as possible in using the instruments at its disposal for this purpose.

Mr President, I spoke on two occasions yesterday on the motion for a resolution tabled by Mr Franz and others on behalf of the EPP Group, and I do not believe that I need go into that any further today.

The third motion for a resolution I should like to comment on is that tabled by Mrs Scrivener and others. Her first recommendation calls for a stop to national aid to sectors for which a Community restructuring plan exists. I have already explained that the Commission intends to restrict any such aid to a specified period. That is in accordance with point 2 of the motion for a resolution, and I therefore feel that this point is at variance with the first recommendation calling for an immediate stop.

Paragraph 3 of the same motion for a resolution calls on the Commission to draw up an overall plan for industrial change aimed at the introduction of new technologies at all levels of the production process. Mr President, if this means that the Commission is expected to draw up a sort of European master plan for industrial reform, I must say that this is beyond our powers. If, on the other hand, the aim is to invite the Commission to put forward its own thoughts and proposals on the new technology, research and development on the one hand and cooperation between companies — for instance, in the steel industry — on the other, the Commission can go along with this suggestion; that is, Mr President, with the second interpretation only.

Finally, Mr President, I have a problem. I think I am right in saying that Mr Cousté's motion for a resolution is not officially on the agenda, but the fact is that it has been mentioned by a number of speakers in the course of this debate, and indeed, Mr d'Ormesson very emphatically advocated adoption of it. So I am not sure whether you will permit me to speak on it. If you do so wish, I am of course quite prepared to do so, but if the motion for a resolution is not on the agenda, I shall not refer to it.

I see that the Presidency has just changed hands, and so I shall repeat what I said just now. Reference has been made in the course of this debate to a motion for a resolution tabled by Mr Cousté, but as far as I can tell, this particular motion for a resolution is not on the agenda as such. As a result, I am not sure whether it will be voted on. If that is the case, I should like to comment on it; if not, I shall, of course, have nothing to say on the matter.

IN THE CHAIR: MR ROGERS*Vice-President*

President. — There being no Cousté resolution, the debate is closed.

3. Energy saving in the transport sector

President. — The next item is the report by Mr Albers, on behalf of the Committee on Transport, on energy saving in transport (Doc. 1-249/81).

I call the rapporteur.

Mr Albers, rapporteur. — (NL) Mr President, in the policy guidelines on energy saving presented to the Council in the summer of 1979, and particularly in the section dealing with transport, the Commission advocated education and publicity campaigns, standard tests on the efficiency of fuel consumption and discussions with industry on voluntary targets for efficient fuel consumption in new cars. At its first meeting following direct elections to the European Parliament, the Committee on Transport gave a high priority rating to energy saving in the transport sector, and that in turn has given rise to the report we are discussing today. We came to the conclusion, on the basis of extensive material gathered at a hearing involving 15 international and European organizations, that the approach at European Community level to the problem of energy saving in the transport sector was excessively free and easy and was not conducive to making the best possible use of fuels which were progressively becoming scarcer and more expensive. It cannot be denied that our appeal to the industry has yielded some results. In specific terms, the car industry has reacted favourably to the call for more economical car engines and various general changes designed to bring about a reduction in the specific energy consumption per vehicle. The latest figures show a 4.4% fall in specific consumption in the United Kingdom and a 5.7% fall in France in 1978 and 1979, while the car industry in the Federal Republic of Germany gave an assurance to the German Government on 31 July 1981 that energy consumption in 1985 would be 15% down on the 1979 figure.

These interesting figures are proof in themselves that we have the technical means to bring about a substantial reduction in the amount of energy consumed. They are all the more significant in view of the fact that the car industry is a central element in industrial employment in the European Community, with a production level of more than 9.5 million cars in 1980, a figure which is still higher than the increasing level of imported competition from Japan, the United States and the rest of the world. In fact, Community car exports are still half a million higher than the level of imports. In the production sector alone, the car industry provides work for some 1 190 000 people. Technical improvements leading to a reduction in specific energy consumption are important not only in terms of reducing our dependence on oil, but also in terms of improved prospects for retaining and possibly expanding our share of the export market. It is therefore in the interests of the car industry itself to pursue

this course, whereby we are bound to ask ourselves whether it would be in the interests of the European Community car industry as a whole to concentrate production more than is currently the case. The Commission's document of 17 July 1981 dealing with the European car industry emphasizes the need for greater concentration, and in this respect endorses the resolution adopted by the European Parliament on 13 January 1981. It takes something like five years for an improved model to start rolling off the production lines, which means that we shall not see the results of innovatory efforts before 1985. The present report too takes the line that we should not try to cut back on car sales, but that we should do everything possible to bring about a reduction in specific energy consumption. What the report has to say about the car industry applies equally to the aeroplane and shipbuilding industries and to the railways, with the reservation here that the speed of change is much slower than in the car industry, which means in turn that any results will be slower to emerge. If, however, we are to aim for a 20 to 30% reduction in the amount of oil consumed in the transport sector, we must, along with the search for more economical means of transport, take additional steps with regard to the utilization of modes of transport. Some of these measures may take the form of guidelines or recommendations, but others should be of a binding nature. Whatever measures are adopted will depend largely on developments in the oil supply situation and the price of oil. The shock-waves emitted by stagnating supplies and massive price rises have shown that guidelines are essential over the short, medium and long terms if we are to avoid a total economic breakdown.

The report comes out in favour of the principle of selectivity in the use of means of transport. As regards passenger transport, this amounts to government measures to encourage the use of public transport, especially by commuters, the modernization of vehicles, more frequent services, the provision of new routes, priority for buses, trams and taxis, special commuter fares and tax benefits for the use of public transport. As regards goods traffic, the report advocates government measures to encourage the use of combined transport, long-distance transport of containers by rail, inland waterways and coastal shipping and fast trains to replace short-haul air transport for both passenger and goods traffic. What is needed is an integrated approach to this problem. The best results will be obtained not by specific measures for each transport sector, but by coordinating the various systems to achieve maximum savings.

In setting up integrated transport systems, most attention should be paid to existing bottlenecks. In all forms of transport — whether rail or road, sea or air — substantial amounts of energy are wasted as a result of shortcomings in the relevant infrastructure. Improved coordination of the various modes of transport could usefully be combined with a multi-year programme for eliminating bottlenecks. This would be an important

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task for the European Community institutions, particularly as regards improving intra-Community, trans-frontier traffic. Special importance attaches in this respect to the proposal for a regulation on the granting of aid for projects of Community importance in the field of transport infrastructure. It is essential that the Council of Ministers adopt this regulation in the interests of the credibility of European integration. With this regulation as a legal basis, it will be possible to work towards collecting proposals for improving traffic and transport flows in Europe.

Attention might be devoted here to the enormous waste of energy in urban centres and agglomerations, which affects international as well as local traffic. An attempt might be made in conjunction with the urban authorities to draw up appropriate general traffic plans incorporating an integrated system of public transport, increased synchronization of traffic lights, clear signposting, the construction of ring-roads and the diversion of traffic from busy town centres. Mr President, it was the local authorities which, at the first direct elections to the European Parliament, formed the bridge between us and the voters. It is a matter of great importance that regular consultations should be held between the European Community institutions and the local authorities on transport and traffic questions to enable the local authorities to continue to act as a bridge in the process of ongoing European integration. Investment planning in large-scale infrastructure works should not involve only the national administrations. In the light of increasing intra-Community traffic, this is undoubtedly a job for the European Community institutions.

Finally, let me turn to the role of the transport consumer, the proper use of an economical engine and the better use of public transport. Our first priority must be the provision of better information on a vehicle's energy consumption, adequate training in the transport sector and periods of training for the drivers of road transport vehicles. We must give some thought as to whether a European driving licence should simply take the place of a national driving licence or whether, in accordance with the international standards, higher requirements should be stipulated for the acquisition of a driving licence. Out of the mass of information we collected at the hearing, it transpired that a 25% saving in fuel could be achieved by better driving, better car maintenance and engine tuning and proper speed regulation. All in all, we have come to the conclusion that the quest for energy savings in the transport sector on the part of national and urban authorities must be given political form, albeit with the rider that the international nature of transport denotes an important job to be done by the institutions of the European Community.

President. — I call the Committee on Energy and Research.

Mr Seligman, deputizing for the draftsman of an opinion. — Mr Beazley has been called away to Blackpool for various duties so I am speaking in his place and I hope to record his main points in my speech.

Mr President, by the time we are 30 years older, oil resources in the world will have been depleted to such an extent that modern society, as we know it now, will no longer be viable, based on oil. What then is the solution? Transport is a major consumer of energy so savings are vital in this sector and while industry consumes 32% of all energy, and households consume 40%, the transport sector in Europe accounts for 21% of all energy consumption and 95% of this transport energy is dependent on oil. It is much more difficult to cut down transport's dependency on oil than it is in other areas because alternative fuels such as coal, nuclear and coke are quite unsuitable for any transport except the railways.

Now as a guide to action, let us realize that 84% of all oil in the transport sector is used on cars and lorries. Only 10% is used in aeroplanes, 4% in trains and 2% on inland waterways. In Europe private cars use four times as much oil and petrol as lorries and military vehicles. Hence motor vehicles must be our main target. We have therefore narrowed down the main problem to private motor cars. By examining and analysing various modes of road transport we concluded that conservation in the next 10 or 20 years can cut down by 30% on current consumption. By redesigning cars and modernizing transport systems we can definitely achieve this.

Mr President, unrestricted supplies of oil in the past have shaped our modern society. This has now unfortunately got to change and it will never again change back. Abundant cheap transport in the West has given us a freedom which the Communist countries did not and do not enjoy. More families have lived outside cities and many families have more than one car. Consequently, roads are overcrowded with traffic, and due to the recession governments have been unable to finance expanded transport facilities. Nevertheless the overriding demand for energy conservation in road transport means that we must invest in new modes of public transport on the European scale. This public transport must be sufficiently cheap and efficient to attract the public away from their private transport.

It is with this in mind that the Committee on Transport and the Committee on Energy and Research have worked together to produce Mr Albers's report which we wholeheartedly support.

President. — I call the Socialist Group.

Mr Seefeld. — (DE) Mr President, I should like to begin by warmly thanking the rapporteur, Mr Albers, and pointing out that he has tried to mould a very difficult corpus into reasonable shape.

There are many possible ways of saving energy, and we are convinced that the citizens of the Member States are far from knowing all of them and a long way from using all the ways and means which they do know. From this point of view, it is a good thing that Mr Albers's report indicates a whole range of objectives which we believe ought all to be put into practice in the coming years.

Our first objective consists of, first of all, improving the whole transport sector. If we succeeded in doing this, then the whole energy-saving situation would certainly improve.

Our second objective consists of becoming independent of oil supplies as far as possible. Mr Albers in his report gave numerous ways and means of achieving this. It is quite clear to us that it will certainly not prove possible to seize all the opportunities available, but I should like explicitly to stress that what Mr Albers proposes is a first step in the right direction. We also believe that energy can be conserved by a better and more coherent infrastructure, which means succeeding in applying decisions already taken by us on the other reports.

In addition, we feel that in cross-frontier traffic everything should be done in future to save absolutely as much energy as possible. It is incredible how much petrol is being senselessly squandered because our governments cannot come to a decision as to how to improve the customs clearance system at frontiers.

Thirdly, we feel that the greatest caution should be exercised when dealing with speed limits. We ought to avoid any unnecessary restriction in the flow of traffic by imposing speed limits. On the other hand, we ought to examine whether we can continue to allow certain breakneck driving techniques.

Fourthly, we are convinced that a combined transport system — and on this subject we have already adopted a report — can only become really meaningful if it includes not just rail and road traffic, but also inland waterways and maritime transport.

We wish, and this will be my final remark, to give public transport the position it deserves, because we believe that this is a way of carrying out further energy savings. We should like to see the railways offering a better service. We want short-distance transport to be improved. We want to extend underground railways and other means of public transport since by so doing personal transport can be somewhat restricted and as a result more energy may be saved.

In Mr Albers's motion for a resolution, there are some clear tasks assigned to us. We wish the Commission to draw up a memorandum on measures for energy conservation in the transport sector, which should contain some clear proposals. Once again, we regret that, because of the shortcomings of the European approach to transport policy, we should need to discuss energy saving here today at all. In this respect, I can therefore state that Mr Albers has done a good piece of work and that my Group will support his report.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Hoffmann. — (DE) Mr President, ladies and gentlemen, on behalf of the Group of the European People's Party, I should like to assure the rapporteur that we take his concern at saving and more rationally using energy in the transport sector very seriously. However, the incentive to use energy more sparingly and in a more rational manner in rail, road, air and inland waterways and maritime transport, should not just stem from rising fuel costs. The European Community ought rather, on its medium- and long-term planning, to work on the assumption that hydrocarbons will become increasingly scarcer, and draw the necessary conclusions from this, that is to reorganize their transport sector to take account of this situation in good time. Even should there be at the moment a short-term relaxation on the crude oil market with a corresponding drop in prices, we ought to assume that oil will in the long term become increasingly scarcer and more expensive.

The transport sector has to have supplies which are absolutely as secure as possible. This can be achieved by diversifying energy sources, by converting to domestic energy sources and particularly by energy conservation. The 1973 oil crisis and carfree Sundays have, however, taught us that our public transport systems — particularly where short-range public transport is concerned — would not be sufficient should private car and goods vehicle traffic have to be interrupted because no more hydrocarbons were available. This is the reason for Mr Albers's demand that public short-range transport be expanded. The European Community must take more seriously and finally fulfil the economic policy role allotted to it by the Treaties of Rome and Paris. I would refer here to the Commission's rights where trading policy is concerned, which means its role in the North-South Dialogue, in the Euro-Arab Dialogue and at other international conferences. The Commission can more indirectly promote particular research projects aimed at more rational energy use, and it is my view that it ought to do more to ensure intra-Community coordination in order to avoid having the same research work carried out in different Member States.

Hoffmann

Above all, however, the Commission ought to expand its activities in the field of transport policy, so that the Council will at last take some action there. In this connection, I fully agree with my colleague Mr Seefeld. There are numerous examples of Council decisions in the transport sector having numerous shortcomings or not being enacted, and this has led to constant energy wastage. For example, by renationalizing Eurocontrol, lasting energy wastage will take place in air transport. Border controls at internal Community frontiers lead, particularly at holiday time, to traffic jams which waste fuel. By harmonizing the duty on fuels within the Community, one could do away once and for all with the checks on petrol tank contents carried out at frontiers on heavy goods vehicles.

One of the basic concerns of this report is how the transport system could be more rationally structured in the future. We therefore support the promotion of combined transport, improvements to Community infrastructure, the abolition of transport bottlenecks, the introduction of a common maximum speed-limit on major roads, but also a guide speed on motorways, and I feel that this has to be handled very carefully so that, in particular, we should not hamper private transport of persons to an unnecessary extent.

It is my view that the objectives of energy saving in transport and the promotion of effective environmental protection can be combined. I have no truck with forbidding the use of private cars in specific areas, since this would in the end only affect the workers once again, who would be restricted in their movements. However, perhaps in the very near future, electric motors and hydrogen carburation devices will have already made their appearance. It is my opinion, however, that the European automobile industry ought not to wait until it is once more forced by third countries to take steps itself.

We believe that today each European citizen must act in an energy-conscious manner, particularly where transport is concerned but also in other economic sectors. The market and its price structure in one of the means of stimulating the creation of such awareness. However, it seems just as important to us to create the necessary mechanisms, through government measures both at political and economic level, so that energy can be saved in the transport sector and so that we can arrive as soon as possible at a rational use of energy with due consideration being given to the implications for the environment.

President. — I call the European Democratic Group.

Mr Cottrell. — Mr President, I think this debate serves to prove that the Community is an emperor with no clothes. We have no transport policy and we have no energy policy. The people who write about us

in the future, the economic and political historians, are going to find it astonishing that the Community has failed to produce a collective response to its most serious problem — the energy crisis. Since it erupted in the first of the oil wars in 1973 we have had many grand resolutions and still more pious hopes. I fear that we may yet have many more debates of the kind we are having today on Mr Albers's report before we begin to face the real challenge which we see before us.

Both the Commission and this Parliament have warned the Council, and indeed the Member States, on many occasions that unless they are prepared to evolve an energy policy, there will be a grave threat to our economies, to the structures of the Community and indeed to the dependent trading partners who look to us. If that challenge goes unanswered, then it will be a problem perhaps far into the next century, to which we shall then never be able to find a solution. It is clear, I think, that the energy crisis, the energy problem, is a prime candidate for a Community solution. It is a problem which recognizes no frontiers. It is a problem which recognizes no frontiers in terms of the origin of our fuel supply or the points to which it may be dispatched. As we have seen in the years since 1973, mighty economies can be humbled by the price of oil. Oil has become a proxy conflict which perhaps might have taken other forms. We may be slightly grateful for that. In the meantime the Community remains unwisely top-heavy in terms of the commitment which it makes to agriculture, and while we allow that to continue, it is more than possible, Mr President, that the very lifeblood of our European economies, not agriculture, will run to waste in the sands of indecision.

President. — I call the Liberal and Democratic Group.

Mrs von Alemann. — (DE) Mr President, the Liberal and Democratic Group endorses this motion for a resolution. We think it is excellent. There is one point we want to stress, however. Frontier checks within the Community must be done away with. They are really a waste of energy, you know, and you would be hard pressed to find a worse example.

(Laughter and applause)

President. — I call the Non-Attached Members.

Mr Buttafuoco. — (IT) Mr President, ladies and gentlemen, as the Chairman of the Committee on which I sit, Mr Seefeld, has said, if both the spirit and the letter of the Treaty of Rome were fully observed, we would not find ourselves today having to discuss energy saving in the transport sector. It is in fact the complete absence of a common transport policy which

Buttafuoco

has brought this about. Since 1973, Community energy supplies have been increasingly more expensive and scarcer and this has an adverse effect on the orderly functioning of trade and transport. The dependence of the transport sector on petroleum products is particularly high, at present more than 90%. Oil consumption is spiralling — in spite of all the obstacles, even those of a political nature, to its use — without there being any corresponding discovery or tapping of new reserves.

The transport sector obviously needs to diversify consumption in order to hope in the near future to achieve energy independence. The best energy-saving methods ought to permit a reduction in consumption of 20 to 30% as Mr Albers rightly hopes. Up to now the measures adopted appear inadequate for providing such maximum levels of reduction.

Of course, in addition to research into alternative fuels to oil, there exist, and these ought to be taken into consideration, all those measures which might lead to real energy savings. In Mr Albers's proposals, there is a determination to find new paths and alternatives to the absence of an energy-saving policy on the part of the competent bodies. Public transport ought to be intensified and improved in order to achieve a more rational use of private cars. Better use ought to be made of urban transport services which would ensure optimum use of time and smoother operation. Telecommunications could also be developed in order to restrict the number of movements by persons. We should like to see combined transport, road-rail and inland waterways-road stimulated. I should like in this connection to stress the enormous importance of inland waterways in the Community. For example, we recently supported a motion relating to the Milan-Adriatic waterway.

In the aerospace sector, one can observe a serious wastage of fuel in aircraft use, particularly when they are moving on the ground, in parking areas and during the long stand-by periods by the runways. In order to avoid this, it would be useful to enact a real Community Regulation observed by all Member States. With respect to motorways, it would similarly be desirable to redistribute road links in a better manner, to reduce congestion in city centres, to study increasingly more aerodynamic designs for motor vehicles, and to use alternative fuels such as methanol, ethanol and hydrogen.

In general, reference is made to the possible re-use of steam locomotives and diesel-powered ocean-going and inland waterways vessels; coal liquefaction; using electronic instruments in ships in order to uprate fuel consumption at sea; a Community research and development programme for the aeronautics industry; new methods of oil analysis and specifications. All this can also be found in the Saint-Geours report of 1973 which is the outcome of an accurate study of the energy-saving potential of the growth processes of our society.

And this is also in the spirit and letter of Mr Albers's report, to which we of the Italian Right give our whole-hearted approval, whilst hoping that it will serve as a useful stimulus to the Commission in order to look more closely into this crucial subject.

President. — I call Mr Eisma.

Mr Eisma. — (NL) Mr President, we can give our support to the excellent report produced by Mr Albers, whom I should like to congratulate on the job he has done. We were particularly pleased with the emphasis he placed on public transport. There are just two brief comments I should like to make. With a view to saving oil, the Committee on Transport has come out in favour of using nuclear power in ships too. However, the report makes no mention of the risks involved in this. Should a nuclear-powered ship ever sink — and let us not forget that two nuclear-powered submarines have already shared that fate — the protective layers will be eaten away by corrosion after a certain time and radioactive waste will be discharged into the sea. How do the rapporteur and the Commission propose to prevent the harmful consequences of such an incident? We shall be giving our support to the amendment which has been tabled on this point.

Secondly, Mr President, I feel that the urgent plan to be drawn up by the Commission for times of sudden energy scarcity lacks one element, which is a car-free Sunday. In many Member States of the Community, car-free Sundays were introduced in 1973/74 at the time of the first major energy crisis. Quite apart from the obvious fuel savings, this measure brought with it very great benefits in other respects too. I am thinking here for instance, of such things as the chance for children to play in the street without any fear of getting knocked down and the chance to engage in relaxing leisure activities close to home. In fact, the benefits were so great that, in my country, serious thought was given to retaining the car-free Sunday even after the energy crisis had passed. All in all, this seems to be a good reason for reintroducing the concept of the car-free Sunday at future times of energy scarcity. We trust that the Commission will give serious consideration to these two comments when it comes to draw up its subsequent proposals.

President. — I call the Commission.

Mr Contogeorgis, Member of the Commission. — (GR) Mr President, ladies and gentlemen, the Commission welcomes the European Parliament's initiative in drawing up a report on energy problems in the transport sector, just as it welcomes the excellent work done by the rapporteur, Mr Albers, who is to be congratulated. The Commission agrees fully with the

Contogeorgis

European Parliament that it is essential to do everything possible to achieve energy savings in the transport sector. 95% of the energy currently consumed in transport comes from oil, and there are no short-term solutions by which oil could be replaced by other alternative sources — except in the case of railways. The political institutions, the national administrations and the bodies responsible for the various sectors of transport activity must therefore — and this is the point of the report — look into the best way of tackling this problem and doing everything possible to help to save energy in the transport sector. The Commission agrees with the general approach to the problem adopted in Mr Albers's report and stresses the importance of the steps proposed in it. In 1976 the Commission itself entrusted a research organization with an analysis of the problems caused in the transport sector by the 1973/74 energy crisis, and the conclusions of this study formed the basis for a report drawn up by the Advisory Committee on Transport at the start of this year. Initiatives have already been taken — and more are to come — at all levels of the common transport policy. As is emphasized in this report, the Commission is of the opinion that these activities must be directed towards the functioning of the transport market as well as towards the infrastructure sector, and it also feels that it is important that studies of ways of saving energy should be continued. The Commission also agrees that measures must be taken to counter any crisis which might arise, particularly in the field of oil supplies. A number of the measures proposed by the European Parliament have already been implemented both in the field of transport policy and in the field of research and application. In the field of application, in particular, the Commission has drawn up a short and medium-term Community programme on energy saving. The Commission will continue its efforts along these lines in accordance with the proposals and recommendations made by the European Parliament, although it would point out that the measures called for in the field of the common transport policy must not jeopardize the competitive nature of the transport market, with particular reference to freedom of choice for the consumer. There are a large number of proposals on these matters pending before the Council of Transport Ministers, and the Commission is collaborating closely with Parliament's Committee on Transport and its Chairman, Mr Seefeld, so as to do everything possible to ensure that as many as possible of these matters still pending can be resolved at the Council meeting in December.

The Commission hopes that, in its further activity in this field, it can count on the support of the European Parliament. In conclusion, I should like to refer to just one particular point which was brought up in connection with freedom of movement and the unification of the common market — namely the obstacles to the transit of goods and persons. I would point out that the Commission is already giving consideration to a detailed report on the various obstacles to crossing frontiers and is preparing a draft guideline with a view

to streamlining checks and simplifying the various formalities at the Community's internal frontiers. In addition to making the movement of goods and persons easier, this will also produce an energy saving.

President. — I call Mr Moorhouse.

Mr Moorhouse. — Mr President, a number of amendments have been tabled to the resolution in Mr Albers's excellent report, but I understand not all of them have appeared as yet in English or French. Would you be good enough to ensure that they are sent round to Members without delay?

I would also point out a significant change in the wording of Amendment No 2 as revised. This may be due to a mistranslation, but it may cause confusion unless Members are made aware of it.

President. — I have been given to understand that these are indeed available in English and French. As regards the amending of amendments or any mistakes, perhaps this can be brought up at the appropriate time.

The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

4. *Olympic Games (continuation)*

President. — The next item is the continuation of the debate on the interim report by Mr Israel.

I call the Group of the European People's Party (Christian-Democratic Group).

Mr Brok. — (*DE*) Mr President, as is customary in this House, we have to concern ourselves with our visitors who wish to gain information about Europe here. I would for this reason ask you to excuse my late arrival.

I should like to thank Mr Israel for the views which he has put forward in his interim report. I should also particularly like to thank the initiators of this motion, amongst whom is Mr Horst Langes, a member of our Group, whose corresponding motion for a resolution is now being discussed in the Political Affairs Committee.

Thanks to the generous offer of Mr Karamanlis, President of the Greek Republic, on the basis of which this report was drawn up, we have an occasion to make a specific contribution to resolving the Olympic Games' crisis. At the moment the Olympic Games are

Brok

under particular strain because they have, in the period since their inception, changed from being a competition between the young people of the world to a competition between nations and political systems. Since it is becoming increasingly more expensive to stage them, they serve in the meantime to a great extent the interests of national self-glorification.

The Olympic Games are, in my opinion, too important for us to be permitted to allow them to degenerate, because sport and the incentive offered to the public by well-known top sportsmen are of decisive importance. I have no time for the views of certain so-called intellectuals according to whom top-level sport and sport as a whole only leads to an uncritical attitude, because I believe that as always the old Latin saying 'mens sana in corpore sano' is fully justified.

In view of the present crisis in the younger generation it is, in my view, all the more important to encourage young people, by offering them reasonable amounts of sport and through the incentives of high-performance sport, to seek their leisure activities in such areas and therefore do something for their health, instead of descending to drug-taking and similar activities. In my opinion, the Olympic Games could make precisely such a contribution. In addition, organizing them in Greece, that is to say in the historical site of the original Olympic Games, might perhaps contribute towards freeing the games of national vanity and making them once more into a competition between sportsmen.

Perhaps we might also free the Olympic Games from the clutches of long-serving functionaries who at certain sporting events sometimes even consider themselves more important than the sportsmen. In addition, we could work against the views of the Eastern Bloc which, like the civil servants, is against having a single site, because it views the Olympic Games as a competition between political systems and not first and foremost as a real sporting competition, and as a result with the aid of medical gimmicks plays fast and loose with the health of its sportsmen.

For these reasons, we ought, as a European Parliament, to respond to the proposal of the President of one of the Member States of the European Community and make our contribution towards seeing the Olympic Games in future held in Greece. As a result, I ask you to vote in favour of the motions by Mr Junot and our Group and to reject the motions of Mrs Viehoff on behalf of the Socialist Group, which in my opinion would lead us in the wrong direction.

President. — I call the European Democratic Group.

Mr Hutton. — Mr President, in 1980 the leadership of the Soviet Union told its unfortunate citizens that the granting of the Olympic Games to Moscow was a

recognition of the correctness of the country's foreign policy and its pursuit of peace.

Well, as Mr Israel reminded us the other day, at the same time Russian troops were fighting Afghan tribesmen with tanks and helicopter gunships. Now I never want to see the Olympic Games used for such grinding hypocrisy again. These games are noble: in spite of the scandals about sham amateurism and drugs, they were born of a noble European idea in the last years of the last century, and the ideals of peace and brotherhood are well worth striving for. I think it is well worth making the effort to preserve those ideals against the onslaughts of assassins' bullets and totalitarian propaganda.

These games are, however, becoming hideously expensive, and I believe that as they head towards their first centenary we should be looking at the possibility of a permanent home for what has become the United Nations of sport, to reburnish the brightness of the Olympic spirit. I think there could be no better place than Olympia for this site, and I am delighted that the Greek Government has been so helpful over this.

It is right and proper that the European Parliament should make clear its opinion on this subject, as the forum for the voices of the people of Europe. My group will support this report, but I hope that Parliament will not be tempted to go too far. The final decision on the site of the Olympic Games is the responsibility of the International Olympic Committee. Other people are looking at this problem, and while I think we should encourage their work, we should not try to duplicate the effort being put in by the UNESCO Permanent Intergovernmental Committee on Physical Education and Sport. I am concerned that while we should reflect the voices of the people we represent, we should not press any stronger political influence on the IOC.

Sport, Mr President, must be a matter for sportsmen. As we saw in Moscow, it begins to go sour when the politicians try and get in the arena as well.

President. — I call the Liberal and Democratic Group.

Mr Calvez. — (FR) Mr President, I think that we ought first and foremost to come down to earth and face the fact that in Baden-Baden, the International Olympic Committee decided to entrust the organisation of the 1988 Olympic Games to Seoul in South Korea. Mr Israel did in fact state that the Olympic Games ought to be able to be held anywhere in the world. One should not lose sight of the fact that it is the International Olympic Committee which decides where the Games are to be held. In addition, Athens will stage the Games in 1996 for the centenary. But

Calvez

establishing a permanent site in the Peloponnese with an Olympic village of 18 000 people, will require extremely heavy investment with low utilization between the Games, as indeed the report admits.

One ought not either to lose sight of the aspirations of young people who wish to see the world and change the venue of the Games every four years. Young people enjoy risk. The Third World has also expressed its desire to organize the Olympic Games which are a meeting place, over and above political, philosophical and religious considerations for the sporting elite of the world.

Let us not forget the problem of amateurism either, which also falls within the sphere of competence of the IOC. I myself have taken part, as a sports administrator, in four Olympic Games. I do not feel that I am just a long-serving civil servant, I merely wish to tell Parliament what I know and I should like the Israel report to be followed up by the Committee on Youth, Culture, Education, Information and Sport. We shall therefore vote in favour of this interim report.

President. — I call the Group of the European Progressive Democrats.

Mr Junot. — (*FR*) Mr President, I shall very briefly present the three draft amendments I have tabled relating to the preamble.

The first relates to the 12th recital and merely requests that the report by Mr Maurice Druon adopted by the Parliamentary Assembly of the Council of Europe on 28 September 1981 be brought back into the limelight.

The second amendment relates to the ninth recital of the preamble. It is no less interesting than the other but has greater legal repercussions. It is a question of replacing the words 'an international extra territorial status' which might quite rightly make the Greeks hesitate, by the words 'an international status offering appropriate guarantees'.

Lastly, my third draft amendment refers to the fifth recital of the preamble. I should like it to read as follows:

'considering that the holding of the Games in different countries of the world leads to an attitude of rivalry which is detrimental to the basic principle of the universality of the Olympic Games and that the increasing financial sacrifices involved now make it impossible for most countries to host an Olympiad.'

President. — I call the Non-Attached Members.

Mr Bournias. — (*GR*) Thank you, Mr President. I promise to be brief on this subject which concerns my

own country, and I do not think it needs to be defended any more by the Greek side. In any case, my country's offer to the world is sufficient — an offer inspired by noble motives and which, among other things, will promote rapprochement between the peoples as well as peace. This fact is sufficient, and there is therefore no need to emphasize the matter particularly. The motives for this offer are, as I said, noble, and the purpose of the move is to save the Olympic ideal, which in our times has tended to degenerate into big business, advertising and divisiveness between peoples. However, instead of my giving a personal defence and giving my own explanation of the reasons behind the Greek proposal, allow me to read to you the statement made by the originator of the idea, the Greek President Mr Karamanlis, after his meeting last May in Athens with the President of the International Olympic Committee, Mr Samaranch. Mr Karamanlis said 'As I said earlier, our proposal was not inspired by nationalism or self-interest. It was dictated by the need to revitalize and save this historical institution, to which the Greeks are particularly and justifiably sensitive. I believe that our proposal, which was well received by international public opinion, will be approved sooner or later since, apart from its ideological content, it serves a practical purpose. It is clear that only by approving our proposal will the Olympic ideal regain the universality which it lost when it became the privilege of a few rich countries. I am afraid that, after two or three more Olympiads, there will be no country willing to host the games because of the high costs involved in staging them. Moreover, this was confirmed by Australia's recent withdrawal of its offer to host the games. I also believe that approving our proposal will provide an opportunity to reform the games and free them from their well-known drawbacks and from the problems which nowadays surround them. Implementation of our proposal if, as I hope, it is finally approved, will naturally take time, since it involves various technical, economic and legal problems'. I have nothing to add to the above statement, Mr President, which was enthusiastically received by the Council of Europe as early as 1980. As you heard yesterday from the rapporteur, Mr Israel — whom I warmly congratulate on his excellent report — the International Olympic Committee sang the praises of Greece and its proposal, which it is now studying. Mr Israel therefore proposes that Parliament's Committee on Youth and Sport should continue to examine the matter in future. In conclusion, Mr President, I cannot leave unmentioned the views of the Socialist Group which, through Mrs Viehoff, showed what was almost antagonism on a subject which is not political, which lies outside our differences of opinion and which should unite us rather than divide us, since it serves the highest objectives. May I ask Mrs Viehoff, as well as Mr Calvez — who spoke just now and has circulated a statement with six points which he asks us to consider before we vote — what will in fact be jeopardized if the Greek proposal is studied in depth and on a long-term basis. On this, i.e. that the proposal should be

Bournias

given further study, the President of the Greek Republic, the International Olympic Committee and Parliament's Committee on Youth and Sport are agreed. Why, therefore, these accusations and objections?

President. — I call Mr Gondikas.

Mr Gondikas. — *(GR)* It is with deep emotion, Mr President, that I wish to convey to you the esteem and gratitude felt by the inhabitants of my own constituency, which happens to be historic Olympia, for today's debate on the report by Mr Israel. With their tradition going back thousands of years, the descendants of the first inhabitants of Olympia are looking forward with genuine delight to the day when the champions of the Olympic Games will once again be crowned with olive branches from the trees of Olympia. It would be an omission on my part, Mr President, if I did not mention here that the first citizen of Greece, Konstantin Karamanlis, in the initiative which was responsible for drawing international attention to the problem, joins with us all in wishing and hoping that the Greek proposal will finally meet with worldwide approval. Mr President, we are not deluding ourselves. We realize how difficult the problem is and that the road to success is hard and strewn with minor and major obstacles. But since we Greeks are used to fighting our battles with confidence, passion and determination, we are sure that our efforts will one day be rewarded with the deep satisfaction which mankind will feel when the Olympic Games are once more held at their place of origin. Mr President, ladies and gentlemen, we are not asking for any special treatment, nor are we asking for any privilege. We are offering mankind the possibility of continuing the tradition of the Olympic Games without prejudice and free from compromise, opportunism and political considerations. We owe a great debt of thanks to all those who are with us in this struggle. It does not matter if today they are few. In games there are never many champions, and when it comes to the Olympic Games, there will ultimately be only one champion: the Olympic idea itself.

(Applause)

President. — I call the rapporteur.

Mr Israel, rapporteur. — *(FR)* Mr President, ladies and gentlemen, I should like to thank very briefly all those who have spoken in this debate, who as chance would have it this morning have all been in favour of my report. I have not forgotten Mrs Viehoff's speech on the day before yesterday, I merely feel however that she had not fully grasped the extraordinary nature of the proposal before us. This appeal by the Greeks from beyond several thousand years of history and the presence of the Member for Olympia declaring that Greece is prepared to renew its historical tradition,

ought to move her to a degree which would bring her to consider this proposal as useful, interesting, generous and worthy of acceptance by this Parliament.

After thanking Mr Brok, I should like to say a brief word to Mr Hutton concerning the site. I have in fact had the opportunity to fly over the spot chosen by the Greek Government by helicopter. I feel that there is real determination on their part to respect the marvellous surroundings of this wonderful city of Olympia. I am willing to explain to any who are interested the exact nature of the proposal put forward and you will see, Mr Hutton, that there is no need for concern.

I should like to say, whilst thanking Mr Calvez, and for our friendship's sake, that if we, the European Parliament, and those of us on the Committee on Youth, do not show imagination, and I do not say this lightly, then I am not convinced that any other organization will show a great deal of imagination in this field. I am well aware that athletes are very fond of switching venues, but unfortunately the world is subject to political influence and such switching will become very difficult, increasingly more difficult to achieve. I would therefore ask you all to get used to this idea.

In conclusion, Mr President, I should like to thank you all, but particularly, Mr Bournias, for the friendly words which he was kind enough to proffer me.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

5. *Marketing of breast milk substitutes*

President. — The next item is the report by Mrs Castellina, on behalf of the Committee on Development and Cooperation, on the international code of marketing of breast milk substitutes adopted by the World Health Assembly (Doc. 1-541/81).

I call the rapporteur.

Mrs Castellina, rapporteur. — *(IT)* It is my very great pleasure to present this report, Mr President, which has been unanimously adopted by the Committee on Development and Cooperation with the exception of a single abstention.

Although it deals with a sectoral question, the report expresses in concrete terms our general concern for developing countries insofar as it deals with the effect on those countries of companies based in Europe, managed by Europeans, selling products made in

Castellina

Europe and sometimes even using the appeal of the 'European style' for their marketing.

The problem with which the resolution is concerned, the export and sale of breast milk substitutes in developing countries, was brought to Parliament's attention more than eighteen months ago on the initiative of Mrs Maij-Weggen and other Members. The reason a great deal of time has passed since is that the Committee on Development and Cooperation, who were asked to examine the question, spent many, many sessions considering the ethics of a question on which there are many conflicting views. The question of ethics however became superfluous when the World Health Organization — an organization which is far more competent than the European Parliament to comment on the issue — took a very precise stand on the question which was supported by a virtually unanimous vote in the World Health Assembly, supported explicitly by our own Community's delegate to that organization and opposed only by the vote of the United States.

The view of the WHO is that whenever possible breast milk substitutes should be discouraged, particularly so in Third World countries, because developing countries do not provide the essential hygiene conditions required for the use of baby foods — for example sterilized water for their dilution — because there are no refrigerated stores and because mothers tend to over-dilute dried milk because of the cost of the product or because the labels and instructions are not translated into the local language or, if they are, cannot be read by an illiterate mother. Lastly, because mothers frequently become dependent on baby food through handouts when they are still in hospital with a result that when they leave, having already lost their own milk and not having the money to buy dried milk they are in a catastrophic situation.

With this in mind, after 10 years of thorough investigation and many difficult meetings — difficult because the interested parties are a fairly tight-knit group, the baby food industry being, as is well known, quite powerful — the WHO came to the conclusion that a code of practice would have to be drawn up governing the marketing of such products if we were at least to avoid any graver consequences. To quote only one source, Dr James P. Grant, the Executive Director of UNICEF, has estimated the number of infant deaths that could be avoided at one million per year.

The code of practice introduces a series of standards relating to product labelling, advertising, the provision of samples to mothers, health care staff and other points. This is the code which was introduced at Geneva. I should also add by way of information that the condemnation of the harm caused by this form of marketing — which I would remind you, initially assumes the form of aid — was particularly vigorous at the WHO Assembly, especially from the representatives from the developing countries who gave their

approval to the code and spoke of its effective application as being one of the real tests of the North South Dialogue.

It should be said that for this very reason the vast majority of the delegates to the World Health Assembly were in favour of genuine, that is to say compulsory, regulation of this marketing, and not just of a recommendation, which was the compromise they ultimately reached. The lowest common denominator of compromise is what was reached, to such an extent that it was agreed at Geneva that if in two years time it was shown that the recommendations had not been followed the question would be reconsidered with a view to imposing more rigid controls.

It is therefore in the Community's interest that we should act to ensure that the recommendations are followed, and it is to that end that the resolution you have before you has been drawn up. It is a resolution in which the ethics of the question are not discussed; it merely takes note of the decision taken at the World Health Assembly, endorses the international code of marketing of breast milk substitutes, calls on the Community and national authorities to take measures to ensure that the code is observed in Member States, and invites the Commission to submit urgently to the Council proposals for a directive on the subject.

There are a number of Members who oppose the idea of a directive. That is the intention behind some of the amendments before the House and I would ask you to reject them, since a majority of our Committee agreed that a directive should be proposed, this being the only way in which we can ensure uniform application of the code throughout the Community and ensure that those who fail to observe it do not get the benefit of unfair competition.

The measures which we are proposing relate to the manufacturers of baby food within the Community, but also — particularly — to their activities beyond the Community, that is to say their export and marketing methods abroad.

President. — I call the Socialist Group.

Mr Enright. — First of all, may I congratulate and thank Mrs Maij-Weggen and her colleagues who put down the original resolution which led to this report and similarly congratulate Mrs Castellina who has outlined very effectively indeed the problems that we face with the multinational companies who are exporting baby food.

What I would like to concentrate upon, Mr President, is the absolute necessity for having a directive. If we are to have a code of conduct which is agreed, and therefore presumably the intention is to follow that code of conduct, I can see no argument whatsoever against having a directive that the code of conduct must be pursued within the Community. Otherwise

Enright

there will be severe financial penalties laid upon those firms who do not follow it.

This is something which the Community can effectively do. And I think it must because even such a reputable firm as Cow and Gate has been misleading in its advertising and even in the advertising matter that it sent out to Members of this House, where it quoted a World Health Organization report which had been withdrawn a long time ago, and which had been superseded. I am sure they did not do it deliberately, but if they can mislead us in that way, my goodness me what can they be doing in the developing world?

The only way that we can effectively stop that is by having a directive, and I would urge the Commission not to pussyfoot about with it, but to sit down, to think carefully and clearly how best they can manage this, and then to put it into action. We get many rather silly directives coming out — this is a directive which could be effective and which could show the Community at its very best.

I would just like to conclude by illustrating the enormity of the problem. In 1940 in Brazil virtually all babies were breastfed. By the mid-1970s scarcely more than one-third of the mothers were breastfeeding their babies. If this does not show something about the way in which those firms have operated, I do not know what possibly could. So I beseech this House to support very strongly Mrs Castellina's report, and to ensure that we are no longer virtually putting cyanide into babies' bottles and killing them.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mrs Cassanmagnago Cerretti. — *(IT)* Mr President, ladies and gentlemen, broadly speaking we consider Mrs Castellina's contribution, which to a great extent takes account of the outcome of the World Health Assembly, positive. Indeed, the view of that assembly is that breastfeeding is clearly the best possible nourishment for the new-born child from the point of view of its growth and development, and the Assembly stressed the negative effects which the use of breast milk substitutes can produce. This is a very serious problem, certainly if we consider the estimates made by UNICEF which show that many thousands of children have died because of breast milk substitutes. This is a problem which affects this Parliament directly and whose scale calls for the adoption of an explicit and effective attitude towards preventing the waste of so many human lives.

We also regard as positive the international code of marketing which was adopted in May 1981 in Geneva, which aims to control the export and marketing of breast milk substitutes, which has in fact become

extremely aggressive both in convincing local populations of the extraordinarily beneficial effects of the product and in failing to give any instructions on its use.

I would at the same time like to point out that breast milk substitutes do represent a potential benefit to developing countries which can use them to solve certain aspects of their food supply problems; a potential benefit which can be turned to use particularly by helping in the correct use of such baby foods and ensuring that the hygiene conditions which their proper use requires are met. All the evidence relating to this question must be looked at very carefully. The fact is that many deaths result from improper use and use in poor conditions. In this respect the group I represent, in presenting this resolution, supports the amendments which Mrs Maij-Weggen will be describing in her own speech and which add an important contribution giving real weight to the question and giving more room for manoeuvre in reaching this significant potential.

Nonetheless, the group I represent approves in the main the resolution which Mrs Castellina has put to you on behalf of the Committee on Development and Cooperation.

President. — I call the European Democratic Group.

Mr C. Jackson. — Mr President, the European Democratic Group welcomes the endorsement given by the Castellina report to the World Health Assembly code and to the commitment by Member States to support and apply the code. We do not feel it is perfect, but it is a useful solution to the problems of marketing. There is no doubt that breastfeeding, where possible, gives a child its best start in life.

Mr President, one of the most impressive debates ever held in this Parliament was that on hunger in the world, where we considered the awful scale of starvation and malnutrition in the world. This is where the true challenge lies. Malnourished mothers bear malnourished babies which they then cannot feed properly. A recent study in Guatemala showed that 40% of babies were malnourished at birth. The same study showed that milk from the same poor mothers could only provide 70% of the babies' protein requirements, and 50% when the babies were three months old. To quote the *Lancet*, the medical magazine, when an infant is malnourished at birth, breastfeeding alone during its first four months is unlikely to provide adequate nutrition.

Now in simple terms the dry statistics mean that countless millions of babies in the Third World are incapable of sustaining satisfactory growth on their mother's milk alone. I feel very strongly that the report before us fails miserably to make positive

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suggestions to help the nutrition of these millions of malnourished babies.

I am sorry that Mrs Castellina and Mr Enright have gone beyond the facts and been taken in by the propaganda — there is no politer word for it — of the anti-baby food lobby. In her draft report Mrs Castellina quoted an estimate of ten million babies a year affected, but in this report it is reduced to one million — a reduction of 90%. Now I can inform her that Mr Grant of UNICEF, from whom the estimate comes, has totally failed to substantiate even that lower estimate.

Facts are hard to come by, but the reality is impossible to challenge. Children are dying of malnutrition. Our challenge is what can we do? If, as is often the case in the Third World, breast milk is not enough, a supplement is required. But we must accept that whatever supplement is given — be it a traditional supplement, a gruel, a maize gruel or an infant formula — the chances are that it will be mixed with contaminated water and fed with dirty utensils. This has been called the weanling's dilemma. Give no baby food and the baby may die of malnourishment or weakened resistance to disease; give a supplement without due regard to hygiene and the baby is exposed to disease. As it stands, the resolution makes no contribution to solving this dilemma.

Our first priority — a counsel of perfection, I agree with Mr Enright — is to feed mothers well. I support Mr Purvis' amendment on this. But secondly, we must try to make breast milk substitutes more readily available, under conditions where they will be properly used, to those babies who need them. The European Community must support efforts to ensure that needy mothers and babies get the food they need, and support educational programmes to ensure the proper use of substitute feeds. There is a challenge to manufacturers too to design implements and methods to make substitutes easier to feed safely and correctly.

The resolution advocates a directive for the Community. We believe this is unnecessary in a Community where the States and manufacturers have undertaken to apply the Code. Furthermore it is ridiculous and it is wrong to imagine that our directive could impose the Code on other countries. At the moment 16 countries have finalized or are finalizing their own codes reflecting their own social and medical conditions. Perhaps 30 more are in the initial stages. This is what we should encourage. Only the country concerned knows its own socio-economic and medical conditions.

Mr President, we have set down amendments reflecting these thoughts. I hope the House will support them, because only by modifying this report substantially can we even partially discharge our duty to those babies yet to be born whose lives we hope to save.

President. — I call the Communist and Allies Group.

Mrs Squarcialupi. — (*IT*) Mr President, I would like to thank the rapporteur, because in her report she has come down to the real world of things that we can do, and done so with all the purpose of someone who really wants to see problems solved, rather than just making ideological statements.

I share the views she has expressed, and I hope that this House will give her the greatest possible support, support of the kind that has been given previously and has led to a partial solution of this sad problem. The problem of a Western custom, like bottle feeding, being exported to countries which need other help but do not need our Western customs, least of all when we ourselves are abandoning those customs, whilst we continue to export them.

The use of breast milk substitutes should not be used by us as an alibi for famine, should not be used as an alibi for the precarious health and economic conditions, because that alibi also implicates our Community policy of excess production and food aid, which all too frequently create problems we would do well to resolve. The alibi has been discredited, but it has been discredited too late to save its victims, its many tiny victims already condemned by the toll which results from undernourishment, underdevelopment and international economic chaos. We are therefore delighted to welcome any move which helps resolve this problem, even if it involves doing away with competition. The harshest economic laws can in this way have human significance, even though we ourselves would prefer that Parliament took some decisions with an eye to human rights rather than to trading law.

If we turn briefly to think seriously about bottle feeding, we reach the same conclusion as Parliament's *Ad hoc* Committee on Women's Rights has already done. That committee, in the final resolution, took into consideration the role of women in developing countries and their effect on the economies of those countries. They also considered the dangers arising from the sudden and uncontrolled westernization of customs. We would do well to continue reflecting along these lines in this House. One of the most significant aspects of westernization, as far as women are concerned, is the change in status from being a producer of goods to being a housewife and consumer, whilst at the same time not being able to deal critically with the aggressive invasions of propaganda from the multinationals for their breast milk substitutes. Because of lack of education and information women have not been prepared to cope with the means used to manufacture and market, although it must be said that faced with such marketing methods all too frequently our own people are powerless too: that is so much a fact that we too speak of misleading and dishonest publicity and for years the people of Europe have been

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waiting for the Council to approve a directive against that misleading and dishonest publicity.

What is more, the use of breast milk substitutes is only one of the negative aspects of the spread of Western customs to the Third World. Advertising is, for example, being used on societies which are still undernourished to show alcohol as a means of growth and development. The same has been done with smoking, although for the developing country market they save the tobaccos with the highest nicotine levels — consequently the most harmful — which have been rejected in our own countries. The same thing happens when we teach eating habits which serve to export our own food surpluses.

These are thoughts which are incidental to the tragic question to which Mrs Maij-Weggen has drawn this House's attention, and which Mrs Castellina has tackled with the political courage which is required when we are faced with a head on conflict between the most basic of human rights and the financial interests of a very few.

President. — I call Mrs Rabbethge.

Mrs Rabbethge. — (DE) Mr President, ladies and gentlemen, Mrs Castellina's report contains a relatively complete account of all important international conferences, decisions and recommendations in historical order, together with an evaluation of the methods used by international firms to sell baby food in Third World countries. Of course each one of us condemns the misuse of power, in this case the misuse of selling power or even straight-forward irresponsibility. But on the other hand these firms have been shown to act responsibly when unfortunate mistakes have been revealed and in many cases corrected them very quickly.

I cannot join in the fashionable battle-cry against the so-called multinationals. In my view the report lacks constructive proposals as to how we can solve the fundamental problem of the horrifying reality, namely that every day mothers and children die of hunger. How can starving mothers decide between breast feeding and feeding with breast milk substitutes. This is an option which only mothers in rich industrialized countries have.

For me the problem lies much deeper than this. How can we finally make greater headway against illiteracy? If one can read then one can also read the instruction on breast milk substitute bottles. How we make greater progress in the fight against ignorance of hygiene? Those who have been educated in this know that water should be boiled before being given to a baby.

In my view education and training is the fundamental problem, not a new code, new market restrictions,

new controls over firms and governments. Many countries and governments in the Third World are very satisfied with their present legislation and do not wish a change to be made. Thus what are needed are recommendations, not market restrictions, market control, reduced competition. In my view and as our previous experience has shown, only a stronger market organization in the developing countries can provide a guarantee for better living conditions for the poorest of the poor in question and guarantee also the elimination of the defects I mentioned. In my view these deeper organizational causes were not accorded sufficient importance in the report and in the motion for a resolution. Mrs Castellina, if you cannot share my misgivings I ask you to appreciate my reasons for outlining these misgivings here today.

President. — I call Mrs Maij-Weggen.

Mrs Maij-Weggen. — (NL) Mr President, two years have now passed since I tabled, on behalf of my Group, the motion for a resolution on which Mrs Castellina has now drawn up this report on behalf of the Committee on Development and Cooperation. I should like to thank the committee for discussing the resolution so thoroughly and I should also like to thank Mrs Castellina for the correct way in which she has incorporated the aims of the resolution into her report. It is an excellent piece of work which efficiently and correctly covers the whole problem of the export of baby food to developing countries.

Mr President, there is no need for me to describe the whole problem and go into detail here today. I shall confine myself to one point — a minor point of criticism of Mrs Castellina's report — and I should like to point out that most of my amendments are based on this particular point. Mrs Castellina was rather harsh on the multinational companies in her report; to some extent, her criticism was justified, but in other respects it was not. The motion for a resolution gives the impression that the use of breast milk substitutes has simply given rise to undernourishment, illness and infant mortality. That is not the whole truth. I think it incumbent on me to be quite honest in this respect. Imported breast milk substitutes have in fact saved a lot of children's lives, particularly in circumstances in which mothers have found it impossible to nurse their children or in which there has been a general shortage of food locally. On this point, Mrs Castellina's motion for a resolution is somewhat out of balance, and I have tabled amendments seeking to guide the original motion for a resolution in the right direction. This applies also to points 8 and 10. Unlike Mr Jackson, I take the view that a directive is in fact an appropriate means of ensuring application of the WHO Code both in our own countries and in the signatories to the Lomé Convention. I am in a position to say — and I think this is an important point — that this view is shared by Dutch industry. I had a long discussion on

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Friday with representatives of Dutch industry, and I must say that they still have enough good old-fashioned decency to realize that their products are being misused, and they are willing to help to work towards legislation in this field. Just to reiterate: my Group will not be contesting the basic philosophy behind a directive — which, incidentally, it will be the Commission's job to formulate — on the contrary, we shall give our support to any such move. However, it is of course essential — and I have tabled an amendment on this point too — to involve the industries affected as carefully as possible. They are *au fait* with the situation, they are acquainted with the market, and if we intend to draft European legislation in this field, it is essential that they be given the opportunity to make their contribution from the word go.

Mr President, it is also essential — and in this respect I can go along to some degree with Mr Jackson — that the developing countries be involved in this legislative process. A number of countries — you quoted the number sixteen, Mr Jackson, I have counted eight — are currently in the process of incorporating the WHO Code into their body of legislation, but there are more than a hundred developing countries, and eight is still far too few. We must help those countries to protect themselves against the adverse effects of the wrongful use of exports of dairy products. In other words, we must work hand-in-hand with the developing countries, but in cases where the countries in question have not yet made sufficient progress — and let us not forget that they often do not have access to the instruments needed to legislate quickly — the primary responsibility must be ours. In that respect, I can support you to some extent — but not entirely — and on this point too, I have tabled an amendment of my own.

Mr President, my amendment to point 8 is intended to support the rapporteur's call for a directive. Finally, point 17 calls for the submission of an annual report, and that seems to us to be going a bit too far. The WHO Code refers to a biannual evaluation exercise, and it seems reasonable to us to fall in with that.

Finally, Mr President, I should like to stress that the breast milk substitutes produced by the European dairy industry are good in themselves. There can be no doubt about that, and I can assure Mr Enright that they contain no cyanide. The problem is that these high-quality products may have the wrong effect in certain circumstances. In calling for legal provisions on the export of these products, our aim is not to hamper industry but rather to help the industry ensure that a high-quality product is put to the appropriate effect. The important thing is to protect the children in the developing countries from misuse. The concept of free enterprise is very dear to my Group as well, Mr Jackson, but we do see certain limitations. If the system of free enterprise places children's lives in jeopardy, governments and the European Community have a duty to work out outline provisions — in the form of

legislation if necessary — to head off the danger. If we fail to do so, Mr Jackson, we shall be placing our social system in jeopardy and bringing the firms operating within that system into discredit. That, Mr President, is the heart of the matter, and I should like to leave it there.

(Having called Mr Sherlock on a point of order, the President then interrupted him)

President. — Mr Sherlock, that is not a point of order, so I cannot give you the floor. Your contribution will be struck from the record.

I call the Commission.

Mr Narjes, Member of the Commission. — *(DE)* Mr President, the Commission is very grateful to the Committee on Development and Cooperation and in particular to the rapporteur, Mrs Castellina, for their useful initiative in this important sphere.

It is undoubtedly useful if by way of introduction I remind you that the Community and the Member States gave a positive reception to the code of the World Health Organization and made a declaration in this effect via the Presidency at the World Health Assembly. On this occasion it was moreover pointed out that some of the objectives outlined in the code have already been realized in practice in the Community. As regards other portions of the code the Community and its Member States will try, according to their respective circumstances, to put the principles and goals expressed in the code into effect, whereby account must be taken of the constitutional and legal situation as well as the social structures.

For non-Community countries, and in particular for the developing countries, the code is an exceptionally useful instrument, although it is only one of many measures which are necessary in order to improve the health of mothers and small children. Under the code all states are henceforth permitted to take action against abuses in baby food trade and in baby food sales promotion. In this respect the Community's positive attitude to the code is a substantial help.

The Commission must now examine in depth what reactions are required of it under the code. Thus the Commission is grateful for a number of suggestions in the motion for a resolution which undoubtedly point in the right direction. However, caution is necessary in respect of some points. In this context may I say to Mr Enright that the Commission is working on the elaboration of a draft directive.

Where caution is concerned, I should like to mention in particular that we cannot leave ourselves open to the accusation of wanting to act instead and on behalf of other States with which to a large extent we are

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linked by special relations. We do not wish to enact any extra-territorial provisions leaving ourselves open to the accusation of interfering in the sovereignty of other States by claiming validity for our provisions in areas which are under the jurisdiction of other States. Of course we will always be prepared to comply with any suggestions made or criticisms levelled by the countries concerned.

President. — Under Rule 64(4) I allow Mr Enright to put a question briefly to the speaker.

Mr Enright. — Just to say that I accept it cannot be done outside the Community, but as to firms from outside the Community operating within the Community, I hope that it would become part of a directive.

Mr Narjes, Member of the Commission. — (DE) All that concerns us is that we should not claim legislative power for our measures outside the Community territory, because if I understood you properly this is what you were aiming at in your remarks. However, we are very willing to accept proposals from third countries and for this purpose have already made the necessary contacts. I myself do not think either that we can go much further without being accused of historic paternalism.

I should like to make a few brief remarks on some points of the motion for a resolution. Point 7: we have already started with the elaboration of a draft directive on which Parliament will be consulted.

On point 8 may I mention that the future directive will also have to concern itself with the application of the World Health Code, although with the restriction as regards extra-territorial application which I have already mentioned.

On points 8 a) and 8 b) let me inform you of the situation which exists in practice, in order to avoid any misunderstanding: the Community supplies no breast milk substitute under food aid. However, as regards the milk powder supplied as food aid, the Community has for years been calling on the recipients to take all the necessary precautionary measures to ensure its proper use, in particular on the basis of the conditions laid down by joint agreement with the services of the World Food Council.

On point 12 let me say that the benefits mentioned there are unknown to us. They do not exist; the same applies for the proposal for an amendment to No 17.

Point 13: this requires thorough legal examination. At present it appears doubtful that this is possible.

On point 14 may I point out once again that subsidized skim-milk powder in the Community is never used for baby foods. It is denatured and therefore not suitable.

As regards point 17, may I say that the proposals for amendment No 5 and No 16 are perhaps more realistic than the proposed text.

President. — I call the rapporteur.

Mrs Castellina, rapporteur. — (IT) Mr President, it is a pity that Mr Jackson made reference to that report on Guatemala, which was about abnormal, not normal children, and, into the bargain, based on empirical data. If Mr Jackson had been less wide-eyed when he read the information pack sent to Members by the manufacturers of these baby foods he might not have made that mistake.

The second point I would like to make is to reassure those who fear that if this resolution will condemn the baby food industry out of hand. This resolution does not give any advice on the way babies should be fed; indeed, we would look ridiculous if we tried to deal with that question. It is quite simply a resolution on the marketing of baby foods, in which note is taken of the conclusions reached by the World Health Organization. I can see no reason why the resolution itself should be used as ammunition against dried milk. The manufacturers are already thinking of it as just that and there is no need for us to help them.

Lastly, we need the directive for two reasons, and I must stress them. We need a standard so as to prevent unfair competition between those companies who do follow the code and those who do not. And the directive will not interfere in the internal affairs of third countries, since it is the Third World countries themselves which are asking for as tight a control as possible over the exporting and marketing activities of European-based companies.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

(The sitting was suspended at 1.00 p. m. and resumed at 3.00 p. m.)

IN THE CHAIR: MR MØLLER

Vice-President

6. Fifth EDF (Financial Regulation)

President. — The next item is the report (Doc. 1-349/81), drawn up by Mr Irmer on behalf of the

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Committee on Budgetary Control, on the Financial Regulation applicable to the fifth European Development Fund.

I call the rapporteur.

Mr Irmer, rapporteur. — (DE) Mr President, ladies and gentlemen, I should like to say right at the outset that, for a change, the criticism voiced by the Committee on Budgetary Control is directed not at the Commission, but exclusively at the Council of Ministers. The fact of the matter is that, on 17 March 1981, the Council adopted the Financial Regulation without seeking the advice of the European Parliament in advance. Nor was this a mere oversight. Had it been so, we could have let it pass, provided the consequences of our non-consultation had been subsequently corrected. However, it was not an oversight — it was a quite deliberate affront to this House. The point of our criticism is that the Council quite deliberately — and I might even add: once again — rode roughshod over the rights of this House.

As early as 18 December 1980, our President, Mrs Veil, pointed out in a letter to the Council that the European Parliament would have to be consulted on this matter, where upon the Council replied in a letter to the President dated 9 March 1981 that it would ignore Parliament's request.

The reasons given by the Council for this refusal to consult the European Parliament were, in some respects, tenuous in the extreme. The Council maintained that it was advisable not to consult Parliament on the grounds that this would delay the process, with the result that the Regulation could not then come into force until after the Lomé Convention itself. The fact is that this delay has occurred in any case. The Lomé II Convention came into force on 1 January 1981, and the Council did not adopt the Financial Regulation until 17 March 1981. A further minimal delay as a result of consulting Parliament would undoubtedly have been of no significance.

In any case, what kind of outrageous argument is that? The legislative process is inevitably delayed by the need to consult Parliament, if I may put it like that. The Council has shown us all what it thinks of democracy — a frightening revelation, as far as I am concerned. If you take the view that the only matter of any importance is to get legislation into force as quickly as possible, you might as well send all the parliaments in the world home straight away. What, after all, is the effect of parliaments first of all discussing bills in committee and then in plenary session before passing them into legislation? The effect is surely none other than to delay what is in itself a very effective process of getting decisions made as quickly as possible. What kind of view of parliamentary democracy is that that the Council is now revealing for all to see?

The second reason advanced by the Council is almost more dubious than the first. The Council is in effect maintaining that Article 209 of the EEC Treaty, which enshrines Parliament's right to be consulted on the Financial Regulations, does not apply to Financial Regulations applying to the European Development Fund. What this argument boils down to is none other than the Council takes the view that the common development policy pursued under the terms of the European Development Fund is in fact not a common policy at all, but simply a policy pursued by the Member States.

This is a view we must reject utterly and totally. Not only is it legally untenable, it is politically even more unacceptable and, what is more, flies in the face of the Council's own declared intentions. How can the Council expect to pursue a coherent policy if, like this, it contradicts its own stated intention of at last including the European Development Fund in the general Community budget, as this House has always advocated? What about the fact that draft budgets have so far always included the European Development Fund in the form of a token entry, if not in actual figures? After all, the Council — as one arm of the budgetary authority — has stated itself that it takes the view that the European Development Fund should be included in the general budget.

Finally, what about the fact — which the Council has never denied — that development policy is, when all is said and done, one of the policy sectors which justifies the very existence of the European Community? There are not all that many sectors of which we can say that the Member States, acting alone, are incapable of coping with the outstanding problems, and that better results — if at all — can only be achieved by pursuing a Community policy. Development policy is one of the classic instances of this.

Allow me to remind the Council that the fine-sounding plans for the creation of European political union can only be judged by how the Council functions in practice. Are all these fine words in fact intended only to divert the attention of a bewildered public from the fact that the Council is endeavouring consistently to block Community policies? Without wanting to intervene in the Greek election campaign, perhaps the Council would care to take note of the maxim: *hic Rhodos, hic salta*. The Council must have the courage of its own convictions when it comes to specific policy options. In that case, we would be quite prepared to accept and, of course, give our full support to, plans for European union.

Non-consultation of the European Parliament on this matter is therefore a serious error of form. Following the judgment passed by the European Court of Justice in the isoglucose affair, there can be no doubt whatsoever that the Court would reach precisely the same conclusion as we have. Unfortunately, by the time a vote came to be taken on this report, the time-

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limit within which we could have brought proceedings before the Court of Justice had already passed.

That is why I have tabled my amendment to point 5. The original text said that we should bring an action in respect of the Regulation before the Court of Justice. For legal reasons, that is no longer possible, but we now call on the Commission to bring incidental proceedings — which are still possible — to establish the invalidity of the Regulation.

Nor is the Regulation in order from the substantive point of view, in that it does not take account of the provisional nature of financing by way of contributions from the Member States. We demand that the provisional nature of such contributions be reflected in the Regulation.

There are also shortcomings with regard to the coordination of the terms of this Regulation with those of the general budget. These must be eliminated. The obligation on the part of the Commission to provide information to the discharging authority, i.e. Parliament, could be, and should be, improved. Finally, the limitations placed on our powers of discharge, as reflected in the new Financial Regulations, are illegal as our powers are derived from the Treaties themselves. Such powers are not constitutive, but merely declarative, and as such cannot be limited by a legally inferior authority, i.e. a Financial Regulation. In particular, I base my remarks here on the fact that the power of discharge is restricted to those parts of the Development Fund which are administered and applied by the Commission, while those parts which are the responsibility of the European Investment Bank are exempted.

For this reason, we are unable to accept this Financial Regulation for both formal and substantive reasons. Let me repeat, our criticism is addressed not to the Commission, but to the Council of Ministers. Our motion for a resolution calls on the Commission to propose an amendment to the Regulation, whereby Parliament is consulted and empowered to state its opinion. Should there be a difference of opinion between the Council and Parliament, conciliation would have to take place.

We are not insisting on clarification of the issue by the European Court of Justice. Not that we are shying away from such a move — we would simply prefer a political solution to legal clarification on the grounds that political solutions are always preferable to those resulting from a legal conflict. We are not afraid of bringing proceedings, but we prefer to call on the Commission to present its proposals in a political context. We then call on the Council to clear the way for a conciliation procedure.

Should the Development Fund nevertheless proceed on the basis of this Regulation, problems will arise at the latest in the course of the discharge procedure, i.e.

when we come to deal, for the first time, with the Development Fund based on this Regulation. It will then be virtually impossible for this House to grant a discharge if the Development Fund is administered on the basis of a Regulation which, for the reasons I have just stated, we regard as illegal and ineffective in the extreme.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Notenboom. — (NL) Mr President, ladies and gentlemen, there is really very little to add to what Mr Irmer said just now in his capacity as rapporteur. The reasons why my Group would like nonetheless to add a few words of support are as follows. Firstly, we wish to express our great admiration for this work, and not only this work but also the other activities — including discharge of the budget — of Mr Irmer in the Committee on Budgetary Control, that field which covers such an important part of the powers available to us. Secondly, Mr President, I should like to stress that what we are talking about here are not mere technicalities. These may seem to be matters of little importance, but in fact they are of the utmost importance. What is at stake here is the rights of this House, what we are talking about here is our primary function, what is at issue here is the contrast between democratic debate in the name of the peoples of Europe who elected us to this House and the activities carried on behind locked doors of the ten members of the Council of Ministers.

That is essentially what we are talking about here, as Mr Irmer said. The point at issue is the European Development Fund, which is still not part of the general budget, but on which Parliament does have the power of discharge, although this power does not extend to the Financial Regulation on which the discharge is really based. That is the anomaly Mr Irmer has spelt out on behalf of the Committee on Budgetary Control, and we support him in this. We are not asking for the last word — what we want is to be consulted. What we want is legislative consultation on the Financial Regulation for the European Development Fund, and so long as this is not the case, any measures taken on the basis of the Financial Regulation do not have the force of law. That is precisely why the Committee on Budgetary Control is urging the Commission, should such a case occur and the law be violated, to take steps to have this Financial Regulation declared null and void on the grounds that it has been implemented contrary to the formal provisions and without consulting the European Parliament, the elected representatives of the peoples of Europe. That is how we see the Irmer resolution. We should like to thank Mr Irmer for his excellent work and we thought it incumbent on us to say a few words to underline why we shall all be supporting the resolution when it comes to the vote.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, in many ways I am not at all surprised at the content of Mr Irmer's motion for a resolution on the failure to consult this Assembly on the draft financial rules applicable to the fifth European Development Fund. As I think everyone knows, this is only one aspect of the much broader question of the need to include the EDF in the budget.

Now the motion for a resolution is addressed in the main to the Council. Let me say that quite clearly at the outset. There are two reasons for doing this, firstly, because it was the Council's responsibility to decide whether Parliament should or should not be consulted and secondly, because the Commission has always taken Parliament's side against the Council on the whole issue of including the EDF in the budget. Since Parliament itself has no means of challenging the Council directly, it understandably calls up on the Commission to threaten to withhold discharge in respect of the implementation of the EDF, should the financial rules be applied as they now stand. There is then a further request that the Commission bring the matter before the Court of Justice on the grounds that the rules are adopted by a procedure not in keeping with the provisions. Mr President, I fully understand this position and this reaction, although I have to say that I regret the fact that it puts the Commission itself in an extremely awkward position. Although this question is part of a much broader political issue, that of the struggle for budgetary power within the Community institutions, it cannot be denied that the specific issue at stake — namely whether or not it was mandatory to consult Parliament on the draft financial rules applicable to the fifth EDF — is a strictly legal question requiring a legal reply based on the texts available and the present budgetary situation.

Let us therefore look at this issue in a legal way for a moment. The first of these texts is Article 209 of the EEC Treaty. That stipulates that the Council must consult Parliament before adopting financial regulations. However, this article is only one in a series of articles on the Community's budget and deals specifically with financial regulations which specify — and I quote — 'the procedure to be adopted for establishing and implementing the budget'. It could scarcely be claimed therefore that it applies to financial rules governing the implementation of a fund which is not included in the budget. Indeed, the only Community text which provides for the adoption of special financial rules for the EDF is the internal agreement on the financing and management of Community aid. The part concerning the fifth EDF was signed by all the Member States on 20 November 1979 and has since been ratified by them according to their respective constitutional procedures. The financial rules of the EDF constitute an implementing regulation of that internal agreement, and Article 28 of that agreement

provides for the adoption of these rules by the Council after consultation with the European Investment bank and with the Court of Auditors.

I should like also to take this opportunity to remind Parliament that it is on the basis of this internal financial agreement, which was signed and ratified by all the Member States, that the operations financed from the Fund's resources and administered by the Bank are subject to the monitoring and discharging procedures provided for by the Statute of the Bank. This limitation on Parliament's powers of discharge in respect of EDF operations is not therefore, I am advised, derived from the financial rules whose validity is now being challenged.

Mr President, I thought it right to set out the legal position as we see it, since, as I said at the outset, whether it was mandatory to consult Parliament is a strictly legal question requiring a legal reply based on the texts available and the present budgetary situation. I am therefore, I am afraid, unable to conclude that the consultation of Parliament on this text was mandatory. On the other hand, there is no denying the desirability of such consultation on a voluntary, if not on a legal, basis. Indeed, it would have been totally in keeping with the position of principle adopted by the Council, which came out in favour of extending consultation of Parliament to cover major problems and making use of optional consultations. I would emphasize once again that the Commission, for its part, would have fully endorsed such a procedure.

From the Council's point of view I understand that it was a question rather of timing. The Lomé Convention had entered into force on 1 January 1981. This prevented the Council from delaying the entry into force of the financial rules and also, I am given to understand, from formally requesting Parliament's opinion.

In conclusion, Mr President, there is one great merit in Mr Irmer's motion for a resolution. It does draw attention to the fact that Parliament, and with it the Commission, will continue to fight for the inclusion of the European Development Fund in the budget. However, in order to avoid what may turn out to be somewhat fruitless legal argumentation, I would ask the author of this motion to perhaps tone down some of the passages in the resolution, although I see he did attempt to do so in a proposed amendment for which the Commission is grateful to him. We would ask him in particular to tone down those passages which state that the process by which the rules were adopted was irregular and perhaps also the ones which suggest drastic measures, such as threatening to withhold discharge and requesting that the matter be brought before the Court of Justice.

Mr President, the Commission does not feel that there is any real legal basis for inter-institutional conflict of this type, and I must say to Parliament that in our view

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it would not benefit anybody. Efforts to have the European Development Fund included in the budget should, in our view, continue, but there would be no point at this stage in trying to apply rules and principles as though this objective had already been achieved when, Mr President, as we all know, it has not.

I am sorry if I cannot therefore go down the road which Mr Irmer is indicating, tempting though it is perhaps for the Commission to look down that road. On the other hand, as I said right at the outset, I have great sympathy with the purpose of this resolution and I hope that we also in the Commission have an understanding of the motivations which lay behind it.

President. — I call the rapporteur.

Mr Irmer, rapporteur. — Mr Commissioner, I am saying this in English. You said you found at least one merit in my report. I am extremely sorry to say that in your reply to my speech and to my report I found no merit at all because we have been listening to these arguments over and over again and you did not bring forward one new aspect at all.

We in the committee have been debating at length the problem of Article 209, that namely it does not include the right of Parliament to be consulted on the financial regulations for the Development Fund. I must tell you this is utterly wrong and there are people in the Commission who are on our side in this argument. This is not the final word which has been spoken to that.

(The speaker continued in German)

I originally said, Mr Richard, that our criticism was aimed not at the Commission, but at the Council of Ministers. In the light of your reply, I must unfortunately correct that statement. It is true that we sometimes have to hit out at the Commission when our real target is the Council, but having heard your reply, it would seem that we must now attack the Commission just as vigorously because you are not helping us to assert our rights. All you are doing is paying lip service to those rights — not just you, Mr Richard, but the whole Commission. The new Commission is once again a disappointment to us in these institutional matters ...

(Applause)

... so much so that we are bound to wonder how we can possibly cooperate with the Commission in the future. This is not the right time or place for discussing detailed legal arguments. That is something we shall have to do in the committees and the inter-group working parties. You ought to realize, though, that what is at stake here is something going far beyond a purely technical problem. You will have to get used to

the idea of Parliament no longer being prepared to put up with the kind of attitude which regards Parliament as no more than a talking shop capable of producing a few ideas now and again but politically of no consequence. Parliament can produce political majorities to show you how the Community should develop politically.

(Applause)

President. — I call the Committee on Budgetary Control.

Mr Aigner, Chairman of the Committee on Budgetary Control. — *(DE)* Mr President, I should like very briefly to thank the rapporteur for the clear statement he made on his own behalf and on behalf of the Committee on Budgetary Control. There is no provision by dint of which this House's power of discharge is reduced by even an iota. Parliament has the sole right to grant discharge for all Community expenditure. We have very few rights, but those we have we shall defend with all our might.

Mr President, you know yourself how much good our watchdog work has already done for the European taxpayer. Thanks to our rigorous political control, we have been able to save millions of units of account by forcing the Commission to change its policy in a variety of fields. So we have no intention whatever of allowing this right to be limited one iota by anybody.

(Applause)

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, I seem to have stirred up a hornet's nest here this afternoon, and I started off by saying how much I agreed with the purpose behind the resolution.

But let me just deal with one difficulty, and it is a genuine difficulty. The difficulty seems to me to be this: Parliament is asserting some rights. It is perfectly entitled to; if I were an elected Member of this House I have no doubt that I would be making exactly the same sort of speech that Mr Irmer is. And if I may say so, if he were a commissioner he would be making exactly the same sort of speech that I made this afternoon. I shall tell him with great respect why I say that. I say that for one simple reason: namely that he will know, and all Members of the House will know, just as I know and everybody else does, that we can only base ourselves upon that we believe the law to be. I am advised by the legal services of the Commission who have considered this matter, just as Mr Irmer and his colleagues have considered the matter too, that this is a legal issue on whether or not it is mandatory to

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consult Parliament. That is the issue. The advice that I am given is the advice that, I must say, I read out — I hope with some clarity — to the Parliament this afternoon, namely that, whereas it is totally desirable that Parliament should be consulted, in this instance there is no mandatory obligation on the part of the Council to do so. It really is the decision of the Council as to whether they consult Parliament and not, with great respect, the decision of the Commission.

Now I have broad shoulders and I have been in politics a long time and I do not mind being beaten with a stick from seven rows behind me. It is perfectly fair and legitimate. But I really do think that the attack should be aimed somewhere else rather than at the institution which actually is agreeing with what Parliament wishes to do. Mr President, I have sat and listened to this debate and I must say that I feel somewhat hurt, slightly disappointed. — I am very grateful to the noises coming from behind me. — When I start off by expressing understanding and sympathy what do I get as a result of it? Slings and arrows, Mr President, slings and arrows.

(Mixed reactions)

President. — I call the Commission on Budgetary Control.

Mr Aigner, Chairman of the Committee on Budgetary Control. — *(DE)* Mr President, allow me to placate Mr Richard. What we are doing here is not directed against anyone personally, but simply against the Commission as an institution. We feel that the Commission is not doing everything it might to defend the legal position of Parliament, wherever necessary, against the Council. I should like to ask Mr Richard to take this debate as an occasion for establishing a particular standpoint on behalf of the Commission — and not by dint of the efforts of a few officials, but by way of a decision. In cases of legal conflict in the Community, we have an instrument at our disposal, i.e. the European Court of Justice; after all, our Community is a legal entity. It is up to you — and we have mapped out the route to be taken in our report — to take steps to ensure that the Court's judgment is passed as soon as possible. I am convinced that such a move will strengthen, rather than weaken, Parliament's legal position.

President. — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

7. Annual reports on the social situation

President. — The next item is the report (Doc. 1-547/81), drawn up by Mr Wettig on behalf of the

Committee on Budgetary Control, on the budgetary control aspects of the European Social Fund.

I call the rapporteur.

Mr Wettig, rapporteur. — *(DE)* Mr President, ladies and gentlemen, the motion for a resolution on the annual report on the social fund and the social situation in the Community was referred to the Committee on Budgetary Control as the committee responsible. This has been the first time that the Committee has concerned itself in depth with the European Social Fund.

Heretofore we have only discussed the European Social Fund in the context of the reports on discharge. The upward trend in unemployment, the ongoing and imminent large-scale restructuring in important industrial sectors such as the steel or motor industry represent an immense challenge for the Community both from a social as well as from an economic point of view. These developments can take the form of a difficult tolerance test and become the touchstone for solidarity between Member States. This difficult task calls for the concentrated efforts of all the Community and national bodies involved and requires the most efficient possible use of funds.

The aim of the report on the European Social Fund is to scrutinize the efficiency and effectiveness of the Commission's financial management in this sphere and in so doing reflect on a new orientation for the social policy with a view to the most efficient possible administration of resources. In so doing we are concerned with the crucial question of how far the European Social Fund has fulfilled the task laid down for it in the Treaties of improving employment possibilities for workers.

The Committee on Budgetary Control was aware that this task would perhaps exceed what many regard as the area of responsibility of the Committee in the narrower sense of the term and that when discussing the further development of the European Social Fund it would be competing to a certain extent with the Committee on Social Affairs and Employment. It is, however, a problem of overall budgetary control, which cannot be just a narrow exercise in controlling accounting, but rather involves also the political supervision of the implementation of parliamentary decisions by the Commission.

While the appropriations of the European Social Fund and the Community aid available for the social sector show an upward trend over the years, in 1979 with a sum of about 836 million EUA in payment appropriations they represented only 3.7% of the total Community budget. In view of the Community's immense problems this is a totally inadequate sum. This is also demonstrated by the fact that the applications to the Social Fund exceeded total available funds

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by 60%. In 1979 even those applications listed as having priority could not be serviced. Priority applications exceeded the available aid by 23% in 1979, which the Committee on Budgetary Control regards as a signal for alarm.

The report starts out on the basis of the demands put forward by the European Parliament as far back as 1977 for greater rationalization of the approval procedure and better coordination of the various Community aid and subsidies. In addition the important programmes of the European Social Fund are outlined, including the new measures introduced in recent years which mainly concern young workers, the unemployed of women, the immigrant workers and the handicapped. Not dealt with is the ECSC social policy, which must be reserved for a separate report. The report also examines the improvements achieved by the Commission in the payment of appropriations, a point which has for a long time been criticized in the European Parliament's reports on discharge. The result in 1980 was almost satisfactory, with the use of almost 80% of payment appropriations and 99.3% of commitment appropriations. In the previous year, 1979, the picture was not so positive however. Improvements compared with 1978 were mainly due to the greater use of the system of advances. Overall, however, only a little more than half the payment appropriations of the 1979 budget year were actually paid.

It was shown that the timing of the approval decisions early in the budget year played an important role in the flow of funds. This led to improvements in 1979 but particularly in 1980. On the other hand it is evident that Member States have still far from exhausted the possibilities of advances. The Commission put the figure for the additional amount which could have been paid in 1979 at 320 million EUA. The Committee on Budgetary Control considers this far too high a sum in this sensitive area.

In 1980 progress was made in speeding up the cancelling of unused commitment appropriations and their reuse. A few particular aspects of the budget management are particularly striking. All appropriations, namely 38 million EUA, under Articles 500 and 505 (agriculture, textiles and measures for women) had to be carried forward to 1980. Of the 25 million EUA in payment appropriations provided for 1979 for the promotion of the employment of young persons unfortunately only 5.4% were paid out, a sum which is far too low and also stunning in view of the problems in this area. For certain countries which are amongst the largest beneficiaries of Community aid the percentage of payments out of budget appropriations in 1979 was between 2 and 6%. The points raised here should act as an incentive to the members from these Member States — you can read up about this in detail in the report — to urge their Member States to take steps themselves to correct these defects in the payment of appropriations.

There are considerable disparities between the various countries in the operation of the system of advance payments and payments on account. Thus, some countries drew more than two-thirds of the amounts due to them in advance payments, whereas other countries received little more than one-sixth in advances. There were even greater difficulties as regards the payment of appropriations for aid for disaster victims. In this area there is a great need for improving cooperation between the Member States and the Commission. It is part of the purpose of the aid available for disaster victims that it should reach the populations concerned as soon as possible. Parliament must attach great importance to this point because Parliament was responsible for entering these funds. In the discharge report Parliament has repeatedly drawn attention to the inadequacies of aid for disaster victims. In the forthcoming discussion on the discharge we must see whether the Commission is in fact prepared to act on these complaints.

The report deals in detail with the problems of the control of effectiveness. The difficulties in this area are great since the responsibility for administration lies primarily with the Member States and particularly also because of the great variation in administrative structures. In this way the Commission mainly has to rely on the reports of the individual Member States. Admittedly it is very difficult to formulate a uniform Community policy for the European Social Fund since numerous social, economic and regional differences coexist and mutually overlap. None the less the less success there is in defining a Community policy the less easy it will of course be to control effectiveness.

A comparison of Member States contributions to the financing of the budget with the aid granted to each Member State from the European Social Fund shows however that in this sphere solidarity does exist. This principle should however be extended with a view to a greater convergence of the economies of the Member States. The concentration of the Fund on the five absolute priority areas, which moreover received almost 38% of the aid, is a further boost to solidarity.

An area on which the Commission has not laid adequate emphasis to date is that of the internal control of the financial management of the European Social Fund. Pursuant to Council Regulation No 2396/71 the Commission, in close cooperation with the authorities of the Member States, is expressly responsible for the control of the use of the aid granted. In this respect the Court of Auditors has pointed out that there were only three on the spot investigations by the Commission's Financial Comptroller. Furthermore, the Court of Auditors considers that the Commission concentrated too much on checking individual cases and did not adequately check the systems and procedures applied by the Member States. At most such methods of investigation can come up with conclusions as to possible defects in the system. More attention should be paid to this and

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these defects corrected as part of the review of Fund guidelines in 1982.

To sum up it can be said that the European Social Fund can only develop into a really important Community instrument if more funds are put at its disposal and if there is closer cooperation between it and the other Community funds.

President. — I call the Socialist Group.

Mrs Salisch. — *(DE)* Mr President, ladies and gentlemen, I would like first of all to reassure Mr Wettig. In my view there is no danger of any rivalry between the Committee on Social Affairs and the work of the Committee on Budgetary Control. Both Committees can usefully complement each other, particularly as regards the restructuring of the Social Fund. I should like to thank Mr Wettig for his excellent report and briefly raise again three key points mentioned by him. The first concerns the defects which undoubtedly still exist in the Social Fund, the second concerns the appropriations and the third concerns the new goals which we have to formulate.

At the end of his speech Mr Wettig raised what for me is the most serious defect, namely the inadequate internal control of the use of the aid from the Social Fund. In my view it is absolutely correct that we must be far more meticulous in investigating the mechanisms applied in expending this aid, how the deduction is made in detail, and above all how efficiently the aid from the Social Fund is used. It must be made clear whether this is not just a simple case of granting favours which could certainly be the case in some Member States, or whether in actual fact the principles of the Social Fund are strictly adhered to. I regard this — and I would like to say this particularly in the presence of the competent Commissioner — as a very important point. How can we usefully follow up and compare projects if we cannot be sure that our intentions are being adhered to.

The second major defect of the Social Fund is in my opinion still today the fact that it is mainly concerned with more or less emergency measures, that is we still do not have the feeling today that the Social Fund is acting as a uniform whole and can pursue far-reaching homogeneous goals. For me the dilemma is that there is no coordination with for example the Regional Fund which would ensure that funds were not being expended unnecessarily here which could be procured elsewhere. In no event must the Social Fund become — in my opinion at least — a shunting station for funds which should be raised by the Member States. The future discussion must start here.

In connection with my second focal point let me thank Mr Wettig very much for stressing how inadequate the aid under the Social Fund is. We all know this. However, we are perhaps not always clear that the appropriations available under the Social Funds are

really ridiculously small when one considers the immense tasks that have to be accomplished. In this respect of course the Commission appropriation in this year's budget is very laudable. A 40% increase is certainly not to be despised, but please consider also that this sum is far more modest if we take inflation into account, particularly since we all know that the Council has trimmed this appropriation again sharply. In other words we should not be under the illusion that something important has happened here. I believe this Parliament should have the courage to go very much further in increasing funds for the European Social Fund.

This presupposes however that we really agree on the goals of the Social Fund, that is that we succeed in practice in envisaging an integrated social and regional development, also, as I have just mentioned, that we succeed in coordinating funds so that there is no unnecessary overlapping and so that in this way we could develop something like a work guarantee programme for the European Community. I noticed that the Fund — as Mr Wettig emphasized — is utilized unequally. The programme for women, for example, benefits countries which undoubtedly do not need it as much as others. In my opinion we should strive to achieve a better equilibrium.

Allow me in conclusion to return once again to the Paris decision of 1974 which Mr Wettig cited and which in fact outlines everything we ought to do. We must have full employment. Working and living conditions should be improved and workers in the Community should have greater codetermination. In this context the report also mentions our institutes in Dublin and Berlin. As regards the improvement of living and working conditions, both these institutes should work far more efficiently. Let me say publicly in this House that we cannot be satisfied with their performance to date and I would wish both institutes to cooperate with us with a view to changing their tasks.

Finally, in connection with the discussion on the mandate of 30 May, we must ensure that there is a new approach to the substance of the Social Fund. Subsequently, we must see to it that there is a corresponding increase in the appropriations for the Social Fund. If, with his report, Mr Wettig has in addition provided the technical groundwork for this, then I am doubly grateful to him.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr McCartin. — Mr President, I want to thank Mr Wettig for his report on behalf of his committee and to say that I do not think that there is any need for him to apologize for the fact that they have broadened their terms of reference and that their work has

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complemented the efforts of the Committee on Social Affairs and Employment in analysing the objectives of the Social Fund and the extent to which we are actually achieving those objectives. I think many of the points they have raised are very interesting and give us the sort of insight that we need if we are to make a useful contribution to the improvement of this Fund in the future, if we are to learn from our mistakes and carry out the readjustments that we believe are necessary.

It is disturbing to notice that from such meagre funds in 1979, to a lesser extent last year, we had a high proportion of this money unspent, as high as 30% of the Fund. It is true that the deficiencies were much more obvious in some Member States of the Community than in others, and this leads us to ask whether the failings are not perhaps at national level rather than European failings. But nevertheless, I think it is good to ask ourselves whether or not we have the necessary channels of communication and sufficient flexibility. After all, we have actively different social and economic backgrounds in the various areas of the Community and we must ensure that we have the sort of flexibility that will dovetail with the various national systems to see that each area, each region or sector intended to be assisted can avail itself of what there is.

I would like to acknowledge for my own part, representing as I do one of the weaker regions of the Community, that as a public representative I have noticed the viability of industries improved and opportunities for workers in many areas significantly improved by the availability of this money, and particularly by our retraining programme. I think that it is important to point out that there is not a sufficient awareness of the existence of the Social Fund in the Community. From a political point of view, I think this Fund is almost as important as the Regional Fund in terms of money — but its existence is less well known. I think its existence should be better known so that the credit for whatever assistance we are able to give goes to where it belongs. This is something we might be conscious of in the future. The Regional Fund has received much more publicity and many more people know of its existence and look forward to an expansion of it. Politically, I think, it would do this Community good if it were to be known that there is a Social Fund and if it were known that much of the monies the national governments obtain came from that source.

The second point I want to make — and, of course, it has been made before — is that the Fund is totally inadequate to meet the amount of unemployment we have at the moment in the industries — steel, textiles and agriculture — most certainly in the less-developed areas of the Community, in the peripheral and less-favoured regions. 1 000 million units of account is a paltry sum in the context of the resources of this Community and bearing in mind the problems in the Community at the moment we can say that even in the

context of the present budget the Fund is less than what it ought to be.

I would also like to point out that, in spite of the ever-widening gap between living standards in the richer and poorer areas of this Community, only 30 % of the Fund is spent in the five areas of absolute priority. I think that it is significant to note that 2/3 of this Fund goes to people in regions where living standards and opportunities are at a level that can never be dreamed of by people in areas like the west of Ireland and parts of southern Italy. If we are serious about the ideal of economic convergence in Europe then we must resolve to apply our social policies together with our regional policies in a much more concentrated and therefore more effective way to create real and lasting results.

We must not continue with the efforts that we have been making to spread these meagre funds so thin that their impact is almost entirely lost. As well as concentrating geographically on areas of greater need, we should select carefully the uses to which the Fund is put. In recent years we have operated under a great variety of headings, in many cases making futile gestures towards ideas which, however worthy, would in the circumstances be better left to the efforts of national governments.

I can recall some youth employment schemes I had experience of; which were wasteful of administrative effort. What we need to do is to create the skills and structures for solid viable employment and incorporate our social policies into the plan for development of the more needy and difficult regions. In the part of the Community that I represent we have, out of a total of 200 000 people living on the land, almost 60 000 jobs that are not viable. A good social policy will not only need to retrain them for alternative employment but must also help to create jobs from the natural resources of these regions so that we will not have the problem of migration within the Community to more densely populated urban centres. Every day, jobs have been lost in these regions by the selling of unprocessed livestock, unprocessed fish to eastern Europe and other areas outside the Community. These create and contribute to the social problems.

It is part of our social policy in this Community. There is no difference in the objective of a good social policy and a good economic policy if we apply our social measures towards the provision of solid and lasting employment. I think that when we have resolved to solve the problems of the needy, of women, of the handicapped, it will be much easier to do that in an economic environment where job opportunities are being provided, where fuller employment is being achieved than if we have this situation of high unemployment and social welfare payments for people who are able to work.

I would congratulate the Committee on Budgetary Control on their report and say that I believe that what

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we need in the future is a much more careful assessment of how we are actually spending these monies and the results that they are achieving. I think that we must have learned a lot from our experience of the past three or four years and recognize that a lot of this money has been wastefully and uselessly spent. However good the intentions might be, to seek to spread such a small amount of money over the size of regions and different causes the way we have been, is absolutely futile. We will have not only to enlarge the fund but to concentrate our efforts.

President. — I call the European Democratic Group.

Mr Kellett-Bowman. — Mr President, in the belief that the Commissioner will not be quite as cavalier with the Wettig report as he was with the Irmer report, I would like to make a few domestic remarks.

As the rapporteur said, the Committee on Budgetary Control does carry out a political audit and is responsible for doing a cost benefit exercise on the Commission's expenditure. But if I could draw the House's attention to paragraph 3, I think it will agree with me that this is not really a matter for the Committee on Budgetary Control, it is more a matter for the Committee on Social Affairs and Employment. If they look at the second part of paragraph 4, I think they will agree that also is more of a matter for the Committee on Social Affairs and Employment.

The Committee on Budgetary Control should be careful not to stray into the policy areas which are the responsibility of the spending committees. We have had agreement with what we have said this afternoon, but if our remarks had not been quite as favourable in this area, I do not think it would have been quite such an issue between the two committees.

Mr President, I would like to make my group's position crystal clear. We will support in full the Wettig report when it comes to voting, but abstain on paragraph 3 and the second part of paragraph 4, for which we have already asked in writing for separate votes.

This, Mr President, is not just another Tory cost-cutting exercise — far from it. We support the principle and the work which has been done by Mr Wettig.

The group amendments to the 1982 budget for the Social Fund will show that my committee is well behind this and wants more funds put into this area. It is more of an explanation of vote, Mr President, but I thought we should make the group's position clear.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, I have listened to this debate with a great deal of

interest. I have been accused of being cavalier. Well, I try not to be sometimes.

(Laughter)

But since I have heard Mr Kellett-Bowman solemnly get up on behalf of his group and say how much they approve of the Social Fund's activities, but, please, they will not vote for any increase in it, I must say, if ever there was a cavalier attitude towards a serious issue, it would, with great respect, seem to me to be that. You cannot at one and the same time ask us to do more and then in the next breath deny us the means, with respect, with which to do it. . .

President. — I call Mr Kellett-Bowman to make a brief comment.

Mr Kellett-Bowman. — Mr President, he was totally misquoting me. The difference between the Committee on Budgetary Control and the Committee on Social Affairs and Employment should be clear to the Commissioner. I was trying to explain the difference. We do not wish to quarrel with the spending committees because we have our own job to do. It was nothing to do with my attitude, and if he would only study the group's amendments to the Social Fund he will see clearly explained what I was talking about. Cavalier is the word, Mr President!

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, I am delighted to receive the assurance of Mr Kellett-Bowman that the British Conservative Party are in fact in favour of a substantial increase in resources for the European Social Fund on its merits, but that they are merely talking about budgetary procedure.

Mr McCartin used extraordinary adverbs as far as the Social Fund was concerned. I think he said that it was wastefully and uselessly spent. I am sure he would not expect me to agree with the use of those words in relation to the way in which the Fund at present operates. I can only tell him that the people in the services who administer the Social Fund do the best, given the guidelines that they have to work with and the paucity of resources with which they have to work with, to try and make sure that those resources are spread in the areas in the Community where there is the greatest need. And it is indeed on that basis and in accordance with those principles that we do approach the whole administration of the Fund.

May I say perhaps just one general word about Mr Wettig's report? I think it was a useful report, in the sense that I think it is useful and helpful that public discussion takes place on the role of the Social Fund,

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on the principles underlying the social policy of the Community and, indeed, upon whether or not the fund is being administered efficiently and effectively and — to help Mr Kellett-Bowman — in accordance with proper budgetary procedures. I accept all that. But I must say to him also that I was a little surprised at some of the language that I read in his report. I think some of the criticisms he made are somewhat generalized. I think, frankly, they are based upon, perhaps, an appreciation of how the Fund was operating some years ago without sufficiently taking into account some of the differences that have taken place within the last few years.

I would, therefore, Mr President, like to single out one or two points which demonstrate how the problems of earlier years have in fact now been overcome.

First, in 1980 the Fund allocated 105 million units of account — that is 7% more than the budgetary authority had agreed for credits during that year. They did that. This was made possible because the restitution procedure, as required by the Commission, of commitments not used by the Member States and for this reason being available for new operations, is now functioning satisfactorily.

Secondly, similar progress was made on the payments side in 1980. For the first time since the introduction of separate budget, the total amount available for payments during the year — that is the amount of the budget plus transfers from the previous year — was used up by November 1980. Again, I think a substantial improvement in the operating procedures of the Fund.

The Commission therefore requested an additional 100 million units for Social Fund payments as part of the Draft Amending and Supplementary Budget No 2 for the financial year 1980. The House may recall that in the event this House took a farsighted view of the way in which Fund payments were developing and approved a supplement of 326.4 million units. If this had not happened the Commission would certainly have had to ask for another supplement this year. Because of the supplementary amount, 127.72 million units of account could be paid up to the end of 1980.

The volume of payments for the year, therefore, showed an increase of a further 22.5% over the previous year and reached 735 million units of account. This means that the original budget was completely used and in fact nearly 80% of the total allocation for 1980 was paid out. Can I emphasize to the House when making these points that when one considers the large number of relatively small operations which the Fund supports each year, these figures conceal an enormous amount of administrative work done by the services of the Commission. However, the statistics in the report show that promoters are increasingly making use of advance payments.

Before turning to the specific report, perhaps I should mention another fact which I think should be borne in mind during consideration of budget policy. The total amount of commitments outstanding for payment rose by 28% in 1978, even though the total commitments made during that year were 8% below those for 1977. In 1979, however, the increase in outstanding commitments was only 9.81% and in 1980 only 4.24%. And that despite simultaneous increases in commitments of 36% and 31% during those respective financial years.

I think, Mr President, when one looks at those figures, and I am sure Members will have the opportunity of doing so, it shows that the Fund administration is on the right course. Or if you prefer it that the revision of the Fund in 1977 and the administrative measures taken by the Commission are now bearing fruit.

I suppose, Mr President, that the House will have deduced from this brief outline in which I have tried to sketch out some of the Fund's activities in 1980, that I was surprised by the tone of some of the argumentation in the report.

The main feature of the labour market in the Community this year has been a jump in unemployment. There is little hope that bringing about an improvement in employment prospects in the short term. Complex economic and fiscal factors militate against any such improvement and they place increasing restrictions on the scope for forward-looking labour market measures. It is therefore perfectly understandable that you, like the Commission, are looking for ways of using the Fund's basically very limited resources more effectively.

And I think, Mr President, we are all agreed on the goal. How it can best be reached; what financial and administrative resources are necessary is another matter.

On the whole — may I say this is an indication of our general attitude towards this report — I regard the criticisms and complaints in the report as an invitation to the Commission to put forward the convincing response during the next revision of the Fund which is to take place next year. I am in agreement with Parliament that in that provision we must achieve both a clearer statement of the size of the Fund and a more effective use of available resources, together with more rapid administrative procedures than has hitherto been the case.

I can therefore assure the House that in preparing the documents for the next review, the Fund's staff will take up every relevant suggestion that is in the report. Our services are already working on the new regulations, and I think our task is plain: it is how to create a simpler and more effective system. In doing this I am sure that the House through its various committees will help us.

President. — I call the rapporteur.

Mr Wettig, rapporteur. — (DE) Mr President, I should like to reply briefly to what the Commissioner has just said here concerning the report. I believe, and this also emerged in the discussions in the Committee on Budgetary Control, that the Commission often feels that criticism is being directed at it when this is in fact not at all the case. Most of the criticism — as can be seen from a careful analysis of the report — is directed at the Member States and their governments, and less at the Commission. In the context of the discharge — and this is my responsibility within the Committee on Budgetary Control — we have repeatedly observed and acknowledged the great effort made by the Commission to speed up the flow of funds in the European Social Fund. Here again we can confirm — and this is also mentioned in the report — that substantial improvements have been made. The fault lies with the Member States. For Parliament there is also the problem that the representatives of the Member States with whom we would have liked to have discussed this problem in the committee and also here in Parliament are not prepared to do so. Perhaps we can return to this point again some time.

The defects in the Social Fund in the past — and the 1982 budget provides an opportunity to reflect on these — emerge in fact from the conclusions of the Court of Auditors. The arguments put forward by the Commission in committee were not convincing so that we still have to insist that there is room for improvement in the area of internal control by the Commission.

Secondly, the question of the control of the effectiveness of the Social Fund projects is at least worthy of discussion. The statements in our report which were accepted by the Committee were not as drastic as those made by Mr McCartin. However, I will not dispute the fact that in some cases it is quite possible to support such drastic conclusions about the effectiveness of the Social Fund.

Altogether our report should provide an incentive to reflect in depth about some matters in the area of effectiveness control and to question whether some measures in this sphere are really useful. If the report contributes towards doing this then it is already quite a success.

President. — The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

8. *Aid towards reconstruction of the areas devastated by earthquakes in Greece*

President. — The next item is the report (Doc. 1-538/81), drawn up by Mr Deleau on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission to the Council (Doc. 1-438/81) for a decision on Community aid granted by way of exception for the reconstruction of the regions affected by the Greek earthquakes in February and March 1981.

I call the rapporteur.

Mr Deleau, rapporteur. — (FR) Mr President, ladies and gentlemen, I believe we can say that with the presentation of this report the Community of Europe is being called to demonstrate its solidarity with the newest Member State of our Community, Greece, which was hard hit at the beginning of this year by a series of earthquakes which struck various areas and towns necessitating extensive aid for reconstruction. Indeed the amount of investment needed to reconstitute the economic potential and rebuild the economic and social infrastructure in the affected areas justifies Community aid and a considerable amount of finance.

What the Commission is proposing to the Council is that as a token of Community solidarity supplementary loans amounting to 80 million EUA should be granted for the devastated areas from Community financial resources to be raised both from loans under the New Community Instrument and from the European Investment Bank. The Commission is also proposing that the Community budget should bear the cost of an interest rebate on the supplementary loans for Greece. This rebate would be of approximately 3% for a maximum period of 12 years. The general objective of this operation is to finance investments aimed at restoring the means of production and reconstructing the economic and social infrastructures in the devastated areas, namely the western part of Athens and Piraeus and 146 other towns. I would add that this operation to help Greece is analogous to aid previously granted to Italy under similar circumstances.

As rapporteur for this question I am proposing to the Assembly — and I would stress that this view has the unanimous support of the Committee on Economic and Monetary Affairs — that the House should be in favour of this proposal from the Commission to the Council and that we should consequently approve the draft Council decision in its entirety.

I would add that the Committee on Budgets has also expressed its approval. If you, ladies and gentlemen, also approve this exceptional aid, it will be a token of Community solidarity with a country which is making a particular effort towards development in order to

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meet the undertakings it gave as part of the Treaty of Accession, and will also be a token of our solidarity towards all those Greeks who suffered, either physically or materially, and to the Greek nation as a whole.

President. — I call the non-attached Members.

Mr Almirante. — (*IT*) Mr President, I am also speaking on behalf of Mr Romualdi in saying to our Greek colleagues here that we members of the Italian right wing are entirely in favour of this measure, particularly because, as the rapporteur reminded us a minute ago, this House showed similar support for Italy a year or so ago in comparable circumstances. For this reason we feel all the more strongly our duty to support the report, and trust that the whole of this House will do likewise.

President. — I call Mr Bournias.

Mr Bournias. — (*GR*) Mr President, as I predicted on the first day of our part-session, there are not many Members present, and we have asked for the matter to be brought forward because we must go back to Greece to vote. We have stayed on, and there is a problem now that we shall be leaving. In any case, this criticism is not addressed to the Presidency, since I acknowledge the effort you are making. Mr President, the discussion on Community aid for my country to tackle the problems which it faces as a result of the terrible earthquakes of February this year, cannot but be welcomed with gratitude by every Greek, but as a directly interested party I think that I ought not to discuss either the amount or the technical details involved in the granting of this aid, which the rapporteur has described to us in detail. I should like, however, if I may, to say a few words on the subject: the earthquakes last February and March were really very destructive. Fortunately no one was killed, but the material damage was considerable. The Greek Government has done everything in its power, and perhaps even beyond, to provide direct aid to those affected. The International Red Cross and various friendly countries have also lost no time in giving direct aid, and we are grateful to them. But apart from this aid, there is also the more permanent and prolonged problem of the reconstruction of the destroyed buildings, hospitals, factories, shops and schools, which creates literally enormous economic and social problems which are almost too much for the Greek budget to bear. The direct, spontaneous and general declaration by our Community partners to the effect that they will support us not only during the initial difficulties but also by a long-term economic programme to enable the wounds inflicted on us by this disaster to heal, has deeply moved the Greek people and has given them hope and faith for the

future. Indeed, both the Committee on Economic and Monetary Affairs and the Legal Affairs Committee, who lost no time in giving top priority to the subject of aid to Greece, and the willingness of Mr Deleau to take on without hesitation the task of drawing up a report on the subject and presenting it to the House, are deserving of our deep gratitude, and we thank you most sincerely. About a year ago, as you all know, a similar disaster struck Italy. Then as now, the Community granted aid so that one of its Member States could tackle the problems facing it. What better proof could there be of solidarity, as Mr Deleau said a moment ago, and cooperation between the peoples of our European Community? How proud we should be of this achievement and how envious of us other countries and peoples must be which in such a moment of crisis find themselves alone and dependent on the charity — usually of short duration — of their neighbours and friends. This fact alone, however sad its cause may be, is bound to make us glad that our Community exists.

President. — I call the Group of European Progressive Democrats.

Mr Junot. — (*FR*) Mr President, I should just like to say briefly on behalf of the Group of European Progressive Democrats that of course we fully support Mr Deleau's proposal for aid to our Greek friends, which seems to us only fair.

President. — I call Mr Gondikas.

Mr Gondikas. — (*GR*) We Greek Members from the New Democracy Party wish to thank publicly in this House the rapporteur, Mr Deleau, the Committee on Economic and Monetary Affairs and the Committee on Budgets for their most rapid and unanimous decision on the granting of economic aid to the Greek earthquake victims. We also wish to convey — and we are bound to do so in this House — the deep gratitude of all the earthquake victims, who thus have the practical aid of Europe in their everyday problems. We are entitled to stress that what is appreciated more than anything else is the kindness and the genuine assistance of all the EEC countries at times of disaster and sorrow, which only goes to show, Mr President, the greatness of a united Europe. Before concluding, I should just like to point out something which arises from the report by the Committee on Budgets, and I should like to ask the honourable Member acting as spokesman for that committee to comment on it if he can. I should like to know, just for the record, why Greece and Italy have been treated differently with regard to the interest rate subsidy. Mr President, on account of their special nature, the debate and the decision on this matter today are not only important for us Greeks. They also have another aspect. Parliament's decision, which I know will be unanimous, will

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be a good lesson on the eve of the elections, especially for all those who, blinded by partisan passion and the PASOK electoral campaign with its 'green sun' emblem, are opposed to peace and Greece's accession to the EEC.

President. — I call the Commission.

Mr Ortoli, Vice-President of the Commission. — (FR) This may have been a short debate, Mr President, but it is no less important for all that, since it gives meaning to the word 'Community', and demonstrates that we are capable of solidarity when one member of the union which we form is faced with serious problems. That is both one of the reasons why this Community exists, and one of its glories, that we are able to help in these circumstances, and to help, I should add, in a consistent manner, for what the Commission is proposing is comparable to what was proposed for Italy in similar circumstances. It is my hope that what we were trying to do, that is not only to help rebuild economic potential, but help those who were affected individually — for housing has been one of the real problems created by the earthquakes — will be heard, and will be understood, and that we shall be able to move quickly to help rebuild the ruins. I should also like to thank Mr Deleau and the other speakers for expressing the spirit in which we all hope to proceed.

President. — I call the rapporteur.

Mr Deleau, rapporteur. — (FR) I would simply like to thank all those who have spoken, Mr President, and to point out that when this House debates a question which involves a large degree of solidarity it does so in a serene manner which is not always evident at other times. I would like to draw attention to this heart-warming spirit which crosses the House without stopping at boundaries of political opinion. And I should also like to thank Mr Ortoli who spoke on behalf of the Commission and who made this proposal to aid Greece.

President. — The debate is closed.

The resolution will be put to the vote at the next voting time.

9. Verification of credentials

President. — The next item is the report (Doc. 1-540/81), drawn up by Mr Chambeiron on behalf of the Committee on the Verification of Credentials, on the verification of Members' credentials.

I call the rapporteur.

Mr Chambeiron, rapporteur. — (FR) Mr President, the time available to me for a few remarks about this report is so scant that I am obliged to address the House in telegraphic style.

The report which I was asked to draw up on behalf of the Committee on the Verification of Credentials has been adopted unanimously by the members of that committee, as indeed has the motion for resolution which accompanies it. I stress the unanimity of that decision because it leads me to believe that in view of the representative nature of the committee they will be supported by a great majority in this House, if not unanimously, and the mandates of our three Irish colleagues which are the subject of this report will be established.

This is the first time since our committee was established that we have found ourselves faced with such a delicate problem, and it is that aspect of the question which explains why we spent three working sessions considering the facts which were submitted to us for consideration. I would like to stress that at no time did any member of this committee attempt to gloss over the difficulties with which we were faced for reasons either of convenience or of haste. I should like to express in public my thanks to the Chairman and members of the committee for the relevance and thoughtfulness of their remarks and for the significance of their contribution to our discussion of this problem, which enabled us to reach a unanimous conclusion.

I should like to remind you rapidly, ladies and gentlemen, that until such time as there is a uniform electoral procedure, this House is itself responsible for verifying the credentials of its Members. That is set out in the Act of 20 September 1976 on the election of representatives to the Assembly of the European Communities, and we find the same in Article 6 of our own rules. All we have to do is to take note of the results declared officially by the Member States and rule on any dispute raised under the provisions of the Act of 20 September 1976. Those are the instructions we have from the rules which govern our own working.

We did have reservations about the names of the replacements of the three Irish members of this House who had left us. Complaints had been made. The reservations were basically concerned with the distortion which had appeared between the Irish electoral laws and the provisions of Article 1 of the law of 20 September 1976 to which I have just referred. This is precisely because Article 1 of that law says that 'representatives in the Assembly of the peoples of the States brought together in the Community shall be elected by direct universal suffrage.'

Chambeiron

Perhaps I should remind you here that although the election in June 1979 of the Irish members of this House did not give rise to any disputes at all, the replacements of our erstwhile colleagues gave rise to the expression of certain reservations because under the terms of the Irish law on the election of members of the European Parliament by direct universal suffrage — that law is included as an annex to my report — the members replacing them are designated by the Dail of the Irish Republic on a proposal from the party to which the retiring members belong.

The members of the committee considered Article 12, which is concerned with this precise problem of replacement members, at great length. We had a long discussion which I will not report to the House because time is short. We did not seek to minimize the legal difficulties, but we also considered that the Committee was made up of politicians and we had also to concern ourselves with the political aspect of the problem. And, of course, apart from the fact that failure to accept the credentials of our three colleagues would result in Ireland's being obliged to hold new general elections to appoint three new Members — and the significance of that fact escapes no one — the committee also considered whether the procedure used in the Republic of Ireland was or was not of a nature to upset the balance established by the election of June 1979. We agreed unanimously that in practice the procedure for replacement of members set out in Irish law does ensure that popular will as expressed in elections by direct universal suffrage is respected.

The consequence of that, ladies and gentlemen, is that we have recommended and we now recommend to you that the mandates of the new Irish members be established as valid.

However, so as to deal with the points which have already been made, although, as I said, we did not consider ourselves competent to rule whether Irish electoral law was consistent with the terms of the Act of 20 September 1976, the view of the committee is that the President of this House should draw the attention of the Irish authorities to the fact that the procedure provided for in Irish law for the replacement of retiring members has not been without criticism in the light of the provisions of the Act of 20 September 1976.

I have tried, Mr President, ladies and gentlemen, to be as concise and as brief as possible. I hope that has not affected the clarity of what I have been saying. I believe that I have expressed faithfully the concern of all members of the committee, a concern not to conceal the seriousness of the reservations we have felt, whilst at the same time we ensure by voting in favour that our Irish colleagues should be rid of the uncertainty which has been theirs for more than three months.

I should like to add one word on procedures. We considered that for the purposes of this question we

should use the procedure which had been defined by the Legal Affairs Committee and which the Committee on Procedures had confirmed, namely that as far as parliamentary privilege was concerned motions for resolution should not be subject to amendment since either we accept that parliamentary privilege can be suspended or we do not. We considered that the same should go for the verification of credentials. Indeed, I can see neither rhyme nor reason in validating the credentials of members with conditions or reservations attached. I would add that the amendment before us would seem completely out of order. I would, however, like to say this: the amendment takes up three of the points which are included in the explanatory statement annexed to the motion for resolution which we are now discussing; I would like to draw your attention, ladies and gentlemen, to the fact that by taking up these three points this amendment imposes constraints on the President of the House. We have asked the President to approach the Irish authorities. If we include in our motion for a resolution any element of compulsion it is tantamount to saying that we have no confidence in our President's approach to the Irish authorities. I think if we did that she would find it unfortunate. We have no reason to believe that the President will not follow the Committee's recommendations that she should draw the attention of the Irish authorities to the discrepancy between the Irish electoral procedure and the Act of the 20 September 1976.

Those, Mr President, are the reasons why I recommend to this House that the mandate of our three Irish colleagues should be established as valid.

President. — I call Mr Taylor.

Mr J. D. Taylor. — Mr President, this debate is about Southern Irish electoral practices and whether in fact this Parliament is prepared to accept new Members, replacement Members, who at no time, either at the European general election in June 1979 or since then, have had their name presented to the electorate of Southern Ireland on the basis of universal suffrage. The principle 'One man, one vote' has been denied in Southern Ireland in the case of these three Members.

Now we well know, that Southern Irish electoral practices are the basis of many music hall jokes. We know that many of the dead rise up to vote at elections. We know that there have been 110% turnouts in elections in Southern Ireland, and we know that one of the main parties — I see Mr Lalor looking at me somewhat guiltily — has a slogan, 'vote early, vote often'. And we will remember that it was one of the Members for Southern Ireland who managed to abuse our electronic voting system to vote for two or three Members and was reprimanded for that.

Taylor

But the issue before us today is not a music hall joke. It is matter of representation in this Parliament, whether this is going to be a Parliament on the basis of universal suffrage or not. And it does raise some doubts. Now I congratulate Mr Chambeiron on his report. He has explained the matter in detail this afternoon and I agree with the comments he has made, but the trouble is that we are not going to vote on his report. We are going to vote on a resolution, and it is what the resolution says that counts and not what the report says — and not one of the points which he quite properly makes in condemning the Southern Irish legislation is incorporated in his resolution. His resolution simply says, 'establishes the validity of the mandates of the three Members'. In other words, let us slip these three men in by the back door. That is not democracy. It is not based on the principle of one man, one vote and it must be condemned.

Moreover, it will be brought further if this Parliament does not attend to this matter seriously, because this is an issue which can proceed to the Court of Justice in Luxembourg. Parliament itself can ask the Commission for an opinion on the Irish legislation, and the Commission can refer it to the Court of Justice. Or individuals can raise the matter in Dublin through the courts there and have it referred to the Court of Justice. These are now possibilities. One more serious approach is that now that we have Parliament consulted before Council makes a decision, a Parliament which is supposed to be based on universal suffrage, if we now have a Parliament which is not entirely based on universal suffrage, then there will be people who will question the legality of the consultation procedure with this Parliament.

And so, Mr President, I hope that the points made by Mr Chambeiron which I have taken out of his report and simply added to his motion by way of amendment will be approved by this House and that therefore what he is suggesting in his report will in fact be the request of this House and that the Southern Irish Parliament will quickly amend its legislation.

I refer finally to one other flaw in that legislation. I see Mr Maher and Mr Blaney here, both independent Members from Southern Ireland. The Irish legislation makes no provision for the replacement of independent Members, and if either of them leaves this House for one reason or another, then there is no way in which they can be replaced in accordance with either European law or Irish law. Members of this House from all parts of Ireland abhor the fact that in Southern Ireland today the principle of 'one man, one vote', is not observed in European elections. This has brought this Parliament into ridicule, in the press and in the media in Southern Ireland, and I hope this House supports my amendment and thereby supports the sentiment.

IN THE CHAIR: MR DANKERT

Vice-President

President. — I call the Liberal and Democratic Group.

Mr Maher. — Speaking on behalf of the Liberal Group I want to say that I compliment Mr Chambeiron on his report and totally support it, particularly his recommendation of acceptance of verification for these new Irish Members of Parliament. It is true to say, of course, that changes must come about in the context of future elections to this Parliament, but the fact of life is that the Community accepted the Irish situation at the time of European elections in 1979 as *de facto*. They did not raise any objection. That was the time in fact when this matter should have been clarified. I accept that it has to be clarified for the future, but that is no reason why the complement of Irish Members should be kept down pending that verification which obviously is going to take some time.

I frankly feel that Mr Taylor is no one to talk about electoral practices or malpractices, because he comes from a region where of course the gerrymander was part and parcel of the electoral system under a government of which Mr Taylor was a member, so Mr Taylor must bear full responsibility for that gerrymandering to keep or preserve a certain situation where a limited number of people held on to power, which is the real problem in the north of Ireland. I do not think Mr Taylor is anyone to start preaching to the people in the south of Ireland. I think he should try to put his own situation right first. . .

President. — Mr Maher, you have exceeded your speaking time!

I call Mr Blaney.

Mr Blaney. — Mr President, insofar as the Members in question here are concerned, I think that Mr Chambeiron has put the picture very succinctly before this House. Were it not for the fact that we have had the short speech which Mr Taylor just now made, with his tongue in his cheek, which was intended to be as insulting as only he and his ilk can be, towards Irishmen

(Interruption by Lady Elles)

Pardon me, Mr President, have I got the floor or have I not?

President. — Lady Elles, the President may accept a point of order in the middle of a speech, but as the

President

speaker only had one minute, I would like him to finish his speech. Otherwise I would lose minutes on both sides.

Lady Elles. — Well, if you will allow me to do so after he has finished, I would like to make a short speech.

President. — Yes, I certainly will allow that.

Mr Blaney. — ... As I have just been saying, Mr Taylor is the last person who should come into any Parliament to talk about universal suffrage or malpractices, 110% turnouts or music hall jokes. The biggest joke in the whole western world insofar as elections are concerned was perpetrated by his monolithic party, the Unionist party, that hung on to power for almost fifty years, and discriminated against everybody who did not agree with them. He comes along now with this tirade at this particular time and goes on in the way that only he can, about the Court of Justice. Why not talk about your special courts over there, about the Diplock Courts ...

President. — Mr Blaney, may I remind you that we are debating a very specific subject and you are bringing us into quite another debate. I shall rule you out of order if you continue that debate.

Mr Blaney. — Mr President, I have full regard for you and any occupant of the chair, but Mr Taylor got away with the most insulting blackguardly speech here that ever was perpetrated in this House, insulting a Member of this House, insulting a nation and a part of the EEC, as only he and his ilk from that region, that sundered region of our country, could possibly do.

President. — Mr Blaney, there is no need to add insult to injury.

Mr Blaney. — Thank you Mr President, I will not forget that fact that Mr Taylor got away with what he did without a word from the chair.

President. — I call Lady Elles.

Lady Elles. — Mr President, I fully object both on behalf of my Group and on behalf of this House and on behalf of an individual Member of this Parliament, that anybody should be addressed in the way that this previous speaker has spoken. It is a disgrace to the Parliament and a disgrace to democracy and I demand that any statement made about an individual in the way that Mr Blaney has made, be withdrawn from the records of this Parliament.

President. — It is not possible. I cannot, Lady Elles, do what you want. I can only apply that to a speech which is completely out of order. Here I have to conclude that only elements in that speech were out of order. It is very difficult for a president to censure in that way. It would be treading on dangerous ground. So I cannot do so.

Lady Elles. — Mr President, I appreciate the problem of the way the rules are drafted. But certainly my Group, and, I think, the whole House would welcome a statement from the chair that any attack on an individual in the way that has just been made is totally unacceptable, and should not be allowed in this Parliament when it attacks the good faith of an individual and is not a matter of substance.

President. — Lady Elles, I agree with you that that is fully in the parliamentary tradition. That is why I made my remark during Mr Blaney's speech.

I call Mr Flanagan.

Mr Flanagan. — Mr President, I would ask you to take note of the fact that the speech made by Mr Taylor constituted an attack on the integrity of the people of an entire country and that that surely should also be regarded as totally reprehensible.

President. — I must say to my great regret that I took over the chair in the middle of Mr Taylor's speech, and then it was a bit difficult to intervene. Mr Møller had heard the first half of the speech.

The only thing I can do is to read the full text of Mr Taylor's speech. If the same applies to him as applied to Mr Blaney, I would make the same ruling with regard to him. However, I first have to read the text before I can so rule.

I call Mr Forth.

Mr Forth. — In view of what you have just said, Mr President, I would suggest that in future we do not change vice-presidents halfway through speeches. It is very important that the Chair pays due regard to the procedure of the House and that you therefore endeavour — and I say this with great respect and in a constructive spirit — to see through each speech and each contribution, precisely in order to avoid the problem that we now face. May I make that suggestion to the Presidency for the future?

President. — I think that is a good suggestion, Mr Forth.

I call Mr John D. Taylor.

Mr J. D. Taylor. — On a point of order, Mr President, I should like to ease the situation by assuring the House that this was not an attack on the integrity of the people of a country. It was, in fact, a speech in defence of the people of that country; my argument was that they should not be denied universal franchise and the principle 'one man, one vote' in European elections.

President. — Thank you, Mr Taylor, for that interpretation. I hope it is confirmed by the text.

I call Mr McCartin.

Mr McCartin. — Mr President, as somebody representing the people of Ireland, I am sorry to have had to listen to what I have just heard and to witness what I have witnessed. I hope that most of what has been said will be quickly forgotten by everybody here and, if written down, that it won't ever be read by anybody. I regret the strong feelings that this subject has called forth.

What I would like to say is that the rules and regulations governing the Irish electoral system were accepted. If those rules are found, at this time or in the future, to be deficient, we can sit down and make recommendations as to how they can be changed. If at this stage we were to decide to change them, we would find ourselves in a situation where a political party, with their own views and ideals, would at this moment be disenfranchised and would not have an opportunity to be represented in this House. These people don't belong to my political group or my party, but I would regret the fact that they were not represented here.

I would also say to my colleague and neighbour, John David Taylor, that if he were to leave this Parliament for any reason at the present time, his seat would be grabbed by somebody whose political beliefs he does not share. The people who sent him here would thus be disenfranchised and misrepresented in this Parliament for the next three years. I would say that would be a greater injustice.

The question of one man, one vote, does not come into this argument and should not really be used. We have got a problem which I believe this Parliament will seek to understand at this time and for which it will set about implementing remedies for the future. I do not think we should have made it a wrangle or a quarrel between people because really the substance of the debate is not all that important.

(Interruptions)

The legalities make for the essential end of justice and I think that justice is being completely fulfilled by the

means in which people are democratically selected to represent their party and the people in this Parliament.

President. — I call Mr Cottrell.

Mr Cottrell. — I think the speaker should be asked to correct his last statement. If anything unfortunate should happen to Mr John Taylor, which I hope it will not, his seat would not be up for grabs, it would be up for by-election, which is what I think this debate is about.

President. — Mr Cottrell, it is up to the speaker to correct. I have studied the Rules and I cannot correct.

Mr Cottrell. — May I appeal to you, Mr President, to invite the speaker to correct his statement.

President. — On your own initiative, yes.

Mr McCartin. — It is quite obvious that the last speaker, like so many of his British Conservative friends and supporters, knows nothing about what happens in the part of the United Kingdom known as Northern Ireland.

President. — And now the last words in this debate.

I call Mr Hume.

Mr Hume. — Mr President, could we return to the facts of the matter? The credentials committee of this Parliament has unanimously, unanimously I repeat, made a recommendation to this Parliament and therefore I think that this Parliament should respect the unanimous recommendation of that committee.

Secondly, when the electoral system for electing European Members from the Republic of Ireland to this Parliament was put through, when the election took place, the electorate were fully aware of the system for replacement of Members because the Electoral Act was fully debated in the Irish Parliament and the Irish electorate were fully informed.

Thirdly, by this system they are preserving the principle of proportionality in representation, which is a democratic principle. Fourthly, I have seen fewer examples of brazen effrontery in this House than that a representative of the Ulster Unionist Party should pose as a defender of universal suffrage.

President. — I call the rapporteur.

Mr Chambeiron, rapporteur. — (FR) I was extremely careful in what I said, Mr President, to ensure that not a single phrase or word I used would give offence or mislead any of those present.

I should simply like to say that this report is a faithful reflection of the unanimous will of the Committee on the Verification of Credentials. We did not consider those questions which might lead to differences between one group and another in this House: my own view is that in a debate of this nature what is required is calmness and cool-headedness.

What I would ask is that you understand clearly what we wanted to say to the President, that is our reservations about the discrepancies I mentioned a moment ago between the national law and the Act of 20 September 1976. We have every confidence in the way the President of the House will approach the Irish authorities with this problem, and I think that it would be a discourtesy to the Presidency to include in the motion for resolution the terms of the amendment proposed by Mr Taylor, since, as he himself said, those terms are already included in my report.

I think we should leave it at that, Mr President. We should put the resolution to the vote in the form in which it has been submitted, unanimously, by the Committee: it would be discourteous to include in it a number of phrases which might be construed as putting pressure on the Presidency, as though the President's own motives were suspect. We have every confidence in the President of the Assembly to put this problem to the Irish authorities, and I believe that we can all be satisfied with the text which it has been my honour to present to you.

President. — I call Mr Taylor.

Mr J. D. Taylor. — Mr President, could you give a ruling? Mr Chambeiron has pointed out that there are reservations in the report, to which I have referred in my speech. If this resolution is passed can we have the assurance of the President that the President will make representations to the Southern Irish Government about these reservations?

President. — Mr Taylor, I cannot give a ruling to that effect because the Parliament only adopts the resolution. Of course, in her talks with the Irish Government the President of Parliament is free to raise the subject in connection with this item if she likes, but as far as the formal situation is concerned, we only adopt this resolution, not the explanatory statement attached to it.

Mr J. D. Taylor. — Thank you for that ruling, Mr President. If your ruling had been otherwise I would have withdrawn my amendments. Since you have so

ruled, I must now stand by my amendments because you have made it clear that the questions raised by Mr Chambeiron will not be officially directed to the Southern Irish Parliament.

President. — I call the rapporteur.

Mr Chambeiron, rapporteur. — (FR) I think we can allay Mr Taylor's fears, Mr President. Naturally, when Parliament adopts the motion for resolution, together with the accompanying explanatory statement it will be included in the minutes and the President will not fail in her mission to consult the Irish authorities about the differences between the two electoral processes which we have observed.

I think things are now clear; but the way this debate is going, one would think that Parliament was going to approve this resolution and that the President was then going to shirk the job we are giving her. Personally, I have every confidence in the President's good will and I hope that the entire House does likewise.

President. — Mr Chambeiron, it seems to me that Mr Taylor is right. Parliament only adopts the resolution, and is then represented in discussions with the Irish government by the President. The Irish government may well be aware of this debate, since it is public, but all that is put to them officially is the text of the resolution.

Mr Chambeiron, rapporteur. — (FR) When he studies the law, Mr President, a lawyer has to take account not only of the law but of the parliamentary debates which brought it to the statute book. If a judge has trouble interpreting the law he will go to the source of his legal text and seek his case law in the parliamentary debate. The same can be said of this Parliament.

President. — On that point we are in entire agreement. That is clear.

The debate is closed.

The motion for a resolution will be put to the vote at the next voting time.

10. *Rights of ethnic minorities*

President. — The next item is the report (Doc. 1-965/80), drawn up by Mr Arfè on behalf of the

President

Committee on Youth, Culture, Education, Information and Sport, on a Community charter of regional languages and cultures and a charter of rights of ethnic minorities.

I call the rapporteur.

Mr Arfè, rapporteur. — (IT) Mr President, ladies and gentlemen, the document which it is my honour to submit to Parliament for approval draws together a series of proposals which have already been put to the House and has behind it a weight of opinion indicative of a trend which can now be deemed worldwide.

The problems of ethnic, linguistic and religious minorities have already occupied the attention of the highest and most representative international authorities from the United Nations and the Council of Europe to the associations of regional and local authorities, and have resulted in solemn declarations of principle which, though they may not have ever materialized into fact, have never been challenged either. The Committee on Culture considered that it should take note of this trend and add its own weight to the movement, since aiding in the defence of an essential component of European civilization is strictly within our competence.

The defence of a cultural heritage is never a question of mere conservation or restoration, whether it concerns buildings or documents, towns or the environment, *a fortiori* when the heritage is of a spoken language and a culture which that language can and does express.

In the case of language the question is loaded with implications of a political, institutional and scientific nature, problems which our Committee considered in a long and lively debate which always remained at the highest level.

The main objections and concerns which emerged in committee were threefold: the first objection came from those who denied that there was any problem in the defence of ethnic and linguistic minorities in countries such as those of the European Community where government is by democracy and human rights are respected. The view of the majority was that in this particular case we were talking not of demands for a human right which no one was denying, but of creating the necessary, and the best conditions in which that right could be exercised, by sweeping away those obstacles to the free development of cultural minorities which have been established by historical factors varying from country to country but always having the same effect. A language which is not taught in school, does not have access to the mass communications media and cannot be used in social and official business is by those facts alone condemned to impoverishment, decay and, ultimately, extinction.

Following this objection there was concern that if the European Parliament were to pronounce itself in favour and ethnic and linguistic minorities, that could appear as an encouragement to separatist tendencies. That is a quite reasonable concern, but the answer — unless one wishes to have recourse to repression — is that only by acceding to what is legitimate in the demands of ethnic minorities will we contribute to reducing tension and creating a climate of peaceful and fertile coexistence.

A further objection stemmed from some people's views of the cultural nature of this phenomenon as being tainted by reactionary provincialism as opposed to the broad, European-scale culture, open to influences from even beyond our continent such as is required by the world we now live in. In this case, too, there can be no doubt that it would be a serious mistake to idealize regional culture as an ambiguous cult of the naive. And in this case, too, over and above the observation that the reactionary ideologies on which separatist micropatriotism feeds are a totally different thing from regional culture, the Commission observed that precisely by legitimizing the hopes and needs of minorities it is possible to infuse their enthusiasm into a wider circle which extends beyond the confines of mere provinces and even of nations to become one of the constituent elements of European culture, thus contributing to breaking the mould of the process of cultural standardization whose devastating effects may become even worse in future.

The last objection we heard related to the cost of a policy which attempted to promote the development of regional culture. The general opinion, though, was that in view of the fact that in few cases are ethnic minorities to be found in economically developed areas action of this kind can make a contribution of great importance to overall economic development: this comes from experience which has shown that there is no investment which will enable an underdeveloped region to make the grade unless it is accompanied by the liberation of local energies which only local culture can institute. We also bore in mind that our role was not to legislate over the heads of national parliaments but merely to indicate general guidelines in the hope that they would then be followed.

To make myself even clearer I will add that even if it were within our competence to legislate it would be our duty to avoid doing so, because a single uniform law is not adequate to deal with the many problems which the vicissitudes of history have left so diverse. Only the direct representatives of the regions concerned will be able to suggest the most suitable solutions.

This is why we are stressing the major role which all forms of regional and local autonomy will be playing in this process.

Arfè

In the course of my work I came into contact with representatives of linguistic minority organizations and institutions in France, in Ireland and in Italy. In every case the attitudes expressed were the most reasonable, expressed with political maturity, a spirit of openness to great cultural experiences, and great faith in the future of Europe and of its parliament. From them came the proposal to establish cooperation arrangements between institutions representing regional cultures throughout Europe, this against the background of a policy which expresses a unified vision of European civilization which would benefit from the contribution of minorities — and minorities now total something like 20 million Community citizens — with new ideas to overcome the problems of nationalism which have stained with blood the history of our continent.

This was the spirit in which our committee worked. The charter which we have drawn up and now submit for your approval contains pointers which have been guided by a sense of steadiness, of realism and of moderation. I personally am convinced, and I am not alone, that we could have gone beyond the limits which we set ourselves; however, we considered that it was important that Parliament's view on this delicate problem should be supported by the greatest possible majority so as to become a stimulus to action leading to legislation of the kind we are proposing by national governments.

I am convinced that your support of this motion for a resolution will contribute to the defence and development of our common cultural heritage, and to a better understanding between the many ethnic groups belonging to our continent.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, I hope that the House will think it useful if I intervene early in this important debate so as to give some indication of the way in which the Commission is thinking on this issue. Naturally I will be here to hear the contributions being made in this debate and would be available to reply if the House felt it right.

I am very happy to have the opportunity of taking part in this debate on behalf of the Commission. I am particularly happy because I myself come from a country which has for long been part of a multilingual and multicultural community, grouping as it does the Welsh, the Scots, the Northern Irish and the English, each with their own distinctive culture and language. I would like to compliment Mr Arfè on his report and also to express my appreciation to the Committee on Youth, Culture, Education, Information and Sport for presenting a balanced and practical first set of proposals in this important area.

Mr President, the European Community has within its boundaries a rich diversity of cultures, many of them centuries old. Long may they flourish: they are, after all, our common treasure. Some coincide with the geographical boundaries of our constituent Member States. Generally, however, they do not. There are in Europe many ancient languages and cultures, as well as some which have in modern times been brought into Europe by migrant populations from many parts of the world.

We should, I think, be vigilant in our concern for their preservation. Most of the linguistic minorities in Europe, be they indigenous or immigrant, call for recognition of their right to retain their own language and culture. Many of them feel increasingly threatened by the widespread use of the so-called world languages and by the stranglehold that these have on the mass media of communication. Our Community itself represents a rich mosaic of traditions, customs and experience. It is a cultural diversity which we should cherish without discrimination. This is in my view a vital part of the European reality, and for this reason it should also be our concept of the European Community and what it stands for. These two decades past, we have been engaged in building a Community in Europe, one that is aware of and is responsive to, the wishes and aspirations of all those who live in it; and the European Parliament, Mr President, has a special responsibility as elected custodians in this respect. But if our Community is to have enduring meaning, we need to be aware that throughout Europe the conception of what constitutes a community is changing. Just as we are trying to build structures above the level of the nation-state, so too many people are seeking a similar, perhaps more responsive type of community below that level. I think we see this in the pressures for decentralization throughout Europe to which, for example, the new French Government has made a firm commitment.

Not only do people wish to have more say in the way they run their own lives, they are also insisting that the institutions of government must take into account their own distinctive cultural environment. For many, the most powerful force that makes a group a group or a community a community is the language that is spoken. If today we call these minority languages, we should not forget that the right to speak regional tongues has been one of the most powerful forces shaping the history and the culture of 19th-century Europe. Parliament's concern today shows that this is still a vital force. Language, Mr President, is the essence of any living community. As we say in Wales — and I apologize to the translators in advance: 'Cendl heb iaith, cendl heb galon' (a nation without its language is a nation without its soul). If we did not take this into account. . .

Mr Forth. — Will you accept a question under Rule 64?

President. — I have not given you the floor for the moment.

(Applause)

Mr Forth. — It used to be a House of Commons tradition! The Commission has forgotten it.

Mr Richards. — ... If we do not take this into account — I will go on in Welsh if he is not careful — then our administrative reforms will remain incomplete. Reform in administrative matters must also recognize, I believe, the linguistic and cultural needs of those for whom such reform is introduced in the first place.

I must confess, Mr President, that I do not have very much time for an exclusively mercantile community. Such a view, I think, can only produce narrow Europeans. Let us therefore strengthen our sense of solidarity in Europe by a recognition of our mutual diversity! The aim of the founding fathers was unity, not uniformity, and this must remain the basis of our approach today.

The Community should not lend a deaf ear to the pleas and the protests of those whose cultural identity is being undermined by the market forces of economic and technological change. We are in fact witnessing at the present time a fairly widespread recognition of these problems by Member States themselves. The Dutch authorities are generous in their support for their Friesian minority, as are the Italian authorities as regards the various linguistic and cultural groups within their borders. Belgium and Luxembourg, situated as they are on the cultural divide between Germanic and Latin Europe, are very sensitive to the importance of distinctive languages and cultures. The Danish Government, for its part, has for long been extremely liberal as regards the Faroese and Greenland language and culture. The Irish Government is committed to the revival of the Irish language. In the United Kingdom, Welsh has enjoyed official status since the 1960s, education in Welsh is now freely available at all levels, and the British Government, as many know, has agreed to the setting up of a Welsh-language television channel in 1982.

There is, I believe, a relationship between the social and cultural policies which are developed for migrants and their families and those for the indigenous minorities. The rich bilingual experience of countries could be used in the development of better methods of teaching and learning for first- and second-generation migrants. As we are all living in a multicultural context, we must provide for that plurality, seen as a richness to be preserved and not as a problem to be eliminated.

In July this year, Community legislation became effective in all Member States requiring the appropriate

authorities to promote opportunities for young migrants to learn their own language and culture, as well as giving them the right, during the period of compulsory schooling, to education through the medium of the language of the host country. This commitment by the Community to bicultural education marks, in my view, an important step forward in the area of basic human rights for the migrant populations of Europe. We must ensure that that positive development complements our overall efforts to come to terms with all our cultures, to build bridges of understanding and respect between all our peoples, whatever their cultural origins or affiliations.

Mr President, the need to protect regional languages and cultures is often closely associated with the attempt being made in Europe to find a more judicious balance between those responsibilities falling to the Community, to the nation-state, and those services to be provided at regional or local level. Faced, as we are today, with a tragic increase in the level of unemployment throughout the Community, we have to support initiatives in all parts to create new types of work and purposeful activity. Innovation and growth depend in the final analysis as much on the motivation and the attitudes of individuals as on the managerial capacities of our national administrations. This must, I think, be part of our thinking, not only at Community but at national, regional and local levels as well in trying to secure an integrated approach to economic, social and cultural development.

The resolution as formulated does, in my view, represent a modest start by the Community for action in this field — action which can only complement the efforts made within Member States. It rightly argues for a concentration of aid for minority languages in the areas of the mass media, education and public administration. It calls on the Commission to support a number of research enquiries and exchanges of experience between those who have the responsibility for planning and providing for cultural development in the regions. We consider this would be a valuable and a practical action for the Commission to take, and we will seek to respond positively.

With regard to pilot projects to multilingual development, I consider that these could be usefully linked to the work we are already doing regarding the bilingual education of migrant children. But of course we shall need the support of the Parliament and of the Council to secure the financial resources necessary to make this possible.

Finally, Mr President, let me say that, in relation to the existing financial instruments of the Community, we shall of course be prepared to examine ways and means of developing concerted social and cultural activities in the regions. This must, however, be linked to the larger questions we now have on our agendas regarding the future orientations of these various funds.

Richards

So, Mr President, I welcome this debate and I welcome this report. It seems to me that there is a tendency for those of us who work intimately inside the Community sometimes to forget that many millions of our fellow-citizens in the ten Member States that make us up cherish minority languages and minority cultures, and it would be a sad day indeed for this Community if we were ever to neglect them.

(Applause)

President. — I call Mr Cottrell.

Mr Cottrell. — Mr President, would the Commission be prepared to comment on the amendments which have been tabled to the Arfè report?

President. — I call the Commission.

Mr Richard, Member of the Commission. — Not at this stage, Mr President.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mrs Gaiotti de Biase. — *(IT)* Mr President, ladies and gentlemen, the report and motion for a resolution put before you by Mr Arfè after discussion in the Committee on Youth and Culture make very plain the theoretical causes of the problem facing us. The first is recognizing that in our current social and cultural state of development a cultural identity is, according to the definition of the Club of Rome, one of an individual's greatest non-material psychological needs. Denial of this underlies the phenomena of separatism and alienation, which are characteristic of our society.

This need is felt in a particular and acute way amongst the social groups which retain their own language and culture separate from those of their country. As Mr Arfè quite rightly pointed out, the independence guaranteed to such groups should not come down to the re-establishment of anachronistic ghettos but should be seen as means of exercising one's own choice in the means of communication, rather than having choices forced upon one. What we are talking about is defending both independence and the need for greater cultural interchange.

From the practical point of view we must be aware of the great variety of individual situations. There are the frontier minorities — we could call them those who lose by treaties — who see their own nationality as belonging to the other side of the frontier: they have in the past created political problems and been the cause of international friction and agreements. And there are also minorities and communities who are

fully integrated into their own nations but who call for their own cultural identity. There are languages which are widely used as vehicle languages, and languages which have little international importance. There are dialects derived from dead languages with great literary traditions, there are other dialects which remain only in the oral and popular tradition. There are many embattled regional groups, and there are small communities which risk extinction. It is unthinkable that the same rules should be applied in the same way to each of these. Any charter must take account of what is possible and what is hoped for.

In this respect the role of local authorities, which has already been defined clearly in the Bordeaux declaration of the conference of local authorities, must be of the highest importance because that is the level which appears best suited to dealing with the many individual situations which exist, applying one particular and effective means of guaranteeing rights to each individual cultural group according to the wishes it expresses.

We agree with the practical proposals — to which, indeed, our group contributed — set out in the main headings of Mr Arfè's report: particular attention must be paid to primary education to ensure that children are literate in the spoken language. Without this kind of literacy not only will the continuity of the tradition be jeopardized, so will the child's chances both of possessing further languages and of acquiring full and critical command of his mother tongue. The proposals made by the committee as regards language teaching will give further support to this need. The reference to the regional fund is far from unreasonable. Our view is that the regional fund should be used for more than its narrow geographical areas and institutional purposes.

We must however stress that any action must be integrated in those areas in which economic development and cultural naissance are closely linked.

The Group of the European People's Party gives its wholehearted support to this resolution which is fully in line with its own traditions. We have never been idolatrous of national status and we have always recognized that society is born and consolidated in the immediate surroundings of family solidarity and life, and its originality and freedom of expression are guaranteed by the public authorities. Not the least nor the most important of basic human rights is that of being able to remain oneself in the fullness of one's cultural traditions and natural background.

Mr President, with this resolution the European Parliament is not only falling in with the main points of the declarations of the United Nations and the Council of Europe, it is giving a sense to the building of our community, not as a process of bulldozing but as a joining together of many streams, their diversity guaranteed by mutual enrichment, whilst the errors typical of national unification are done away with.

President. — I call the Socialist Group.

Mr Schwencke. — (DE) Mr President, ladies and gentlemen, the vast majority of the Socialist Group goes along with the report by Mr Arfè and supports his motion for a resolution which was adopted unanimously in the Committee. I am also particularly pleased at the fact that this excellent speech by Mr Richard was delivered at the beginning of our debate and I should like to express my thanks. In his speech, Mr Richard clearly indicated where questions of cultural identity within the European Community stood on the list of priorities.

Throughout our history, we Socialists and Social Democrats have repeatedly stressed that there is nothing more important than the identity of the individual and that this is always the basic precondition of the political rights of the individual. Culture and politics are two sides of the same coin. This is an essential part of our history and for this reason we are convinced that cultural identity is also a precondition for a working democracy in Europe. In addition, we take the view that the specific recommendations made by Mr Arfè should be put into practice in Europe without delay.

Anyone with eyes to see or ears to hear will realize how important it is to guarantee the rights of the so-called minorities in Europe. Participation in the political process is only possible in one's own language and in the context of one's own culture, not in a foreign language, even if one has a perfect command of it.

In drawing up these recommendations, it became very clear to us that one citizen in 12 in the European Community does not have a complete command of the official language of his country, but has a so-called minority language as his mother tongue. These persons must be able to exercise their rights as citizens to the full and this will only be possible if they have additional rights and more concrete opportunities for exercising them.

Mr Arfè makes it very clear where the various shortcomings are to be found in the European Communities and what form they take. Only two weeks ago the Consultative Assembly of the Council of Europe made it clear in a report by the Catalan Cirici how the questions of ethnic minorities should be settled within the 21. Both our resolution, which I am sure will be adopted, and that of the Consultative Assembly of the Council of Europe make quite clear, I think, what conditions must be fulfilled if a Charter for the ethnic minorities in Europe is to be realized. In the view of my Group, the most sensible thing to do would be to include this in the overall context of the civil rights guaranteed in the European Community.

Mr President, as a German I should like to say that, by way of exception, we have no problems in this area. Wherever they arose after 1945 they were settled by an excellent agreement — such as in the case of the Danish minority in Schleswig-Holstein — and I assume that Mr von Hassel will say a few more words on this question since he was not only involved in this settlement, but also played a decisive part in getting it through.

This settlement goes so far as to guarantee, under certain conditions, Danish representation in the Schleswig-Holstein representative assembly, i.e. the *Landtag*, regardless of the 5% clause in force in the Federal Republic.

After its liberation, Spain too provided a model for the full development of the various linguistic minorities, of which there are a great number.

Obviously, we also see the question of dialects in connection with social development, since there is a close connection between the so-called dialect barrier and social reality. On the other hand, the cultural and linguistic diversity of Europe is a precious thing for us. As has already been stated in the report, we must do all we can to preserve this diversity since this is one of the things required if we are to make real progress towards a European cultural union.

President. — I call the European Democratic Group.

Mr Hutton. — Mr President, one of the things which sets Europe apart from other large groupings of the world is its great cultural history and consequently its great cultural diversity. In this great Chamber, seven languages are spoken, but these are of course only the tip of the iceberg. Beyond these walls, there are dozens more languages and dialects spoken, and they all go towards making up that rich patchwork of cultures which stretch right across Western Europe.

In the United Kingdom, we have our share of those colourful strands in the European tapestry which Mr Richard has referred to. I come from Scotland, where we not only have a separate language spoken in a part of the country — Gaelic — but also strong local dialects, such as those in Shetland and Aberdeenshire, the Borders and Ayrshire, and the Scots language of literature.

I regard the preservation of these languages and dialects as being very important; but my Group does not believe that this report outlines the best way of going about their protection. Our feeling is that this is best left to the local authorities in the areas concerned, and I have tabled several amendments which would make this a rather more practical document. In the field of education in the United Kingdom, for example, there is no national curriculum and the subjects

Hutton

have to be decided locally. Mr Richard did not mention Scotland, but there we already have a specific duty to provide the teaching of Gaelic in Gaelic-speaking areas, and greater access to education in Gaelic is now under discussion. The government gives considerable financial support to Gaelic culture in various ways — more than UKL 190 000 in the 1981/82 budget — and there are no explicit limitations on the use of Gaelic for official or legal matters. It is, incidentally, interesting that although the Scottish Land Court and the Crofter's Commission must include one Gaelic speaker, no evidence has been given to the Land Court in Gaelic in the last ten years and it has never had any written proceedings in Gaelic.

My Group is anxious that such local richness should live and thrive, but we feel that how we should support these sentiments should be in the hands of local people and the local authorities on the spot.

President. — I call the Communist and Allies Group.

Mr Gauthier. — (*IT*) Mr President, ladies and gentlemen, the honest and clearly democratic nature of Mr Arfé's report means that we must be in full agreement with it.

We in Italy have a number of areas involved by this question as a result of the process by which our nation was unified. We have areas where the population speak their own regional or even local dialects; we have areas where the questions of regional autonomy stem from long distant history — the islands in particular — Sicily and Sardinia. We have within our frontier, particularly in the Alps, a number of small close-knit minorities: the Slovene-speaking minority and the French-speaking minority in the Valle d'Aosta, and we have the problems of national minorities whose existence results from international Treaties: the situation in the Alto Adige or South Tyrol, where the population forms part of the great region of Europe where German is spoken. I mention this last area because in view of my experience of this question both in this House and in a number of countries in Europe I believe that I can say that the statute of autonomy of the Trentino - Alto Adige region, particularly as it relates to the Alto Adige or South Tyrol, undoubtedly sets a standard which can be regarded as amongst the most highly developed, the most open and the most mindful of the rights of ethnic and linguistic minorities and of the democratic rights of all the people as far as the guardianship of minorities is concerned. It is a statute of autonomy which governs complex elements such as schooling, bilingualism and ethnic proportionality in the public service.

Today we are faced with difficulties in turning these complex rules into reality because of the great differences between the languages, the histories, the traditions and the cultures of the Italian, German and

Ladin-speaking peoples who live in this area. These problems have also recently been brought to the attention of the Italian Parliament, where there was very broad agreement between all the political parties — not only those who form the government majority but also the opposition parties including my own — in further support of the statute of autonomy with at the same time a reminder that the implementation of this statute called for firmness from every democratic political party against any insidious nationalistic or separatist tendencies.

I am in full agreement with the preceding speakers and with the Commissioner himself that our principal duty at this time of crisis is to guarantee the greatest possible balance, the greatest possible development — not just cultural but economic and social — of all the various ethnic and linguistic groups belonging to any one area.

Mr President, ladies and gentlemen, I have drawn your attention to this particular case, this case of Italian democracy in the making, both because it is a highly developed case of positive legislation for the coexistence of ethnic and linguistic groups and because of the difficulties which we are facing today in its implementation, that is the dangers of break-up and opposition within ethnic groups, and also because this particular case from Italy and the efforts made by the forces of democracy to find a positive solution, may be of use to others in maintaining respect for diversity within a future of agreement, of balance, of full economic, social and cultural collaboration by every force for democracy, every ethnic group and every linguistic group within any particular region.

(*Applause*)

President. — I call the Liberal and Democratic Group.

Mr Cecovini. — (*IT*) Mr President, we in the Liberal Group consider that Mr Arfé's report is most timely, both as regards adopting a Community charter of regional languages and cultures and the charter of rights of minorities, both of which must be regarded as essential to a closer union between the peoples of Europe (whilst retaining the originality of European culture which, though it springs from the same roots, has developed more as a result of the great contribution made by many cultural sources) — and regarded as instruments of social progress.

Throughout its history Europe has been the scene of population migrations which have left a rich and varied cultural heritage and linguistic variety: a variety which is a thing to be prized rather than scorned, and which has to be respected and protected, as Mr Richard has also recognized. Nobody in Europe dis-

Cecovini

agrees with that. In my own country defence of cultural minorities is written in the constitution itself and is to a large extent practised, as Mr Gouthier was saying, a moment or so ago and as is the case with the Slovene population of my own region, Friuli - Venezia Giulia.

There is then every justification for the call made in the motion for a resolution to encourage the teaching of minority languages, and teaching in minority languages at every level, just as there is for access to the mass media, and, when the need arises, public finance.

Only one item in the motion for a resolution strikes me as going beyond the limits of careful consideration, and that is where the call is made for guaranteed freedom of expression in minority languages in dealings with the State and with the judiciary.

This seems to me to be idealistic and impractical. Can you imagine a case being taken through every level of court, right up to the highest, making use of a minority language used by only a few thousand people out of a population of another 50 million? Can any country afford that sort of money? A number of amendments have been tabled with this in mind, and my Group will be supporting them. A sense of proportion is needed in this question. Guaranteeing the future of a culture does not in itself mean slavishly pursuing that abstract equality which, as has already happened on occasions, is called for by pressure groups or merely political groups breaking away from the general cause. Blind respect for an abstract principle would produce a European Babel and lead to an enormous waste of public money which I am sure none of us here today would wish to see.

The Council of Europe restricted itself to suggesting the gradual change from minority mother tongue to majority language and the local use of codified minority languages, and this will never lead to even the local abandoning of the official language of a country which, as no-one will deny, must be entitled to precedence.

President. — I call the Group of European Progressive Democrats.

Mr Flanagan. — ¹ I wish to thank Mr Arfè, Mr John Hume and all the other speakers and to congratulate them and Commissioner Richard on this heartwarming occasion. Obviously my interest is particularly in the Irish language, which is a national language spoken in every county in my country, a Celtic language with its origin in central Europe. Thus we are today drawing the threads of ancient history together with those of today.

I hope, Mr President, that you will allow me to say a few words also on behalf of my colleague, Mrs Ewing, who had to leave to go to a special Gaelic occasion, the Mod, now in progress in Scotland. I should like, on her behalf, to mention that her constituency is the bastion of Scottish Gaeldom and includes all the main Gaelic-speaking areas, the language of course having suffered a disastrous decline when it was proscribed after the departure of Bonny Prince Charlie.

In Scotland today there is an upsurge, and thousands are learning the language by means of the BBC's television series. Folk groups abound — I have seen them in action — and if the local authorities do not agree to put up bilingual signs, then the natives go ahead and put them up anyway. So the Gaelic language is not ready for burial. With wise policies of encouragement and tuition at all levels it can survive, and I join with Mrs Ewing therefore in commending this heartwarming initiative.

I would remind the Commissioner that plenty of people from my part of the Gaeltacht in the west of Ireland played their part in Wales, his own country, and indeed that Strongbow, who made rather a difference to our history, embarked for Waterford from Wales as well.

I would also remind the Assembly of the validity of what Commissioner Richard said about the effect of modern technological progress on minority languages and cultures. Not just in Europe, but particularly the tribal destruction that has been perpetrated in Asia, Africa, the Americas at the present time by so-called progress. So in a sad and dark epoch it is a great encouragement to all people who cherish their particular culture as we do.

Our people fought very hard to preserve it. The upsurge in our music and in our language in recent years is proof that this process will continue, but to have the help of the Community is a great encouragement indeed. All I want to say is that I would be happy to accept a small amount of help. It is the recognition of the value of this diversity of culture and tradition which is important to us. Not the actual amount of money which we need. We can discuss those details afterwards.

In conclusion, Mr President, I would express the hope that in a time when we have all the problems mentioned by the Commissioner — unemployment, world recession and so forth — this new approach which, I hope, all of us will approve, will gladden the hearts of all people of good mind and even, possibly, impinge in a small way on the sad, pathetic bigotry of the few.

President. — (...) I just said in Friesian that I think Gaelic is a beautiful language!

¹ The speaker began by addressing a few words to the House in Irish.

President

I call the Group for the Technical Coordination and Defence of Independent Groups and Members.

Mr Vandemeulebroucke. — (NL) Mr President, I should like to begin by expressing my thanks and admiration for Mr Arfè's good work in producing this report. The question of the recognition of regional languages and cultures is not a new one. The Council of Europe discussed the same problem as long ago as 1961. Then we had the famous declarations of Galway and Bordeaux. A conference was held in Oslo, and only last week the Assembly of the Council of Europe gave its blessing to a new recommendation. So there are enough documents dealing with the question. Then we have the scientific work done by people like Guy Héraud, Alexandre Marc and Denis de Rougemont and countless others. It was they who mapped out a Europe of the peoples, and it was they who postulated a political model for a federal European structure on this basis.

Mr President, we have already heard the figures: more than 20 million people in the European Community belong directly to cultural and ethnic minorities. As Mr Schwencke said, that accounts for one in twelve of the entire population of the Community. Despite this thought-provoking figure, though, neither the Commission nor the Council have so far put forward any specific proposals. Recent experience has shown that we cannot expect much help from the Member States in this respect either. As Mr Richard said just now, there are plans for the setting-up of a Welsh-language television channel, but unfortunately he omitted to mention that this was only achieved after the Welsh nationalist Dafydd Williams had gone on hunger strike. In French Flanders, the Flemish radio station 'Uylespiegel' has been raided three times so far, and in France — as Mr Arfè rightly said — neither the Alsatians nor the Basque nor the Bretons nor the Corsicans nor the Catalans nor the Occitans nor the Flemish receive an education in their respective mother tongues. Some small degree of progress is being made in this respect, but there is still a tremendous amount to be done.

Do you realize, Mr President, that not so long ago, in the Netherlands, a serving member of the government actually wanted to ban the use of the Friesian language?

The Commission has devoted very little attention to the problem of regional languages and cultures. There is no extensive documentation on the subject. For instance, there is no such thing as autonomy provisions, nor even any comparative studies which could be used as a model. That being so, I should like to put a direct question to Mr Richard. What specific, effective steps will be taken, in addition to the enquiry which has been announced, to encourage the recognition of regional languages and cultures in the education and media policies pursued in all the Member States?

Those are, of course, the specific recommendations made by Mr Arfè, but I very much regret the fact that in his report — and with regard to education, the mass media, public life and social relations, the rapporteur nowhere proposed a deadline for the implementation of these recommendations. A second shortcoming of the report is, in my opinion, the lack of a model for a Community charter for regional languages and cultures. There are enough basic rights which could be incorporated into an internationally recognized charter of this kind: for instance, the right of all ethnic groups to exist as a nation or as a cultural unit; the right of each individual to belong to a particular ethnic group; the right to unrestricted cultural, social and economic development; the right to a fair share of public money and the right to self-determination and representation at various political levels.

Our starting point must always be the express recognition of a cultural identity, because after all language and culture are not quaint elements of folklore to be regarded as a revered oddity or to be subsidized for the sake of nostalgia. They are the linking element *par excellence* used by a community to establish a communal way of life. To deny this is to deny 20 million people in the Community their right to cultural identity and to deprive them of the means of preserving and developing that identity. For regionalists and autonomists, however, this kind of communal identity means a great deal more. For them, the right to exist as a community means the right to self-determination on such matters as social and economic affairs, employment, research, energy and land policy — in fact, all those elements which together go to make up a society.

It goes without saying that an essential element here is an elected assembly and a separate executive. For that reason, it is wrong to split a region down the middle for administrative purposes, as has happened with Brittany and Corsica. A region must be given the right to develop interregional, linguistic and cultural cooperation over arbitrarily drawn national frontiers. That is one of the main causes of the Flemish struggle for emancipation, a struggle which did not finish with the granting of a bit of cultural autonomy. Genuine federalism means the redistribution of powers on two levels: redistribution downwards, to the regions, and redistribution upwards, to a European federation with guaranteed representation of the regions concerned. The point of federalism is therefore to identify the most suitable level on which authority should be exercised, and has nothing whatever to do with separatism. Federalism means cohesion, but with respect for existing differences. I therefore feel that we could widen the scope of Mr Hume's request for a Community charter for languages and cultures into an integral federalism based likewise on ethnic communities, since this will be the great question in the future. Let me draw your attention here to the setting-up in July of this year of the European Free Alliance, of which Mr Blaney and I are members. The Alliance is an interna-

Vandemeulebroucke

tional grouping of regionalist and autonomist parties from Flanders, Ireland, Friesland, Brittany, Alsace-Lorraine, Corsica, Occitania, German-speaking Belgium and Catalonia, united by a common programme. I have been delegated to speak today on behalf of the minorities which have not been able to draw on the power exerted by the strongest and which have all too often been by-passed by history. These minorities are now placing their hopes for self-discovery and self-realization in adoption of the Arfè report. Because of the minimum percentage vote provisions, we are not very numerous in this House, but we do know that we too have a stake in the future.

President. — I call Mr Dalsass.

Mr Dalsass. — (*DE*) Mr President, ladies and gentlemen, soon after the first direct elections to the European Parliament, various motions for resolutions were tabled calling for the establishment of a legal basis for the protection and development of linguistic and ethnic minorities. I myself was responsible for one of these motions which stem from the fact that over the years more and more ethnic and linguistic minorities have developed a stronger sense of national identity and demanded the recognition and protection of this identity. In many places, but not everywhere, it was recognized that for the maintenance and protection of their identity, special measures were called for and that it was not enough merely to guarantee the members of these minorities the *same* rights as the remainder of the population.

It has often been said that the greatest inequality results from giving the equal treatment to things which are basically different. However, it would fortunately appear from the report by the Committee on Youth, Culture, Education, Information and Sport that people are beginning to think along different lines and that the need for special protective measures is generally recognized. This is reflected in this document which stresses the need to protect and promote the languages and cultures of the linguistic and ethnic minorities and indicates the ways in which this should be done. Obviously, the document cannot claim to be exhaustive as regards the measures required for the protection and freer development of ethnic groups. We will have to discuss further measures as soon as the proposals still outstanding are dealt with.

As a representative of the minority which Mr Gouthier has just mentioned, I could speak at great length. However, the limited time available does not permit me to do so. It is a good thing, however, that priority has been given to measures aimed at protecting the minority languages and cultures, which are the most important aspects of the problem, since without a language and culture of its own, an ethnic group ceases to exist. I can only stress that the regional languages and cultures are evidence of the vitality of

European civilizations and represent a cultural enrichment of Europe. We should bear in mind that they form part of the European cultural heritage which we must preserve.

I should like to thank the rapporteur for his great understanding of what is involved and for putting the problem in the correct light. I am sure he will not mind the fact that I have tabled a number of amendments which are simply intended to improve the motion for a resolution. I am a little concerned at the amendments tabled by a French member — in fact a Gaullist — which are only designed to water down and undermine the motion for a resolution. The person in question would not appear to have got the hang of the European idea yet, since it presupposes more understanding for everyone, including the interests of small groups of the population which the minorities tend to be.

It would be very pleasant if Parliament could adopt the principles for the protection and development of regional languages and cultures with a large majority, and we can only say that we hope the national governments will translate these principles into specific legislation without delay.

IN THE CHAIR: MRS VEIL

President

President. — I call Mr Hume.

Mr Hume. — Madam President, as the author of the first resolution which led to this report, I would like to welcome the Arfè report and congratulate Mr Arfè on his document and indeed thank him for the enormous amount of work that he put into it, including the extensive consultations that he carried out with the special-interest groups in different parts of the European Community who have an interest in this motion. Because of constraint of time I will simply make a few brief points in support of his report.

There are some twenty to thirty million people in the European Community who speak less-used languages and it is a simple matter of human rights that such people should not be disadvantaged in any way, particularly in the fields mentioned in this report — education, access to the media and access to public administration. It is a simple matter of human rights that they should not be disadvantaged in any way because their mother tongue is not the dominant language in the country in which they were born. That is a position which I find it very difficult to see how any Member of this House can oppose.

Hume

Secondly, the report represents a declaration on behalf of this Parliament that we seek a Europe which preserves its cultural diversity and which also will develop its cultural diversity. We do not seek uniformity and over-centralization. Instead, we seek a Europe which is united in its diversity and is prepared to preserve and protect and develop the richness of its diverse cultures. Of course, such a statement and such a declaration by this Parliament is in keeping with the ideals on which this Community is founded. In addition, it is a happy coincidence that this report coincides with similar declarations from other European bodies, in particular the Council of Europe, which in recent weeks has endorsed a motion which is almost identical with the conclusions of the Arfè report.

I am very happy to fully support Mr Arfè in this report and in the conclusions. Might I also say that I am very much heartened by the remarks of Commissioner Richard in this debate which showed a sensitivity to this issue. In dealing with an issue like this we are seeking to recognize identity in the Community, rather than suppressing it. We are moving towards removing potential sources of conflict which, as I say, is in keeping with the basic ideals on which this Community is founded.

President. — We have reached voting time. The debate is therefore adjourned and will be resumed after the votes.

11. Votes

President. — The next item is the vote on the motions for resolutions on which the debate has been closed.¹

We begin with the *motion for a resolution (Doc. 1-533/81/rev.) by Mr Franz and others on behalf of the Group of the European People's Party (CD Group): Restoration of market competition in the European steel industry.*

(...)

After the adoption of paragraph 2

President. — I call Mr Bonaccini for an explanation of vote.

Mr Bonaccini. — (IT) Madam President, we are voting against this motion for reasons of substance and for reasons connected with the organization of our

work. We cannot discuss the same things over and over again. It was just last summer that we adopted the Friedrich report on this subject, and while I am quite willing to grant that Mr Franz and his colleagues were full of good intentions it must be said that the way to hell is paved with good intentions. Frankly, this motion for a resolution is likely to lead us down that road, on account of the proposals it makes, quite apart from the fact that it seems to be in sharp contrast with the measures which have been outlined or envisaged in the medium-term programme we shall be considering shortly.

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *motion for a resolution (Doc. 1-607/81) by Mr Glinne and others: National aids for the steel industry.*

(...)

After the adoption of paragraphs 4 to 6

Mr Andriessen, Member of the Commission. — (NL) Madam President, there is one comment I should like to make on Amendment No 1. In the course of the debate itself, I stated my views on the motion for a resolution tabled by Mr Glinne, but I was unable to go into the aforementioned amendment during the debate for the simple reason that it had not been tabled at the time. I should have liked to set out the Commission's view before the House voted on the amendment. We discussed this matter yesterday afternoon, and I thought that was the right order to take things in. Of course, I have to go along with the rules of Parliament, but it seems to me rather odd that there should be a procedure whereby the Commission is given the chance to state its opinion on an amendment only after a vote has been taken on that amendment. I should have liked to say that the Commission was not in favour of Amendment No 1 because we had espoused Mr Glinne's original idea, and that we accepted Amendment No 2 because that was in line with the Commission's own comments.

President. — The Rules of Procedure do not allow any speeches before the vote.

I call Lady Elles.

Lady Elles. — Madam President, I would be grateful, in view of what has just happened, if this matter could

¹ The report of proceedings includes only those parts of the vote which gave rise to speeches. For a detailed account of the voting, refer to the minutes.

Elles

be referred to the Committee on the Rules of Procedure and Petitions. It is clearly unacceptable that amendments can be tabled to motions for resolutions to wind up a debate after the debate has taken place and after there is any possibility of those responsible for answering being able to give their views to this House. So I would request that this be done.

(Applause from various quarters)

President. — Agreed, Lady Elles. The Committee on the Rules of Procedure and Petitions will be asked to consider the matter before the end of the week.

I call Mr Enright.

Mr Enright. — Madam President, I am sorry to disagree with my very good friend, Lady Elles, but in fact the Commission has every opportunity to tell us about the amendments in the course of what they say in response to the debate. It is then they should do it and in that particular context. It is no good doing it at the eleventh hour.

(Protests from various quarters)

President. — I call Mr Glinne.

Mr Glinne. — *(FR)* Madam President, Amendment No 2 was practically suggested in the reply by Mr Davignon. He pointed out that the establishment of programmes for the steel regions could not depend on the Commission alone or on the governments alone, but there had to be a joint approach.

President. — The debate which has just started clearly shows that giving Members the floor at this stage of the proceedings completely undermines the particular procedure which is laid down in the Rules. The Committee on the Rules of Procedure and Petitions will have to clarify this point for us.

(...)

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *motion for a resolution (Doc. 1-608/81) by Mr de Ferranti on behalf*

of the European Democratic Group: Competition policy, national aids and non-tariff barriers.

(...)

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *motion for a resolution (Doc. 1-610/81) by Mrs Scrivener and others: Competition policy, national aids and non-tariff barriers.*

I call Mr Maher for an explanation of vote.

Mr Maher. — Madam President, it is impossible, I believe, for individual governments to dispense with national aids completely and at the same time fail to take the necessary collective action at European level to have European policies that will help to solve the problems, whether of the steel industry or agriculture or industry generally. So that we are unrealistic if we think that we can dispense with national aids while at the same time we fail to provide the resources which are necessary to ensure that we have a dynamic policy in these various sectors, organized at European level. Even in agriculture, which is the only integrated policy we have, we still have national aids being applied, mainly because the agricultural policy is still not sufficiently strong to ensure that there is no necessity for national aid, and that the price-fixing is such that European farmers can, in fact, do without aids of this kind. The same applies to the steel industry, the sector which is now under discussion. The sooner the European Community and the governments of the Member States recognize that they must provide the extra resources to have these common policies then the sooner we can dispense with national aids and the sooner we can have reliable, relevant and pertinent Community policies.

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *motion for a resolution (Doc. 1-598/81) by Mr von Wogau and others: Establishment of the internal market.*

(...)

(Parliament adopted the resolution)

President. — We shall now consider the *Albers report* (Doc. 249/81): *Energy saving in the transport sector*.

(...)

Paragraph 22 — Amendment No 7

Mr Albers, rapporteur. — (NL) Madam President, the Committee on Transport voted by a small majority to introduce a rider that oil should be replaced on ships not only by coal but also by nuclear power. I must make the point that there are serious objections to the use of nuclear power on ships because of the safety problems and because there are countries which supply uranium only on condition that it is not used for that purpose. Despite the fact that there was a small majority in the committee for this rider, I personally feel that, in terms of the question we are discussing here — that is to say, energy saving in the transport sector — it is not essential to insist on the use of nuclear power for ships. I personally am therefore in favour of this amendment.¹

After the adoption of paragraph 34

President. — Explanations of vote may now be given.

Mr Hutton. — I will vote for this report, but I want to vote for it with one reservation: paragraphs 7 and 8 refer to favouring public transport. Now by not accepting my amendment mentioning the difficulties of rural areas, this House makes a nonsense of the suggestion that we should recommend public transport to people in parts of this Community where public transport simply does not exist. This part of the report will become just irrelevant to them; they will not see us as recognizing the real problems that they have in having to use a private motor car.

With that reservation, Madam President, I will vote for it.

Mr Rogers. — Madam President, I am going to vote for this resolution although I am extremely disappointed that Mrs Viehoff's amendment against the use of nuclear power in ships was lost. I will still vote for this resolution in view of the appalling record of successive United Kingdom governments in their indiscriminate dumping of nuclear waste into the oceans of the worlds, and really, if we put it in the ships it is not going to make a lot of difference. So I will vote for the resolution although the Viehoff amendment fell.

(Laughter)

¹ The rapporteur was:
— in favour of Amendments Nos 2/rev., 6, 8, 9, 10, 11, 12, 15 and 16;
— against Amendments Nos 1, 3, 4, 5, 13 and 14.

Mrs Viehoff. — (NL) Madam President, with great regret, and despite our admiration for Mr Albers's report, the fact that the amendment on the use of nuclear power in ships has been lost means that a number of members of my Group feel bound to vote against the report. We greatly regret having to do this, because we feel it is otherwise an excellent piece of work.

Mr Albers. — (NL) Madam President, I too am disappointed that the use of nuclear power in ships has remained a part of this report. I believe that, thanks to all our hard work, we have succeeded in presenting a good report, with the improvements made today, on energy saving in the transport sector. I very much regret that the House did not see fit to follow my advice. So be it. It is in any case reason enough for me to abstain when it comes to the vote on my own report.

(Parliament adopted the resolution)

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* * *

President. — We shall now consider the *Israel interim report* (Doc. 1-149/81): *Olympic Games*.

(...)

Fifth indent of the preamble — Amendment No 3

Mr Israel, rapporteur. — (FR) Mr Junot's version is more explicit. I am quite happy to accept it.

(...)

Seventh indent of the preamble — Amendment No 7

Mr Israel, rapporteur. — (FR) This amendment is far too negative and I am therefore against it.

(...)

Eighth and ninth indents of the preamble — Amendments Nos 8 and 2

Mr Israel, rapporteur. — (FR) I am against Amendment No 8. As for Amendment No 2, I used a precise legal term, 'extraterritorial'. The wording in Mr Junot's amendment retains the word 'extraterritorial'. I therefore have no feelings one way or the other about this amendment and I shall allow the House to decide.

(...)

After the ninth indent of the preamble — Amendment No 5

Mr Israel, rapporteur. — (FR) Madam President, the proposed amendment refers to a resolution which is currently before the Political Affairs Committee. However, since this is permitted by the Rules of Procedure, I am more than happy with the amendment inasmuch as it allows me to associate Mr Langes with my report, which pleases me.

(Laughter)

Twelfth indent of the preamble — Amendment No 1

Mr Israel, rapporteur. — (FR) I do believe, Madam President, that all those who put in the work should also get some of the credit and that Mr Druon's name should be associated with this report. I am therefore in favour of the amendment.

(Laughter)

(...)

Paragraph 1 — Amendment No 9

Mr Israel, rapporteur. — (FR) We considered a similar amendment in committee, and I am against this one.

(...)

Paragraph 3 — Amendment No 4

Mr Israel, rapporteur. — (FR) Madam President, I drew up this report in April, thinking I should be able to submit a final version before the end of the year. Because of delays I am now obliged to defer it until 1982. This explains this amendment on the simple aspect of organization.¹

(...)

After the adoption of paragraph 4

President. — Explanations of vote may now be given.

Mr Schwencke. — (DE) Madam President, I intend to vote against the motion for resolution, not because I am basically opposed to the Olympic Games, but because I do not think this resolution offers a way out of the dilemma between sport and politics. I regard it

therefore as unpolitical and unrealistic. I should also like to add that this decision is not directed against our Greek colleagues who submitted this proposal nor against the rapporteur, Mr Israel.

Mr Cottrell. — Madam President, I shall vote against this motion. I would have been against Roman circuses; I am against the Olympic Games.

(Applause from certain quarters on the left)

In my view, the Olympic Games died with the assassination of the Israeli athletes at Munich. At that point, what was left of the Olympic ideal died. I think we would serve a greater purpose by bringing them to an end.

Mrs Viehoff. — (NL) Madam President, I intend to vote against this interim report and I have difficulty in understanding why there was so much opposition to my amendment, since both amendments only expressed doubts about two points. On the one hand, the question of whether the Olympic Games should continue and on the other, the question of whether they should be held in Greece. I have tried, as far as possible, to meet Mr Israel half way but I basically regarded this pointless that we should be discussing this question at all.

This morning — or was it yesterday? — I heard from one of our Greek colleagues that I have apparently adopted an antagonistic attitude to Greece, merely because I have expressed certain doubts. I must say that I think this is going too far. However, I think that the vast majority of my Group will now vote against this report.

Mr Arndt. — (DE) Madam President, this Parliament deals with virtually every possible political question affecting this planet and probably its entire atmosphere too. It is not surprising, therefore, that somebody should hit on the idea that it should also adopt a position regarding the Olympic Games. Basically, I take the view that in this world different people have different jobs and, whether you like it or not, there are Olympic Committees whose job it is to deal with the question of where the Olympic Games should be held. I therefore feel that we are being self-contradictory: on the one hand we say the Olympic idea should not constantly be misused for political end, but on the other hand we repeatedly discuss it in this European Parliament.

After the failure of the boycott of the Olympic Games in Moscow, we in this Parliament should have realized that we would do better not to interfere in this matter.

The Socialist Group would support the Greek Government with all the means at its disposal, if the

¹ The rapporteur was also against Amendment No 6.

Arndt

Olympic Committee had decided that the Olympic Games were to be held in Greece. However, we should not constantly interfere in things which do not concern us, but rather get on with our own jobs.

I therefore intend to vote against this report.

(Applause from the left)

Mr Forth. — Madam President, I feel obliged to vote against this motion for two reasons. One is that I believe that, if the Olympic Games have any purpose at all — which I doubt — it is precisely to travel around the world and to allow athletes and other people to have the experience of meeting together in different countries in different parts of the world. To put it in one place would be positively contrary to that spirit and to that limited achievement of the Olympic Games. The second one is that I think that, increasingly, people in this Chamber are motivated by a desire not to upset their Greek colleagues in the hope that our Greek friends will join their particular political group. I think that really it is time we started making our decisions on a more rational and sensible basis. I for one will continue to do this. I have sufficient respect for my Greek colleagues that I think they will respect me for doing that, not for cravenly following everything they wish us to do, between now and the time they decide to join a political group.

(Laughter — Applause from various quarters)

Mrs Le Roux. — *(FR)* On behalf of the French Members of the Communist and Allies Group, Madam President, I want to state our total opposition to the Israel report, opposition which is based on political and practical grounds.

Whatever the explanatory statement says, the Olympic Games still represent a great festival of mankind, nations and international solidarity. In spite of the massive attempts to torpedo the Moscow games, they proved a brilliant example of how the world today is offering new horizons to emergent nations, to women and to the worldwide development of sport. The enormous scale which the report criticizes stems from this, and anyway it does not put off countries because there are always a lot of candidates to hold the games.

The idea of organizing the Olympic Games on a permanent site in Greece, as a guarantee of political neutrality, is not a serious one in our view. By choosing a permanent site in Europe, are we not slighting the Third World countries yet again? Why should Africa not have the games one day? People tell us that the games are expensive, too expensive for countries like these, but would the games not in fact provide an opportunity for the rich nations really to work together to give a boost to the economies of these countries? And then, sticking the Olympic installations

in one permanent site would mean that sport would be deprived of ongoing technological developments.

These are some of the reasons why we cannot endorse this report which stands in the way of progress in sport, of friendship between peoples and of peace.

Written explanation of vote

Mrs Hammerich. — *(DA)* The report proposes a number of changes to the Olympic Games and gives its support to the idea of Greece being the permanent host country for the Olympic Games, which would be held on the Peloponnesus. This is yet another clear instance of the burden the European Parliament chooses to place on its own shoulders in its frantic efforts to acquire a role on the international stage. Parliament could avoid a lot of trouble if it would only relieve itself of these burdens. The Olympic Games are a typically international phenomenon. They affect all the people in the world and responsibility for them lies with the International Olympic Committee. The European Parliament has no part to play in this, nor should it seek any such role in the future. In an international context, the European Community is too limited and too biased to be a reasonable forum for a discussion of this kind. In any case, a decision on the location of the Olympic Games is a delicate political matter to be viewed against the whole background of *détente* and international understanding. A clumsy declaration on the part of the European Parliament, which incidentally runs counter to the position adopted by the International Olympic Committee, may have an adverse effect on the process of *détente*.

We cannot give our support to this report.

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *Castellina report (Doc. 1-541/81): Marketing of breast milk substitutes.*

(...)

After the third indent of the preamble — Amendments Nos 10 and 11

Mrs Castellina, rapporteur. — *(IT)* I am against both amendments: the first, because we have followed the stance of the World Health Organization and I see no reason to change it; and the second, because it does not reflect the actual situation as it states.

(...)

After paragraph 1 — Amendment No 9

Mrs Castellina, rapporteur. — (IT) Madam President, I am against this amendment and also against the subsequent amendments because we are not required to decide whether mothers are fed or not and whether baby foods are good or bad. We have to decide on a marketing code for milk substitutes, and nothing else.

(Mixed reactions)

(...)

After paragraph 2 — Amendment No 13

Mrs Castellina, rapporteur. — (IT) Madam President, I am against the amendment for the reasons I gave just now.

(...)

Paragraphs 8, 11 and 13 — Amendments Nos 14 and 2

Mrs Castellina, rapporteur. — (IT) I am against Amendment No 14, Madam President. The fact is that the directive was absolutely essential in order to standardize legislation and prevent unfair competition between companies from different countries. However, I am in favour of Mrs Maij-Weggen's Amendment No 2.

(...)

After the adoption of paragraph 9

President. — I call Mr Boyes.

Mr Boyes. — Madam President, clearly the Members in this place have not heard the opinion of the rapporteur, and it is insufficient for the President to say that the translators have not heard it and then go on with the voting. Surely, your duty is to say: Will the rapporteur repeat her advice with the microphone on?

President. — I am sure that Mrs Castellina will see to it that her opinion is heard by everyone.

(...)

Paragraph 14 — Amendment No 4

Mrs Castellina, rapporteur. — (IT) I am against this amendment because it rather challenges a basic point in the motion.¹

(...)

After the adoption of paragraph 18

President. — Explanations of vote may now be given.

Mr Sherlock. — Madam President, conceived in ignorance by ill-informed journalists on a couch of suspect statistics, this infant report was ditch-delivered on the doorstep of the Parliament by misguided but well-intentioned *accoucheurs*. In endeavouring to compare the breast-feeding success of the sleek Western woman with her underfed, overworked, overfertile Third World sister, the undoubted benefits of mother's milk are elevated to the status of a universal panacea. The Third World infant, unassisted, can die of undernourishment at its mother's breast.

(Protests from the left)

That the value of added protein — every gram of which is a help — should be submerged beneath a chorus of that sort, approaching the operatic scale and the ignorant vituperation of a colleague who usually displays more sense and better judgment!

In this decade, dedicated to the supply of pure water and more accessible supplies, it is remarkable that no mention is made in this report of the value of water and its life-saving effects, for dirty water added to the local weaning food will be just as poisonous as adding it to imported milks.

Mr Enright's alleged cyanide comes from the stream, not from the can. Starvation remains the captain of the men of death, and though many an infant succumbs, even one is too many. I must therefore add my support even though the directive is, in my opinion, too much. Despite the dubious figures, the wild allegations and tendentious style. I shall vote for the report as amended.

(Mixed reactions)

I am sorry, Madam President, *accoucheur* is one who delivers some one into the world, for my less well-informed friends over there.

(Laughter)

Mr Enright. — Madam President, I am very grateful to my good friend Mr Sherlock for his excellent translation of the French. We will put him in the booths quite soon: what to do with him, I won't tell him.

But I would like to point out that we do need a directive. Let me give you an item. In October 1979, the World Health Organization and UNICEF met with the firms that we are talking about and the firms

¹ The rapporteur was:
— in favour of Amendments Nos 1 and 15;
— against Amendments Nos 3, 5, 6/rev., 7, 12, 16 and 18.

Enright

agreed the code of practice. That was in October 1979. What do we find in November 1980? One of those same firms — Cow & Cate — who had accepted that promotional distribution of samples of breast-milk substitutes through health-service channels shall not be allowed, went to Nigeria, to Abadan, where their representatives visited clinics and distributed unrequested samples to be passed on to mothers. That is why we need a directive, and I am sure that the good doctor, with his logic, will agree.

(Applause from certain quarters on the left)

Mr Flanagan. — Madam President, I propose to vote against this resolution for two reasons.

First of all, I think it goes too far by forbidding Community or national aids in cases where the WHO recommendations are not fulfilled.

Secondly, I think the WHO code itself goes too far. The best paediatricians nowadays regard the recently-adopted amended code as ill-founded in many respects.

In the ultimate analysis, the effect of this recommendation will be to deny the mother an alternative method of feeding her baby. It is surely a medical axiom that if breast-feeding for one reason or another is impossible some substitute should be available. Of course we must combat any form of abuse, whether intentional or, as Mr Enright said today, probably unintentional in regard to the firm he mentioned; but we must be careful to give the mother an alternative and, as Dr Sherlock so rightly said, to pinpoint possibly the most important thing of all and that is pure water. The substitutes used — pap and gruel derived from grains and so on — are certainly inadequate to sustain life. Our purpose is to ensure that every child brought into the world has the best chance of sustaining life and of being given life-sustaining food and every possible alternative to that end. I do not feel that in its totality this resolution, or indeed the recently-adopted WHO code, succeeds in the main purpose, and accordingly I will vote against it.

(Parliament adopted the resolution)

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President. — We shall now consider the *Irmer report (Doc. 1-349/81): Fifth EDF (Financial Regulation)*.

(...)

Paragraph 5 — Amendment No 1

Mr Irmer, rapporteur. — (DE) Madam President, this amendment became necessary because the action

requested in paragraph 5 is no longer possible on account of the expired deadline. The amendment calls for an interlocutory application instead. I recommend adoption.

(...)

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *Wettig report (Doc. 547/81): Budgetary control aspects of the European Social Fund*.

(...)

After the adoption of paragraphs 5 to 23

President. — I call Mr Kellett-Bowman for an explanation of vote.

Mr Kellett-Bowman. — Madam President, I made this point in the debate earlier that, as the House was short on numbers and the Commission was short on comprehension, I would like to give an explanation of vote on behalf of the European Democratic Group.

(Laughter)

We support every word in Mr Wettig's excellent report. However, we have asked for separate votes on paragraphs 3 and the two halves of paragraph 4, and we abstained on these. This is because, although we support the sentiments expressed, they should feature in a Committee on Social Affairs' report, not in a report from the Committee on Budgetary Control.

(...)

(Parliament adopted the resolution)

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* *

President. — We shall now consider the *Deleau report (Doc. 1-538/81): Aid towards reconstruction of the areas devastated by earthquakes in Greece*.

(Parliament approved the Commission proposal and adopted the resolution)

*

* *

President. — Finally, we shall consider the *Chambeiron report (Doc. 1-540/81): Verification of credentials.*

(. . .)

After the sole paragraph — Amendment No 1

President. — I call Mr Taylor.

Mr J. D. Taylor. — Madam President, you were not present, Madam President, but we did have a very lively debate and by courtesy of the press the Dublin Government will have been left in no doubt of the specific request in this report by the rapporteur Mr Chambeiron and his committee that you should write to that government to advise it of this Parliament's concern at the present procedure for replacing Members this Parliament. Accordingly the objective of my three-part amendment is fulfilled and I can now withdraw it with satisfaction.

(Parliament adopted the resolution)

12. *Application of the Rules of Procedure*

President. — During the September part-session the votes taken in Parliament on the Baudis report on summertime revealed the need for an interpretation of certain provisions of the Rules of Procedure concerning the consultation procedure. Similar problems had arisen during the July part-session in connection with a report by Mrs Seibel-Emmerling.

I therefore asked the Committee on the Rules of Procedure and Petitions to give a ruling on the matter, pursuant to Rule 111. Mr Nyborg, chairman of the committee, informed me that it was impossible for his committee to meet immediately but that he could make the following statement in a personal capacity:

The rejection of the motion for a resolution as a whole cannot be considered the conclusion of the consultation procedure defined in Rule 32(3) since paragraph 5 of the same rule stipulates that the text of the Commission proposal as adopted by Parliament and its accompanying resolution shall be forwarded to the Council and the Commission as Parliament's opinion. The rejection of the motion for a resolution as a whole renders null and void all the preceding votes, i. e. also those taken on the Commission proposal. Since Parliament must give its opinion in reply to consultations by the Council, the matter must be referred again to the committee responsible in accordance with Rule 32(1).

As you are aware, the same problem arose again yesterday in connection with the Dankert report. After

approving the Commission proposal, Parliament agreed to the rapporteur's proposal to withdraw the motion for a resolution which in fact ran counter to the decision just taken on the consultation.

To be sure, there is a difference between the circumstances surrounding the Seibel-Emmerling report and those surrounding the Dankert report. In the case of the former, Parliament adopted amendments to the Commission proposal whereas no amendments were adopted to the proposal dealt with in the Dankert report. However, I do not wish to set a precedent in this matter, particularly in view of the opinions which certain committee chairmen expressed to me this morning.

I have written again to Mr Nyborg, stressing that in view of the importance of the question I should be grateful if his committee could give without delay a definite interpretation of the provisions of the rules relating to this matter. Pending this interpretation, I shall also lay the matter before the Bureau at its next meeting. For the time being I have decided to postpone any statements to be made on these consultations to the other institutions.

I call Mr Collins.

Mr Collins. — It is simply to make it clear to the House, Madam President, that I am very grateful for the announcement that has just been made on the Seibel-Emmerling report and, I think, for the interest of the House that they should know that the Commission has been most cooperative in this case, at any rate, and we have arranged for Mr Narjes to come to the committee to discuss the matter at our next committee meeting and to resolve the problem for the benefit of the Parliament as a whole.

President. — My reason for making this statement to the House was that I thought it advisable to inform Members of the situation in connection with this important matter, but naturally there can be no question of opening a debate on the matter now. We shall return to the subject as soon as the Committee on the Rules of Procedure and Petitions has made its opinion known.

(The sitting was suspended at 8 p.m. and resumed at 9 p.m.)

13. *Realignment of monetary parities — Adjustment of agricultural prices*

President. — The next item is the joint debate in two motions for resolutions:

President

- motion for a resolution (Doc. 1-599/81) by Mr Bonaccini and others on the realignment of monetary parities of 4 October 1981;
- motion for a resolution (Doc. 1-584/81), tabled by Mr de la Malène and others on behalf of the Group of European Progressive Democrats, on the need to adjust agricultural prices.

I call Mr Bonaccini.

Mr Bonaccini. — (*IT*) Madam President, ladies and gentlemen, I must say frankly that we would have expected, after what occurred on 4 October when the work of our Parliament resumed, that the Commission and Council would have reported to Parliament on developments. I thank you, Mr President of the Commission, for coming to this brief debate of ours. You will agree with us that a Parliament cannot confine itself to reading information in the newspapers — frequently imprecise — or equally laconic communiqués.

What was decided on 4 October was a responsible measure, but some maintain that this is only one stage — that other currencies are, so to speak, on the waiting list, and that for some currencies the process of devaluation has not yet ended.

Obviously, there is nothing abnormal in a system with relatively stable but adjustable exchange rates, such as the EMS, provided that one does not lapse into a system of constantly adjusted exchange rates, which would then be a non-system.

The first aim of our motion for a resolution is to obtain information and clarification on the technical aspects, but above all on the political scope of the measure. Indeed, some are already talking of the end of the EMS as such and a return to a badly tangled snake.

Many conditions are necessary for the economic revival of the Community and the revival of its plans for political union, for the achievement of social aims, for full employment, for improving the quality of life, and for the convergence of the different national and regional economies, but one condition is undoubtedly decisive — that of having an effective and united EMS which would really ensure the development of joint monetary action. That is why, after what has happened, and on the eve of very important debates such as those on the budget, on the 30 May mandate and on the medium-term plan, it seems desirable to us to ask the Commission and the Council for the definite implementation — however gradual — of various parts of the agreements setting up the EMS and of the Ruffolo resolution. We also ask the Commission how it intends to proceed — we have already asked this, but we repeat the question with reference to the extension of the use of the ECU to which Mr Ortoli

alluded, in a way which implied commitment, in the Committee on Economic and Monetary Affairs, and I think also in the plenary sitting.

At this point a full and well-prepared debate on the present and future of the EMS and its importance for European unity seems essential. In my view, it could find its specific — but not specialized — place in the context of the debate on the medium-term plan. But we leave to both the Council and the Commission the task of proposing how to develop this joint debate. We know that, in the present climate of monetary schizophrenia, national responsibilities, but above all those trans-Atlantic responsibilities on which we agreed last June, are involved.

Our motion for a resolution is an exhortation to begin to do our whole duty as a Community, for the serious problems created by the present crisis in the Community can certainly not be solved by monetary schizophrenia, some competition and a little bit more consultation.

President. — I call Mr Remilly.

Mr Remilly. — (*FR*) Madam President, the European Progressive Democrats Group takes note of the recent change in parities within the European Monetary System. However, our main concern is and always has been to prevent exchange rate fluctuations influencing trade in agricultural products in the Community. How many times has our Group insisted here on the essential aim of reducing or, better still, abolishing compensatory amounts, particularly when their continuation, their scale and their cost directly threaten the cohesion of the common agricultural policy, as appears to be the case today!

May I remind you that following an oral question to the European Commission on compensatory amounts, a debate took place in this Parliament during the 25 September 1979 sitting. In his reply, the late Mr Gundelach pointed out that compensatory amounts are a mechanism with very serious disadvantages, particularly for the CAP, mainly through the introduction of a complex system of taxes or subsidies applicable to agricultural products circulating within the Community. The principle of free movement of products on the agricultural market was therefore violated. Similarly, whatever caution one brings to the task of calculating these taxes and subsidies, as well as the various coefficients used for subsidies granted either on pig carcasses or on parts of the animal, or subsidies granted either to ordinary milk products or to processed milk products, etc., it is clear that such a complicated system of taxes and subsidies makes it impossible to avoid the risk of distortion of competition. That was Mr Gundelach's view.

More recently, in its debate on the 1981-1982 agricultural prices and on Sir Henry Plumb's report on

Remilly

improvements to be made to the CAP, this Parliament expressed the unequivocal view that compensatory amounts should be dismantled.

What stage have we reached today? Following the recent adjustments in the EMS, we note a considerable increase in positive compensatory amounts in Germany for milk, beef and veal, sugar, cereals, pigmeat and wine. The Netherlands have just introduced a positive compensatory amount of 4.3%. That is something very novel, since it involves the introduction of compensatory amounts in trade within Benelux. The United Kingdom has seen its positive compensatory amounts very significantly increased as a result of the fluctuation in the ECU used by the EMS, although it does not participate in the EMS.

In the agricultural domain, this Parliament is in favour of maintaining the incomes of Community farmers. Knowing for a fact that a rise in the levels of monetary compensatory amounts in some countries can only lead to a worsening of the already serious income situation — whether in France, Ireland, Scotland, Denmark or elsewhere — we have a duty to call for an immediate readjustment of the 'green' currencies, corresponding to the monetary adjustment which took place on 4 October, in order to maintain farmers' incomes.

A final word, Madam President, on the amendment tabled by Mr Enright and others. I can only approve this amendment and ask Parliament to adopt it, for it restates in more explicit terms what we state in our motion for a resolution.

President. — I call the Socialist Group.

Mr Ruffolo. — (IT) Madam President, my Group is particularly pleased with and regards as very opportune, the motion for a resolution tabled by Mr Bonaccini and others. It cannot be said that the adjustment of 4 October last came like a bolt from the blue. Never before has the proverbial reserve of the monetary authorities — of the German ones in particular — been belied to this extent by such casual behaviour — to say the least — as that of the governor of the Bundesbank who, so to speak, anticipated the exchange-rate adjustment in the face of the enemy — I mean in the face of international speculation — thereby causing serious difficulties for the currencies of some of the countries taking part in the European Monetary System.

The realignment of the European Monetary System — the fourth since the beginning of that system — was the logical consequence of a change in the relative levels of the participating currencies — a change basically due to the divergent inflation rates in the various countries. Rather than explaining why this realignment was necessary, one should perhaps explain how it was

possible to delay it for such a long time. In my view, this was essentially due to the counter-manoeuvres on interest rates being conducted by various countries and to the support measures taken by the central banks which succeeded for some time in cushioning the effect of these divergences. From this viewpoint we can even say that the system is working. Indeed, it cushions the divergences, and when they have gone beyond a critical threshold, it succeeds in carrying out the adjustments in a way which is not too traumatic, as occurred on 4 October.

This only shows the flexibility of the system, and not its ability to function as a corrective to the monetary and economic policies and the monetary and economic divergences within the Community. It therefore acts as a shock-absorber rather than as a corrective. But to correct the divergences was precisely the aim of the monetary system, and therefore the European Monetary System is failing to achieve its basic aim.

The reasons for which it is incapable of achieving this aim have been repeated by us *ad nauseam* here in this Parliament, and restated in the resolution of 17 April 1980 which Mr Bonaccini's motion for a resolution recalls. The first reason is that there is no common policy towards the dollar. There is an open frontier across which the monetary system absorbs all the disturbances in what is now the dependent variable of the international monetary system, i.e. the dollar. The second reason is that the EMS remains a mere exchange-rate agreement revolving around the strongest currency — the Deutschmark — and not an economic and monetary agreement based on joint objectives and joint instruments such as the European Monetary Fund and the ECU.

Mr Bonaccini's motion quite rightly reminds us of this inadequacy and, if I may say so, of the unwillingness of the Community to take the necessary action. I note in passing that in none of the so-called initiatives for revival taken by European governments — particularly the German and French Governments — is there any trace of this basic commitment, which is the real test of the existence of the Community as an economic entity.

Again quite rightly, Mr Bonaccini's motion also stresses the need to begin to give real weight to the ECU in transactions among the Member States and — I would add — in the issuing of loans by the Community, so that it may begin to become a reality which must then convince the governments and induce them to bring about a measure of discipline. Then, it seems to me particularly desirable — one and a half years after a resolution which seems to have been totally ignored by the Community institutions — for Parliament to take up the subject again through a wide-ranging debate on the present state and prospects of the system. Despite the general lack of interest in the Council and the Commission, at least this Parliament will have done its duty.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr Herman. — (*FR*) Madam President, ladies and gentlemen, our Group is pleased that Mr Bonaccini's motion for a resolution has been tabled. It very broadly agrees with all of that motion. But it regrets that this initiative of Mr Bonaccini's was the precondition for us to have a discussion with the Commission — and even then in very limited terms — on this important matter. It seemed that, after the readjustment which has just taken place, the Commission could have sent a communication to the Parliament and thereby given some indications and explanations which we would dearly love to have.

Like the earlier speakers, I would like to express our concern that the Commission should play its part as a goad to the other institutions, particularly the Council, to ensure the completion of the European Monetary System — a wish which has already been expressed by Parliament several times.

I would also like to express our disquiet at the creation of new monetary compensatory amounts. We think that the introduction of these compensatory amounts creates distortions and incentives to cross-frontier fraud which damage the unity of the market. We should therefore first do everything we can to avoid readjustments. We know that they are sometimes unavoidable, bearing in mind that it is impossible to achieve greater harmonization of inflation rates in the Community countries, but that is no obstacle to the possibility of further stabilizing exchange rates. At all events, we think that the introduction of compensatory amounts should be avoided like the plague, for they really have a bad effect on the operation of the market.

We would also be very pleased to see the Commission making practical proposals for the intensive use of the ECU. It is essential that the ECU play an important role in the European Monetary System, and that this role be extended. We must not only encourage the central banks to use the ECU more, but also begin to interest the private commercial banks in it.

Finally, I would like the Commission to encourage the entry of the pound sterling into the European Monetary System. It is anomalous that the pound should still be outside the system. The British balance of payments does not give rise to serious problems, given the enormous British oil resources. I do not therefore see what serious objections could be raised to the entry of the pound into the European Monetary System, and I think that a number of our colleagues are convinced of this. Mr Tugendhat, replying to one of our oral questions two or three days ago, said that that was his view. He did not wish to tell me the reasons why the British Government has so far refused to allow the pound to join the system, but perhaps you could tell us what are

the arguments adduced by the British Government. There is nothing secret about it, and you would not be exceeding your impartial role by telling us what are the objective arguments put forward for delaying its entry into the system.

That said, Madam President, Mr Commissioner, we shall support the resolution which has been tabled, and we hope that Parliament as a whole will support it.

President. — I call the European Democratic Group.

Sir Fred Catherwood. — Madam President, following Mr Herman's statement, I speak very happily in support of what he says and in support of Mr Bonaccini's motion. It is essential that the Community does all it can to stabilize international currency markets, and the best way of doing this is to build on the success of the EMS. This House should know, following what Mr Herman has said, that this Group has urged the British Government to become full members of the EMS as soon as sterling is at a competitive rate, and with sterling now down from DM 4.65 in the summer to DM 4.15, British industry's competitive rate of the DM 4 per pound is very close. So we feel that a decision should be made very soon.

On Monday, Mr Tugendhat told us that it would serve the interest of the United Kingdom and the interest of the Community as a whole if the United Kingdom adhered to the European Monetary System, and he added: 'I believe the system would be quite capable of containing the pound despite the petrocurrency attachments which it has.' He also added that, to move forward to a full European monetary fund, it was essential to have the pound sterling in the system.

We have seen that the last three years the EMS has not only stabilized its eight currencies at a time of extreme currency fluctuation, where the pound has both risen and fallen by 25% and the dollar has fallen and risen even more, but in the last month it has been able to undertake an orderly and disciplined realignment to correct longer-term internal imbalances. So there is absolutely no good reason why the pound sterling should now stay outside. It is my own personal view that the pressure pushing the pound up by 25%, which gave a 25% bonus to every importer to Britain and a 25% penalty to every exporter and which offset most of the economic advantages of Community membership for Britain, must be responsible not only for turning British public opinion somewhat against the Community but for half, I am sure, of Britain's increase of 1.7 million in unemployment, the other half coming from the recession.

Now that the pound has come back to its competitive value, it should be joined to the EMS so that British industry can resume the remarkable growth of exports

Catherwood

to the Community; and that is a quicker and more lasting way to restore employment in Britain than the vast increase in public expenditure to which the British Government is being pressed.

It is no coincidence that the violent fluctuations in exchanges in the 1970s have gone throughout the world with high inflation. External stability of a currency produces and encourages and maintains internal stability. So for our country, as for every other, membership of the EMS is essential to the fight against inflation. With sterling inside, the EMS can improve both the level of reserves available and the mechanism of cooperation and can then begin to talk face to face with the dollar and the yen, and there is no reason except our own will in the Community to prevent effective action by us to stop enormous damage of high American interest rates to European recovery. The talks which we proposed last month here with the Gulf States and which the Council has asked the Commission to initiate should go some way at least to removing from the currency markets the highly volatile funds that have caused so much disturbance, so that the whole market could in future be much calmer.

The currency stability of the Breton Woods Agreement gave us over 20 years' expansion of international trade and a prosperity unprecedented in the entire history of the world. The EMS is the foundation on which what has been so badly damaged must be rebuilt.

President. — I call the Communist and Allies Group.

Mrs Le Roux. — (*FR*) Madam President, the readjustment of parities in the European Monetary System must be put down to the state of international monetary disorder as well as to the considerable economic and short-term disparities in Europe, particularly in inflation rates. In France it is the culmination of an economic and monetary policy which has, over a period of years, weakened the economic structures and instruments of our country and put France under the tutelage of the Deutschmark.

Faced with this disorder and these problems, the members of the Communist and Allies Group think it necessary to encourage better monetary cooperation, particularly among the countries which participate in the EMS. The extension of the use of the ECU in the Community to a number of transactions would be a step in this direction.

That said, the monetary disorder and disparities raise other, more immediate, problems, particularly that of monetary compensatory amounts, with their effects on agriculture and on farmers' incomes. The readjustments within the EMS decided upon on 4 October have a number of agro-monetary consequences, particularly an increase of 1.5 points in the guaranteed

agricultural prices in France, an increase in negative MCAs in Italy, and in positive MCAs in the United Kingdom, in the Netherlands and above all in the Federal Republic of Germany.

We are pleased that the French Government immediately decided to devalue the green franc by 1.5%, which made it possible to prevent the introduction of negative MCAs and to revalue agricultural prices by the same amount. Of course, we can regret that the 3% devaluation of the franc was not fully reflected in agricultural prices, but we are not unaware of the fact that this reserve of 1.5% remains available for use at any time.

In their motion for a resolution, the members of the EPD Group take no account of this decision by the French Government. No doubt they wish to let sleeping dogs lie. But let us remember that it was the government of which they formed part which invented this system of compensatory amounts in 1969 by refusing to allow the devaluation of the franc to affect agricultural prices. Through the MCAs, the countries with a strong currency have benefited from over-protection and from excessive prices which have encouraged the expansion of their production, which is therefore based less on natural conditions than on artificial monetary measures.

French agriculture, on the contrary, was put at a serious disadvantage, suffering intolerable distortions of competition. Its importance in the Community has diminished, essentially because of the drop in livestock production. Its outlets in the strong currency countries have been reduced. Conversely, the share of the other Member States in our imports has rapidly increased. For years we had fought, alongside the farmers, for the elimination of these compensatory amounts, which constitute nothing less than a war machine directed against our agriculture. This fight had not been in vain, since it had been decided to dismantle the MCAs by totally abolishing the negative amounts and then partially scaling down the positive amounts.

Today everything is once more in doubt because of the very considerable increase in MCAs in some partner countries such as the FR of Germany and the Netherlands. In the interests of our agriculture and our farmers, we cannot allow a spoke to be put in the wheel of a change which would lead to a restoration of balance in our agriculture. We cannot accept that the progress we are making in France should be vitiated in Brussels. We must avoid the errors of the past. We must prevent the taxing of our exports and the subsidizing of our imports. The interests, indeed the future, of our agriculture are at stake, but so are the proper operation of the common agricultural policy and respect for the principle of unified prices. We can be thankful that the Committee on Agriculture has voted, on the basis of our proposal, for the immediate elimination of compensatory amounts. But this is only a first stage, and we are determined to continue

Le Roux

and intensify our struggle alongside the farmers to ensure that this fundamental demand is met.

That is why, despite its inadequacies, we shall vote in favour of the EPD Group's motion for a resolution, hoping that it will be improved by the adoption of the Socialist amendment, so that more account may be taken of the need to defend agricultural incomes.

President. — I call Mr Maher.

Mr Maher. — Madam President, I should like to make a few remarks on Mr de la Malène's motion on agricultural prices. We have a very serious situation developing at present, certainly in some Member countries, that particularly affects farmers' incomes. Now I must make the point, Madam President, that not all of this can be blamed upon the European Economic Community. It is true that much of the problem goes back to the management of the affairs of individual Member States and to control or lack of control of inflation. Nevertheless, I think we have to try and see how this situation can best be alleviated.

In my country we are four times more dependent per head of the population on agriculture than the citizens of any other State within the European Community, so that the entire agricultural situation is absolutely critical for the future of our people as a whole. We export six times per head more of our produce than do the people of any other Member State, so this whole question of agricultural trade is vitally important for us. In the last two years a situation has developed where farmers' incomes have fallen by more than 50%. For every 1% increase in inflation farm income goes down by 5%, because of the fact that we are members of the EMS and because we are tied to the European regime of prices. For every 1% increase in inflation, farm income goes down by 5%, so that what we have developing now is a gap between farmers in Ireland and farmers in some other Member States.

I have, of course, to agree that in some other Member States there are serious problems also. In Denmark, for instance, the agricultural situation is quite serious. It is less so perhaps in France and Italy, but nevertheless there are serious problems. This gap of which I spoke is widening and limiting the capacity of Irish farmers to compete in the market place with farmers from countries that have a low inflation rate. If there is an increase, let us say, of 12% or thereabouts in farm prices at Community level, then that is a real gain for farmers in countries with a low inflation rate of, say, 6 or 7%, but farmers living in high inflation countries are still not able to keep in touch. If we have 20% inflation, as we have in my country, an 11 or 12% increase in prices does not keep us in step. So we are losing competitiveness.

We are losing our place in the market and getting poorer, whereas farmers in the low inflation countries are, in fact, getting better off.

Madam President, I know my time is up, but I do want to make the point that this situation cannot be ignored. We would wish that the European Parliament would pay attention to it and we call on the European Community to help us to resolve this very difficult problem.

President. — I call Mr Davern.

Mr Davern. — Madam President, I support Mr de la Malène's motion here and am glad to see it linked with the other motion concerning the monetary exchange rates. We have been continually trying since this directly-elected Parliament came into being to have the MCAs totally abolished. We have met farmers in other countries, and the vast majority of them state that MCAs are unfair.

Over the last two days we have been discussing national aids. In fact the MCAs are tantamount to national aids because they are a free income to some of the countries concerned. Apart from being protectionist, there is no incentive for these countries to support our action. It is part of the Commission's duty, it is part of the Council of Ministers' duty, as well as ours, to see that these disparities in the Community disappear. The idea of Europe was that people would come together, would share their own particular problems and that we would share the wealth of Europe together, to raise the standards of all our countries. Yet on every single policy we have in this Community the gap between the poorer peoples and the richer nations is in fact getting wider and wider because there is not the political will amongst the others to do something for the three smaller and less well-off countries.

We have now a serious drop again in farmers' incomes since 4 October and, as one of the first speakers said, this is not something new. The Commission could have been prepared for this and could have insisted that MCAs be lowered to any particular rate. It is, as I said, tantamount to a national aid.

I would urge all of this Parliament to ensure that if we are going to uphold the three principles of the CAP — financial solidarity, free market and stable prices — then we must ensure that MCAs are abolished at least that a step in that direction is taken, because it is hypocritical to talk of helping the farming community, helping our production of agriculture, unless we get rid of this very unfair national aid which applies to the better-off countries of this Community.

President. — I call Mr Saby.

Mr Saby. — (*FR*) Madam President, ladies and gentlemen, 30 years ago the United Nations experts who, faced with world wide disparities, were concerned about the economic aspects of the situation, analysed the basic causes of these disparities as being the deterioration in the terms of trade and the uncontrolled fluctuations in exchange rates.

Today we note that one cause has been taken into account in Mr Bonaccini's motion for a resolution, of which we approve, but we think that the second cause should also be taken into account.

Indeed, monetary compensatory amounts were an attempt at a solution to the second aspect of the problem.

But the essence of the problem is this reform of the common agricultural policy, and if we want it to be a success, it is essential that we weigh up the factors using the same scales and the same weights. By that I mean that unless we include the real social costs when we analyse production costs, we shall not have solved the problem.

That is why we are in favour of Mr de la Malène's proposal, and we have proposed an amendment which takes into account this second dimension — the structural causes of economic and monetary problems. We therefore ask you to support our amendment.

President. — I call Mr Tolman.

Mr Tolman. — (*NL*) Madam President, I should like very briefly to comment on the de la Malène resolution. Obviously, any realignment of monetary parities is going to evoke a variety of reactions, and that is precisely what has happened here. Once again, we are faced with the age-old question of the respective merits of introducing, increasing or lowering the MCAs. I have listened very carefully to what the previous speakers have had to say, and it is an easy matter to pluck out a number of quotations on both sides of the fence. I can very well remember statements made by Mr Gundelach in which he stressed the disadvantages of the MCA system. Of course, I realize — and I would not deny — that what we have here is a complex system which is wide open to criticism. I also very well remember debates in the Committee on Agriculture in which some Members argued very forcefully for the immediate abolition of MCAs.

But, Madam President, that does not seem to be the right approach to adopt at the moment. The gap has certainly narrowed over recent years, as is evident from the figures in the budget. What we have at the moment, though, is a system in which, whenever exchange rates change, the MCAs in the agricultural sector are likewise adjusted virtually automatically. In contrast to the disadvantages I mentioned just now,

there are a number of what I take to be substantial benefits — in particular the fact that MCAs tend to enable some of the shock to be absorbed by agriculture, at least at a given moment, and bring agricultural prices into balance. What we have at the moment then is this kind of adjusting mechanism. Madam President, should any remarks be made to this effect, I think I shall have to adopt a favourable attitude to a debate of principle on the question of how this situation should develop in the future, but it would be highly unjust to simply abandon this system since it would have highly damaging consequences for a number of countries. My conclusion is that it seems to me a good thing that we should remain open to a wide-ranging debate on this problem in the future, especially if the terms of the debate are extended to cover the whole question of agricultural price policy, but I can see no good in taking such a step at the moment, and for that reason, the majority of my Group will be voting against Mr de la Malène's motion for a resolution.

President. — I call Mr Delatte.

Mr Delatte. — (*FR*) Madam President, every time agriculture is debated, whether when agricultural prices are being fixed or during the debate on the budget, or again when the Commission submits a report like the one it presented at the end of 1980, or again when the Commission replies in the context of the 30 May mandate, stress is laid on the perverse fact of the monetary compensatory amounts, which falsify to a considerable extent competition among the various countries of the Community.

In the last two years a considerable effort has been made to eliminate the negative compensatory amounts, particularly in France, although Mrs Le Roux pretends to be unaware of it, and to reduce to virtually nil the positive compensatory amounts in the countries with strong currencies.

Now, following the political change in France on 10 May, a readjustment of exchange rates has proved necessary. It involved devaluing the franc and significantly increasing the value of the DM and the guilder. Logic demanded that the 'green currencies' be adjusted to maintain the level of agricultural incomes within the Community.

Unfortunately, the members of the Socialist-Communist Government in France have very quickly forgotten the declarations made by some of them in this Parliament. I am thinking in particular of the French Minister of Agriculture, who accepted the introduction of positive compensatory amounts in Germany and the Netherlands, and who is now hesitating to adjust agricultural prices in France by the same percentage as the devaluation of the franc.

May I formally draw the attention of my colleagues of the Council and the Commission to this distortion in

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the treatment of agriculture in the various countries as a result of the value of their currencies. One cannot at one and the same time expect agriculture to be competitive, to reduce its share in the Community budget, and to maintain jobs in the difficult short-term situation we are facing, while submitting it to artificial distortions of competition. Yes, it is clear that the creation of new positive compensatory amounts is unacceptable.

President. — I call Mrs Martin.

Mrs Martin. — (*FR*) Madam President, ladies and gentlemen, the Liberal Group has on many occasions stated its desire to see the monetary compensatory amounts disappear entirely and as soon as possible. We have noted — and my friend Mr Delatte has just pointed it out — to what extent they had indeed disturbed trade and the free movement of products, and sometimes even artificially encouraged production of some kinds of produce in regions where they did not exist before, or where they were declining.

We were reaching our goal, the compensatory amounts were disappearing. That is why today we can neither understand nor accept that under cover of a monetary realignment new compensatory amounts should be established, for it is clear that the same causes will produce the same effects.

Of course we can understand that it is not easy for the countries with strong currencies, when they have been obliged to revalue their currencies, to make their farmers accept a brutal drop in the value of their products.

We must therefore draw up immediately a timetable for dismantling MCAs, but I must say that I am flabbergasted at the policy of the French Government. Have the French Socialists already forgotten their electoral promises to maintain agricultural incomes? Mind you, it is true that they had also promised not to dévalue. What inconsistency between words and actions! The same people who a few months ago were calling here for a 15% increase in agricultural prices are now rejecting a 3% increase. For our part, we cannot accept that in France the farmers alone should bear the brunt of devaluation. That is why I shall vote with my colleagues for Mr de la Malène's motion for a resolution.

President. — I call the Commission.

Mr Ortoli, Vice-President of the Commission. — (*FR*) Madam President, I understand why Mr Bonaccini and Mr Herman regret that the Commission has not made a statement of its own accord. I would like to tell them that I had asked that such a statement be proposed when I learned that this debate would take

place. May I say very frankly that I would have preferred to have made this statement on Tuesday rather than this evening, but it seems to me quite normal to go beyond technical details.

The adjustment carried out on 5 October represents an acknowledgement of a certain development in the relative position of the currencies, of a number of divergences, which are expressed mainly through inflation rates — I shall not elaborate on this point — but it is an adjustment which has taken place at a well-chosen moment, in my view, since the international capital markets are relatively calm and the signs of a certain relaxation in international monetary relations, particularly those between the European currencies and the dollar, are perceptible.

This adjustment — and I shall not expand on this point — establishes, from our viewpoint, a reasonable relationship among the various Community currencies participating in the European Monetary System. Moreover, I think the market has shown this in the last few days.

But of course such an adjustment is a normal technical element of a system which, as Mr Ruffolo reminded us just now, is reasonably flexible. We are not yet a monetary community in the full sense of the term, we do not yet have a single currency, but we have tried, in the course of a period of floating exchange rates, to create a certain stability in relations amongst us, although we have also had to provide for flexibility. This adjustment, which is taking place in a flexible way, like the small adjustments which preceded it — though not in a lax way, for the adjustments have been few and relatively limited — raises a number of problems, one of which is the agricultural problem, to which much attention has been devoted here.

On the general problem of monetary compensatory amounts, the opinion of the Commission has been stated by recalling what Mr Gundelach said in this very chamber. I think that that analysis and collective feeling really has not changed. I shall not therefore go into the various technical aspects of the question. I would merely like to remind you of an important point.

When monetary readjustments take place, an upward readjustment involves either the creation of monetary compensatory amounts to maintain the unity of the market, or a lowering of prices in a number of countries, if one does not create positive compensatory amounts — i.e. a fall in farmers' incomes. This is a reality which we have to face.

To state the real situation does not mean one is satisfied with it. Since the creation of the European Monetary System, it has been clearly stated that one of the aims would be to do away with the monetary compensatory amounts. The entry into force of the system was delayed so that we could establish some kind of proce-

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ture which would involve a collective commitment to tackle problems of this kind quickly when they arise.

I would remind you that it was because of this question of monetary compensatory amounts that the entry into force of the system was postponed from 1 January to 13 March 1979. It is therefore something which was understood, which is well-known and which in a way forms part of the management of the system over the period in question. I would add that, as you know, in defining the various strictly monetary mechanisms it was agreed that a number of exemptions should apply, and this explains why today the gap in terms of compensatory amounts is less than that which would have resulted simply from the realignment which took place at the beginning of October.

But it is also clear that, for the reasons I have given, which relate to these national price problems in a number of countries, one should allow the necessary time to elapse, while continuing to press very actively to rectify a situation such as has frequently occurred in the Community. It is particularly at a time of price adjustments — as has frequently been said here — that problems of this kind can be solved.

As to the Commission, you know what its attitude is. For me it is an attitude of long standing. The Commission over which I presided attacked the monetary compensatory amounts and demanded that they be regularly reduced. The second Commission of which I was a member was one of the prime movers in tackling not only the problems of the European Monetary System but also that of the compensatory amounts and their place in the system. I therefore share the attitude of those who, while acknowledging that there are certain facts which one must understand, hope that we shall solve the problem as rapidly as possible.

That said, Madam President, this leads us to aspects which go much further than the agricultural question itself, for it raises three questions which are contained in Mr Bonaccini's report, and the reference he made to Mr Ruffolo's report of April 1980 reminds us that these questions are well known to us. They relate to the very existence and purpose of the European Monetary System, and first and foremost to the need — as the basis for a true system which would prepare for the future monetary union of Europe — for a much more pronounced — and I might almost say much more radical — convergence of the economies. It is divergences which are at the root of adjustments, and the system is in itself a factor for convergence. There is no doubt in my mind about that.

I would like to stress that we have written this, and indeed reiterated it, very forcefully. I am one of those most convinced that, for example in internal monetary policy, it is necessary to go beyond the point which we have reached and to be much more active in bringing together not only general aims but even intermediate objectives and the various technical instruments

through which changes can be made. I say this because I have already written it. Mr Herman is aware of it, because he has before him — and he will make a report to you in November — a report we have drawn up on the medium-term programme.

But there can be no doubt also that apart from this purely monetary action, readjustment is a warning and therefore becomes a reason for convergence. And this gives their full value to the various accompanying measures which can be taken, when one notes that such a situation really existed, when one records it in the books, so to speak, through the realignment, but when one says at the same time that for the realignment to succeed a number of additional conditions must be met.

This makes it possible to regard the European Monetary System not only as an effort to achieve stability externally but also as an effort at joint reflection and action with a view to internal convergence — a more basic convergence of our economies, because it would be structural.

I will not expand on this further, for I should refer to a second report by Mr Ruffolo, which analysed very precisely the concept of convergence in its various aspects — convergence of policies, convergence of results. I will not dwell on this point. I share the views which were expressed by him and by Parliament at that time.

The second point is that there is no doubt that external relations constitute a basic component of the system. We discussed this here in July, there was a debate and I myself had the opportunity to say it very clearly, indeed I wrote it in the draft report which Mr Herman will shortly present to you. But allow me a common-sense observation — it takes two to make a dialogue! It is not enough for us to say that monetary cooperation with others must be organized, it is necessary that the others agree to participate in this effort at monetary cooperation.

We shall not achieve joint action merely by invoking the need for it. I am convinced that we must show our major partners with great consistency and tenacity — and I think I said this in more or less the same terms — that organized monetary cooperation is a matter of common interest. We must not look at this problem in terms of our own difficulties and our own problems. We must look at it in terms of what greater monetary stability and more complete and more reasonable monetary organization can contribute to the world economy.

On this point I have made proposals with which you are familiar, and which state that in practice we must turn to our major partners and ask them to discuss monetary policies with us. I have suggested that even if we did not create a world-wide snake or a world-wide monetary cooperation area, we should try to agree on

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certain types of development which both sides would regard as reasonable. Without venturing upon 'target zones' or arrangements which are too binding, let us at the very least acknowledge, in a dialogue between supposedly intelligent people of good faith, that fluctuations which are too sudden are undesirable and even harmful to each of our economies!

Thus they involve risks of which we must together take account, and we must try to defend a certain realism in monetary relations through better-organized cooperation.

I am therefore sure that in this respect we must move forward. We shall have the opportunity to discuss it again when we debate the medium-term policy report, but I would find it incomprehensible for anyone to say that the Commission had not expressed its concern and its views on this matter and even begun — as you know — an effort at reflection which goes further, since it covers a number of points to which, in any case, I shall return when speaking about the last aspect, and particularly the use of the ECU.

The third point concerns the strengthening of the European Monetary System — of both its advantages, i.e. external stability and dynamic, progressive and creative internal convergence. That is what the European Monetary System means — strengthening through a development of the system, which is also one of the points made in Mr Bonaccini's report.

Madam President, I am tempted to speak at length on a subject which is very close to my heart. Firstly, I am sure — my colleague Mr Tugendhat said this two days ago, and we wrote it in an official document a few months ago — that it would be advantageous for both sides if the United Kingdom were to join us. We said so on the first day of the system. I wrote it once more in July, in the introduction to the medium-term policy programme. The reasons for this are clear. We are seeking to achieve stability and dynamic convergence. If sterling — that great currency — were with us, it would help to achieve them. We are seeking an external form of expression; we are seeking a bridge to the outside world, which is one of the tasks that the Community tries to perform. We hope that the pound sterling may help us to give greater realism to our endeavour. Obviously the fact that it is an oil-currency is one element of this. We have written that we hope that study of the problem will be resumed and that results will be achieved as rapidly as possible. Obviously, this point deserves to be expanded at such length that you will forgive me for not doing so at this late hour, but in other discussions with us.

The last point concerns the use of the ECU, since the question has been explicitly put to me. I shall not speak here about the other aspect of the development of the monetary system, which consists of its consolidation through the creation of the European Monetary Fund. I could talk to you about it at length, as

well as about the types of problems which it seems to raise, the kinds of solutions which I glimpse for one stage, despite the divergences — but that stage is compatible with the existence of divergences and makes it possible to reduce them gradually. These are my present thoughts on the second stage of the system.

But there is also the ECU. The Commission's views on the ECU have always been perfectly clear. Firstly, it wanted the ECU. Who asked that there should be a European currency unit? It was ourselves. I could even say that it was I. It was a working group of commissioners which I chaired when I was President of the Commission which began to reflect on the technical idea of a parallel currency, with the idea that one day we would be pleased to have something which would already have been created through the budget, through the European Investment Bank and through the EDF.

Who, in 1976, in this very place, in a speech which I must admit passed completely unnoticed, indicated that it was necessary to create a ECU, and used the very term? That was also I myself. I apologize for saying this, but I do not often claim credit. That shows you that I believe in it!

I proposed to the European Council a year ago, or six or eight months ago, that we should accept the idea that in this second stage — not yet accomplished, and not expressed in the way which had been desired — the 'acclimatization' of the ECU should become an important factor. I wish to tell you also that we shall not try to impose the introduction of the ECU in a stupid way. To try to impose this new currency on the market at all costs would perhaps mean killing it. You can see what is happening today with another paper-unit — the SDRs (special drawing rights). These, too, are beginning to appear on the markets, albeit very cautiously. This year we will have made 300 million worth of issues or private investments in ECU — 300 million ECU! I am not in favour of going too far too fast, but we have begun. Issues expressed in ECU are beginning. The use of the ECU in a number of financial transactions is beginning to appear. Of course we have problems. I shall not dwell on this. I would really like to say that on this matter you will find me in agreement with you, just as I agree with you on the idea that if, at a given moment, a modicum of international monetary organization develops, the ECU could be, alongside the other Community currencies, one of the instruments which we use in relations with other central banks.

I apologize for being so technical on this matter, but it is clearly through this that the second stage of the European Monetary System will be expressed.

For the rest, I would like to tell you — and you will have realized — that I am very committed to this question. I believe in it very strongly. I believe in it for the sake of Europe and for the sake of the economic

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development of Europe. I also understand that you should make some criticisms of us — that is quite normal in relations between a Parliament and its executive or a part of its executive — but I ask you to examine carefully the ideas we are putting forward. I am personally prepared to debate it with great clarity and precision, showing both ambition and modesty.

You must realize that in the Commission we sometimes have the feeling that we are not at the heart of the power structure, and probably even less at the heart of the monetary power structure, which in some of our countries even partly eludes the States themselves. You must believe also that our share of power — i.e. the initiative and the attempt to identify the common interest — which is the basic strength of the Commission, will be placed by us in the service of the monetary development which you, Mr Bonaccini, wish to see.

President. — The joint debate is closed.

The two motions for resolutions will now be put to the vote.¹

(Parliament adopted both resolutions)

2. Social policy priorities

President. — The next item is the motion for a resolution (Doc. 1-488/81) by Mrs Cassanmagnago Cerretti and others on social policy priorities.

I call Mrs Cassanmagnago Cerretti.

Mrs Cassanmagnago Cerretti. — *(IT)* Madam President, Commissioners, ladies and gentlemen, I am very pleased to resume the debate on the subject of social policy priorities, stressing that employment is the main priority. Again today, the Commissioner stressed that unemployment is increasing, and it almost seems that this fact is accepted as another statistic without giving rise to attempts to change matters. The time has come when it is no longer acceptable to come into this Chamber and record the increase in the number of unemployed without taking corresponding measures. The instruments are there; the planning instruments should be the first to be used. The European Investment Bank and the central banks of the various countries could be mobilized by the Commission for a new programme.

The Papal encyclical on the subject of employment was presented to public opinion in the last few days. The interest of this matter is therefore linked with political and social policy statements from all quarters.

The motion for a resolution which I have the honour to present sets out a number of priorities for social policy, concerning itself in the first part with the subject of employment, in the second part with vocational training and educational reform, in the third part with the financial instruments, and finally with social insurance and other measures connected with it. Faced as we are with an ever-growing number of people looking for work, there is the unknown factor of productivity and economic growth in the next few years. It is therefore thought necessary to assume a policy of expanding productive investment, which must be accompanied by a regional policy designed to remove existing imbalances. In this connection it is becoming gradually more urgent to encourage research and development and strengthen the EMS. It is not by chance that we debated this matter a short time ago in an urgent debate on a motion tabled by Mr Bonaccini.

It is necessary to eliminate distortions of competition, and to combat protectionism, particularly within the Community. In parallel, and at another level, it seems important to reduce the systematic use of overtime and moonlighting, and abuses arising from the accumulation of temporary jobs. It is necessary to increase the mobility of labour and flexibility, and to reduce working hours, as the Ceravolo resolution rightly proposed. It is also essential to adopt and regulate methods of restructuring working hours. A new strategy for the redistribution of work is called for as a result of the introduction of new technologies.

Moreover, bearing in mind the basic changes which are likely to take place in the economies of all the Member States, involving the rationalization of whole sectors, it seems important to adapt all forms of education and training to this new development, both in the short and in the long term, developing a European policy of fostering all creative efforts to provide information and encouragement.

In this connection, it seems extremely important to provide incentives for the development of sandwich courses at Community and national level, as an indispensable way of encouraging the employment of young people. I also regard it as important to provide preliminary training courses for unemployed people without specific qualifications, with a view to allowing them access to vocational training proper. Moreover, it has become necessary to develop new forms of training and professional courses for migrant workers and their children through pilot experiments and special programmes. It is also necessary to solve the problem of incentives for young people participating in sandwich courses. It is essential to create a European policy for the adaptation of training, further training,

¹ The report of proceedings includes only those parts of the vote which gave rise to speeches. For a detailed account of the voting, refer to the Minutes.

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retraining and advanced training to the present and future requirements of the employment market and the employment situation, with particular reference to the implications of telematics.

This policy must be supported by appropriate instruments for the systematic study of developing needs, for providing information on new teaching methods and systems and for the promotion of those methods and systems in a context which will take proper account of human needs. With this end in view, the aims and working procedures of the European Centre for the Development of Vocational Training must be adjusted and extended. In addition, creative cooperation between educational research centres in Europe must be promoted. It is important, Mr Commissioner, that these points should be mentioned today, since after the approval of the budget it is too late to include appropriations of this kind in the future programme.

On a different level, which contributes to the aims it is designed to achieve, the report stresses that coordinated action by the Community's financial instruments is absolutely necessary in order to contribute to reducing structural, social and economic imbalances in the less-favoured regions. To this end, it is explicitly stated that the European Social Fund — a working instrument — be given a greater financial endowment in view of the grave employment situation and the ever-increasing volume of applications received. But it is recommended that the aids be more selective and be allocated above all to the top priority regions.

Mr Commissioner, we have seen the increase in the budget figure, but the response of the Council of Ministers is negative. The Commission must present a courageous proposal, and it will then be supported by Parliament.

Finally, it is stressed that the social policy should no longer simply correct the shortcomings in the operation of the economic system, but should direct social growth and encourage participation and sharing of responsibility. Stress is laid on the need to complete the work begun with the last directive on equality of treatment between men and women in social security, and the Commission is invited to introduce a uniform system of payment of family allowances on the basis of the country of employment, to draw up a framework report on the problems of second-generation migrant workers and to improve coordination of policies on migrant labour within the Member States. Moreover, greater investments are called for to provide housing for the most needy, to meet the social demands of women in the Community and to encourage the social integration of the handicapped. Finally, the Council is asked to present in a form acceptable to all the Member States the proposed directive on illegal migration and illegal employment.

I think it important, in connection with the International Year of the Elderly, to add to the priorities the question of the social integration of elderly people, so that they may choose their way of life in the area where they have always lived and worked. Particular attention should be given to this group of people from the social viewpoint. In a forthcoming report, which the Committee on Social Affairs and Employment is preparing, the subject of the elderly will be dealt with in a comprehensive manner.

However, I would point out that I agree to the incorporation in the present report of the amendments tabled by Mr Ghergo.

These are the policies which the motion for a resolution suggests, and I am sure that Parliament will not fail to support them. It would have been impractical to end discussion of employment without including the social aspect, and the difficulties which occurred in committee allowed me to reformulate the motion for a resolution in a more concise way, so that it may obtain the essential approval of Parliament.

President. — I call the European Democratic Group.

Lady Elles. — Madam President, three members of my group have signed this motion for a resolution so ably presented by Mrs Cassanmagnago Cerretti. Regrettably they are not here tonight, but I thought I would like to make a contribution from our group on this document. Of course it is a comprehensive document and covers many areas connected with employment. I should like to make just one or two points which are actually not mentioned in it. Nevertheless, they are extremely relevant if we are to come to an even partial solution to the problem of unemployment facing all our Member States.

The first is concerned with the creation of new jobs and the encouragement and expansion of existing businesses. I would have liked to have seen something about a study of the effect of State aid on dying industries and the need for investment, not in already old and existing industries, but in new industries. If you look and see what Japan has done and invested, put capital investment from government sources into the electronics industry, nobody can deny the effect that that investment has had. It was very small in relation to what we in the Member States are putting via State aids into existing industries. I think this is something that the Commission could be doing thereby making a useful contribution.

Secondly, I would like to ask the Commission if at some stage they could really give us some indication of the priority they give to the policy of freedom of movement for workers. Even with the large unemployment problem we have in our country, there are about 75 000 to 80 000 British workers, according to the

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statistics from the Commission, working in other Member States of the Community. Either that means that jobs are not available for them or they are not the right people, or there is not sufficient information being passed between Member States as to kind of people who are wanted.

This brings me to the question of a housing policy for the Community, because if you are going to expect workers to move from one part of the Community to another, what policy is there to provide cheap rented accommodation for such workers? At the moment, I know of no such housing policy at all. I think it would be useful for the Commission to have a study made available to Member States of the specific measures which exist to assist workers to move from one part of the country to the other. I know that in France there certainly was, under the previous government, very progressive assistance given to those who wanted to move from one part of France to the other, comprising grants and financial assistance. I have not heard of that in any other Member State. That would be helpful as a source of exchange of information.

Finally, Madam President, as I only have three minutes, I would like to request the Commission for a comparative study — this is something I have been trying to get for some time, but not yet succeeded, so I hope now with a recently-appointed Commissioner, he will take it on board — of the educational systems throughout the Member States in the teaching of science to young people between the ages of thirteen and sixteen, in preparation for the new technological industries. At the moment, to my knowledge, there is no such study, and clearly some educational systems are progressive and helpful and others are not so efficient. I would be grateful if the Commission would turn their mind to these problems.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Madam President, may I say right at the outset to Lady Elles that I take note indeed of the various requests she has made for action studies by the Commission. I shall look at it and see if we can help and where we think we cannot. May I also say that I welcome this motion for a resolution on behalf of the Commission. It is a wide-ranging one, it covers the problems of employment and unemployment. It covers the problems of investment, competitiveness in our economies, the need to adjust our patterns of working time, it covers the need to modify our training and education systems and the need to use our financial resources and investments in the most appropriate way. All this is treated in the context of the need to develop social policy within the Community. It is a resolution which is broad in its vision and all-embracing in its demands upon the Commission.

In broad terms, I agree with very much of what is in the resolution and in particular, I agree with the view that social policy should not be seen as a means of compensating for the deficiencies of economic policies. I totally agree with that, but it should be seen really as a series of objectives in their own right. I also believe that a broad approach is needed, as I said in the debate on employment that we had in this House on 15 September. Perhaps I may be forgiven for reminding the House that on that occasion I did seek to spell out a strategy for the social policy of the Community with six elements in it. This was following up the joint meeting of the Economic and Social Councils in June.

Firstly, we want a strategy which includes first of all modifying anti-inflation policies in ways which can help economic growth. The second element (these are not necessarily in order of priority and they are not mutually exclusive) is to create more jobs. I noted what Lady Elles had to say about that. Thirdly, I think we have to review the systems of financing social security, and it is an issue with which the present resolution specifically deals and which we in the Commission have indeed said something about recently. Fourthly, I think we need a coherent analysis of the impact of public expenditure on employment. We need to know exactly where it is that you can best spend money in order to make the maximum impact on the unemployment figures. Fifthly, we need to promote the adaptation of working time, and sixthly we need to do something about an integrated programme of education, training and work opportunities for young people. Finally, we need to look at ways of strengthening the labour market in terms of job placement and guidance.

Madam President, that is a fair list. Not everything is on that list, not everything that everybody would like to see there, and I find myself being criticized for the deficiencies of the list and not for its excesses. May I say that my services and I are active now in these areas. We welcome the general support which the resolution gives for the work we are doing at various different stages of development, some of which will emerge fairly soon, some of which may take a little longer.

May I just say one thing, I hope the House will not underestimate the difficulties that the Commissioner for Social Affairs and Employment has, first of all in getting a consensus between what is somewhat touchingly called sometimes 'the social partners' and secondly, the difficult that he has in persuading Member States, and particularly the Ministers of Finance of the Member States, that the sort of things he wants to spend money on are the desirable things that the Community should be spending money on as a whole. Please, let the House not underestimate the problems that there are in fulfilling this strategy. I will also be giving consideration to a number of social issues which the resolution raises, such as family

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allowances, second-generation migrant workers, health and safety at work and black work.

As regards the use of the Social Fund, I have taken note of the recommendations in the draft resolution which relate essentially to the budget allocation of the Fund. I take note of that, but I hope the House will forgive me if I do make a point that, as far as the 1982 budget is concerned, the ball is now very much with you. We have made our proposals, they have found favour in some quarters and they have found disfavour in other quarters. But really the place where the action has to take place on that budget at the moment is here in this House and not in the Berlaymont. For the review of the rules and regulations of the Social Fund, the Commission is currently developing its ideas for this. We are developing it along the lines already suggested on the Commission report on the mandate, which, as you know, places a particular priority on the role of the Social Fund in stimulating job creation.

Finally, may I say that I particularly welcomed in the report the emphasis given in the resolution to the development of Community activity in the area of vocational education and training. I think that all the items that I set out as, so to speak, a six-pronged strategy, are contained in the resolution. I am grateful to Mrs Cassanmagnago Cerretti for introducing it and for what Lady Elles said in its support.

President. — The debate is closed.

(Parliament adopted the resolution)

3. Formalities at Brussels airport — Checks on travellers

President. — The next item is the joint debate on two motions for resolutions:

— motion for a resolution (Doc. 1-565/81) by Mr Moorhouse and others on the improvement of the formalities at Brussels International Airport;

— motion for a resolution (Doc. 1-593/81), tabled by Mr Habsburg and Mr Klepsch on behalf of the Group of the European People's Party (C-D Group), on frontier checks on travellers.

I call Mr Tyrrell.

Mr Tyrrell. — Madam President, I think Mr Moorhouse has been held up at Brussels airport for the last three weeks. We have been expecting him at any moment throughout that period, and I hope you might adjourn the debate until he arrives.

(Loud laughter)

President. — The formalities must have been very swift. They have probably been simplified since Mr Moorhouse tabled his motion since they have been carried out in a couple of seconds. Here he is.

I call Mr Moorhouse.

Mr Moorhouse. — Madam President, I do regret the apparently unavoidable delay at Brussels airport and present my apologies to the House.

In Elizabethan England, laws were passed to restrict citizens' movements to their own home parish for fear that they would become a burden on the local taxpayers of the neighbouring parish. In the global village of today, the world is still obsessed by anachronistic barriers designed to provide checks which might have been important at a time when there was a mere fraction of the traffic which today crosses international borders.

In an ideal world there would be no checks on movements, and the creation of closer union in the European movement and Community is not just an ideal but a practical goal. At present, however, each Community country applies different rules to the nationals of third countries, and if these rules are to be applied then police checks are also necessary both for Community citizens and people from third countries. As convinced Europeans, we can, however, press for the implementation of Community rules on immigration.

But I will leave the legal aspects of the subject to my colleague, Mr Simpson. If checks have to be applied, then they must be done in a way which does not delay or frustrate the traveller. Community citizens flying to France, for example, should not have to deliver landing cards which, if one of our esteemed colleagues is to be believed, are as likely to bear the name Julius Caesar or Louis XIV, or indeed Donald Duck, as that of any living European.

(Cries of 'Hear, hear!')

Non-British Community citizens coming to the UK should not have to pick up and retain a shabby piece of card labelled HO form IS 120, which must be *soigneusement conservée*, as it says on the back of this card, until the person concerned leaves the United Kingdom.

This, Madam President, is the kind of nonsense we shun and abhor, and as one who visits Scandinavia regularly, I am conscious of the less restrictive formalities in operation in the Scandinavian countries.

Now, it was in the spring of this year that members of the Committee on Transport took up the cause of the travellers of Europe and complained of the delays, in particular at Brussels airport. We were lucky enough

Moorhouse

to have the support of Mr Gendebien and Mr De Keersmaecker and, indeed, of yourself, Madam President. But the regrettable fact is that these delays at Brussels continue to be a source of annoying inconvenience which is not worthy of our Community. Therefore, Madam President, we are tabling today in the names of Members of this House, from all ten countries I believe, right across the board, a motion, and appeal to the Belgian Government, on behalf of all the users of Brussels airport, to take immediate action to speed up the formalities at Brussels airport.

I beg to move.

(Applause)

President. — I call Mr Habsburg.

Mr Habsburg. — *(DE)* Madam President, one of the foundation-stones of the Treaties of Rome is the generosity of European citizens. There is no doubt that we have made some progress in this sphere but it is certainly not enough. This summer I had to form part of queues at borders on several occasions. My experience was that people will not believe in European union if they have to wait two or three hours at borders within the Community surrounded by exhaust fumes.

These conditions are also inhuman for our border officials. I spent some time with some colleagues at the border. After fifteen minutes we were so sick that we just felt dizzy with watery eyes. That is intolerable! The aim of our proposal is to intellectualize existing borders. We finally want to have borders within the EEC which have the same significance as for example the borders between Baden-Württemberg and Bavaria. When we drive past them we notice nothing apart from signs indicating that we should now switch to a new VHF station if we want to hear what forthcoming traffic jams to prepare for.

(Applause)

Ladies and gentlemen, I would like to say something else. When we express these views, we are told that these borders are needed to catch terrorists. That is an insult to our police force. I travel quite a lot in the United States and there they have the same terrorist problems as we, but never in my life have I met an American who would have proposed setting up border checks at the borders to the 51 states in order to catch terrorists. Americans succeed in catching terrorists without doing this and I have sufficient respect for our police force to think that they can catch terrorists without the help of these artificial borders, these huts which our national governments set up at the borders. We will not get the terrorists as long as we continue to operate as in the 19th century, whereas the terrorists have long since anticipated European union and oper-

ate in the 20th century. The terrorists operate without borders. Our fight against the terrorists will continue to remain tied to the borders, and as long as we are not prepared to ratify the Dublin Agreement, as long as our governments do nothing in this respect we will never catch the terrorists.

As you know five proposals for an amendment were tabled by Mr Schinzel and Mr Rogalla on my motion for a resolution. Allow me to speak on a personal note. As you know, Mr Rogalla is a new Member of our Parliament. I only spoke with him, it is true, for two or three minutes but I was inspired by the deep European spirit which he expressed and I am glad that he will be holding his maiden speech on a truly European topic which transcends party borders.

President. — I call the Socialist Group.

Mr Rogalla. — *(DE)* Madam President, on behalf of the Socialist Group I would like to speak in favour of the proposals for amendments which Dieter Schinzel and I tabled on behalf of our party on the motion for a resolution by Mr Habsburg and Mr Klepsch. On Monday afternoon you welcomed me as a new Member of this Parliament. Many thanks.

May I make one preliminary remark to mark this occasion: I was a civil servant of the Commission for more than twenty years. For this reason I am perhaps more familiar with the quality and willingness of Community officials than other Members. On this occasion I would like to emphasize how much we owe our officials in all the Community bodies, which however does not mean that we must comply with all their wishes.

Now to the question of the emergency motion. My group welcomes every initiative to abolish checks of persons at borders. In this sphere also the demands of Parliament are much more convincing when they are supported by all the important groups. That means however, that this resolution must be removed completely from the political context in which as an unbiased reader one tends to place it, namely the pending election of Parliament's Bureau in a few weeks. Because what other current and urgent reason could otherwise justify the adoption in emergency procedure, so to speak in the dead of night, of the abolition of checks of persons which all good Europeans have dreamed of for years.

There are many difficult problems to be solved before the abolition of checks of persons at borders. Consequently we must give the bodies involved some time. Thus our proposals for an amendment, ladies and gentlemen, situate the problem in a larger framework than the motion of the proposers and also extends beyond the situation at Brussels airport. If we want to look citizens in the eye with a calm conscience in 1984

Rogalla

then we must have completed that road by then or at least have come quite a bit nearer that goal. Mr Moorhouse has just described very vividly how far we are removed from that goal at present.

That means that the Commission and the Council, the Ministers of the Interior and the Ministers of Finance of the Member States must cooperate fully. We must however have an opportunity to develop new methods for monitoring safety risks in the joint fight against the drug trade and crime. So that we as Parliament can show that we are in earnest and not be denounced by technicians and experts for oversimplifying the problem, the deadline and measures must fit the task.

We missed this in the wording of the motion by Mr Habsburg and Mr Klepsch. For this reason we would like you to adopt our amendments and would like also to point out that Parliament, if we are to reach our goal, must also use its influence to get the Council to say a clear word on this matter.

President. — I call Mr Simpson.

Mr Simpson. — Madam President, I am delighted to support my colleague, Mr Moorhouse's resolution. The delays at Brussels airport are caused solely at the passport controls, so this rather ties in with Mr von Habsburg's motion tonight. I am extremely surprised about these delays in Brussels, because although there are two blocks of four gates each at the exit to the airport for passport control, in practice they only use one block of four gates at any one time, but it may be that the power of the European Parliament expressed in a resolution tonight will persuade them, when they have a surplus of passengers wanting to go through, to open the other set of gates and so halve the delays. So I hope the Belgian Government will take notice.

Regarding Mr von Habsburg's motion, I am warmly in favour of it. I appreciate that I am not expressing a view in accordance with my group whip — for a reason which escapes me why we are apparently opposing it — but I warmly applaud its spirit. I regret, however, that Mr von Habsburg feels compelled to accept the need for continued frontier controls on goods.

One of the most frequent questions I am asked by my constituency is: if we are really in a Community, why can we not travel freely between Member States? Why do I have to show my passport when I cross a frontier? One well understands the questions of security today, particularly on the land border between Ireland and the United Kingdom; one understands the problem of illegal immigration from countries outside the Community. Nevertheless, it should be the ultimate goal, as suggested by the Commission in 1974, in its report on European union, to have a Community without any form of internal controls and identity

checks. There should, of course, be controls at all ports of entry into the Community from third countries; but if Community citizens are to enjoy free movement within the Community, these should be the only controls. This would be a move towards what I might term the continental system of less stringent border controls and greater controls on people inside the country, such as the requirement to carry an identity card, which exists in certain Member States today, and away from the British system, which works the opposite way. At all events, it would achieve easier and freer movement for the citizens of Europe. I believe that free movement without police controls at frontiers is highly desirable and ultimately obtainable and therefore to be striven for by Commission, Council and the national governments. Mr von Habsburg's motion tonight is a step in the right direction. I commend it to you.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Madam President, the point at issue here is not Brussels airport; what really matters is that we cannot move freely within the ten Member States of the European Community. Now here I am sitting opposite a compatriot and I am glad that a Socialist has asked here in this House what, when we face the voters again in 1984, we can say we have done to ensure that people can move freely from one Member State to another. I hope Mr Andriessen is not just going to leave it at an Erasmian chuckle, but that he realizes what is at stake here. We have simply got to rid ourselves of all this red tape. Whenever I do the 30 km trip from Arnhem to Cologne, I have to show my Dutch passport, and the Dutch Government, which needs the money, is making that passport dearer day by day. In other words, the problem is not just Brussels airport, it is all airports. Whenever I go to Paris, I have to queue for hours to be allowed into Paris at all. The same happens in Rome and everywhere else, Madam President.

I can still remember how things started. Not so long ago Mr Andriessen gave a speech in which he said that we shall soon be celebrating our twenty-five years anniversary; in 1982, the Treaty of Rome will be twenty-five years old. What a marvellous thing to be able to say! Before long, I shall have to go to the people of Europe, who will be asking me what has been achieved in those twenty-five years. Well, eleven years ago, we had Customs Union. That is a day I shall never forget, Madam President. I was sitting in the train from Luxembourg to Thionville, and I remember saying to the customs official: 'Do you realize, Monsieur, that Customs Union came into being today?'. His curt reply was: '*Je m'en fous*', whereupon the gentlemen went inside with the cards and we had to get out of our carriage because the gentlemen wanted a cup of coffee. It is still a fact, Madam President, that the whole thing is more of a union of

Berkhouwer

customs officials than a Customs Union. Customs officials are everywhere — they even come to this House to state their case. Another group of officials was here yesterday begging leave to be allowed to defend their interests. Madam President, this is pure madness. Even in the Soviet Union you can travel from Leningrad to Kiev without a passport. Even in the Soviet Union! Yes, you can; I did. Madam President, there is nothing more I need say: everyone knows what madness this is. I am now looking forward to hearing what the Council and the Commission intend doing about it. MCAs mean nothing at all to the man in the street — it is all Greek to him. He just wants to see something done so that, for instance, he can move freely throughout Europe. Why not do something about that?

(Loud applause)

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — *(NL)* Madam President, I should like to say first of all that I am glad we do not live in the Soviet Union. Even with all the inconvenience of having to show my passport now and again in Europe, I would still rather live here than in the Soviet Union. Having said that, Madam President, it of course goes without saying that the Commission subscribes to the points made by the honourable Members. I must unfortunately concede that I do not have the oratorical powers of Mr Berkhouwer to express in such colourful terms in what respect the Commission or the Council are supposed to have failed in their duties. He will, of course, agree with me that the Commission's hands are very much tied when it comes to the question of Brussels airport. At any rate, the fact is that the matter raised here with respect to Brussels airport, whether you like it or not, and I do not like it at all, Madam President — I have no objection to continually having to reply to Mr Berkhouwer's interruptions — does not come within the Commission's field of competence; it is purely and exclusively a matter for the Belgian Government. The only thing the Commission can do — and will continue to do — is to press for the problem which Mr Berkhouwer and others before him described in such colourful terms to be alleviated or removed entirely. I should like to give this House an assurance of that here today.

Turning — no, Madam President, I do not use such colourful terms as the honourable Member — to Mr Habsburg, who has placed the problem in a wider context, but who is concerned essentially with the same problem, I would say that, in accordance with the Council directives on the free movement of persons, travellers entering one of the Member States of the Community are required only to show a valid passport or identity card. It is true that the decision was taken at the European Summit Conference in Paris in December 1974 to work towards European

passport union. Despite the fact that — not least thanks to the enthusiasm of Mr Berkhouwer and the great help given by this House — a decision was taken in June of this year to issue a standard European passport, it cannot be said that the aim of European passport union has yet been attained. Consequently, the Commission is urging the Council to make further progress towards what European passport union should really look like. We have proposed that, if personal checks at internal frontiers cannot be done away with entirely, they should at least be carried out less intensively. The Commission therefore welcomes this motion for a resolution, although I must at the same time bear in mind Mr Berkhouwer's criticism.

I should like, Madam President, to comment on what Mr Habsburg had to say about the role of border checks in combating crime. You cannot simply ignore that fact that something like 60% of our leads on crimes and other misdemeanours come from border checks, whereas — and this is not intended as a criticism of anyone, certainly not of the police — it is extremely difficult to get similar leads within a particular country. Perhaps we should do more as regards the harmonization of legislation to make these checks superfluous. At the moment, though, the checks and the differences still exist, and it is unfortunately inevitable that there should still be the kind of thing we would rather not have at all.

Madam President, I do not think there is much cause to go into this subject in any great detail. The Commission's view is clear. We shall continue to make efforts to give expression to our view that there must be entirely free movement of persons within the Community, and the Commission would be pleased if this aim could be achieved soon enough for Mr Berkhouwer to be able to go before his voters in 1984 armed with this new argument.

President. — The joint debate is closed.

(Parliament adopted both resolutions)

4. *Danger of importing harmful products*

President. — The next item is the motion for a resolution (Doc. 1-571/81), tabled by Mrs Scrivener on behalf of the Liberal and Democratic Group, on the danger of importing harmful products into the Community for human consumption.

I call Mrs Scrivener.

Mrs Scrivener. — *(FR)* Madam President, ladies and gentlemen, by way of introduction I would like to say that we share the feelings of our Spanish friends, who will soon be our partners in the Community, aroused

Scrivener

by the sad affair of the adulterated cooking oil, and I would also like to say to them that we know that no State can claim to be immune from serious accidents of this kind.

As you know, ladies and gentlemen, colza oil intended for industrial use — not olive oil, as is sometimes wrongly stated — was denatured and sold in Spain as cooking oil at much less than the usual price. Consumption of this oil could cause serious illnesses — to date there have been more than 100 deaths, and many people have become ill. There is considerable anxiety that this product may be found at one time or another, and in various forms, on the markets of the Community countries, and information from the World Health Organization has confirmed views that this dangerous product may be exported. One country has already taken steps to ban temporarily the import of Spanish oil, and another is on the point of doing so. All this is very serious, and it is normal for Parliament — indeed it is its duty — to concern itself with a matter which may seriously affect the health of Europeans.

We therefore call upon the Commission to give Parliament precise information and a reply to the question it is asking, and particularly to inform it whether the Commission is aware of any such accidents inside the European Community. I would add that Parliament, and all its Members, are not asking to be reassured. The facts are what they are, and we simply ask to be correctly informed. Moreover, this clearly shows the need for the Community to develop a system — no doubt in the form of a directive — making it possible to withdraw from the market — in a short time, and sometimes for a limited period — a product or a service regarded as dangerous to the health of consumers. Some countries have already adopted laws or regulations enabling them to act in this way, but a Community measure seems essential if we wish effectively to protect the health of our fellow-citizens. We therefore strongly urge the Commission to draw up a draft directive quickly.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi. — *(IT)* Madam President, I thank Mrs Scrivener for drawing the attention of Parliament to this very serious fact, of which we had been informed only through the press. Indeed, no official source had warned our Spanish friends, or ourselves, who could have run the same risk, that a non-comestible and thoroughly abnormal oil was in circulation from one country to another.

Our frontiers are open and allow the free movement of goods, but across these frontiers passes also that which should not be allowed to pass — harmful substances, substances which lead to large profits on the one hand, but on the other to the poisoning of consumers.

What, then, are we asking for? Mrs Scrivener is right when she calls for an overall directive. But there is also a need for us to revive a proposal which has been made by the Commission for an information network on harmful substances. At the time the proposal was not regarded as satisfactory, and we sent it back to the Commission for it to resubmit in a form more suitable for tackling these problems. We call for a system which would make it possible — as has been said — rapidly to withdraw from the market products which are dangerous to the health of consumers. In defending the consumers we would be at the same time defending honest producers and honest distributors — those who do not put in to circulation the colza oil which in this case has caused tens if not hundreds of deaths.

At this point the European Community must also initiate a new approach whereby it will not take months or even years to dispose of the stocks of substances suspected of being harmful, or indeed regarded as being harmful.

I would like to make one last point. This request to be informed and to be protected by the withdrawal of harmful goods must not apply in only one direction. These initiatives of ours must benefit also the so-called third countries, and particularly the weaker, less well-organized and less well-informed countries. They, too, must be kept informed — like us — as to which products are harmful. The choice must not be between harmful products and nothing at all, but between harmful products and good products. Only in those conditions is a Community truly worthy of the name.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Madam President, this is a matter which is indeed of some urgency. I think it is quite right that the matter should have been raised in the House, since it gives the Commission an opportunity to give some information to the House and, I hope, to people outside it.

This matter originates in about May of this year when a number of people were taken seriously ill in Spain. The medical authorities were at first unable to diagnose the cause of this illness, which apparently displayed all the symptoms of pneumonia. For this reason it was for some time attributed to an unknown virus. After about two months, and following consultations between Spanish authorities and the World Health Organization, the cause was discovered to be a toxic substance and not a virus infection. In fact, what had happened seems to have been that some Spanish olive oil had been mixed with colza oil which had been denatured with aniline so that it was capable of industrial use. By heating this mixture to 200° Centigrade after refining and deodorizing, the aniline combines with certain fatty acids in the mixture or is converted into acetamide, which is toxic.

Richard

This information was made available by the Spanish authorities in the course of a visit by a Community official to Madrid on 21 and 22 September. First contacts between the Commission's services and the Spanish authorities on this matter were established in May, that is, when the outbreak seems first to have started in Spain. The Spanish authorities gave repeated assurances that none of the adulterated oil had been exported in trade between Spain and the Community and that the market for it had been entirely local. The Commission felt it right to make subsequent enquiries, although it had received these assurances from the Spanish Government. On at least two occasions, the last being on 14 October, Member States were asked whether any of these oils had been found in trade in their internal market, and those enquiries revealed that none had been found. The assurances given by the Spanish authorities were therefore shown, as far as the Commission can tell, to have been entirely accurate. Now throughout the development of this matter the Commission services have also maintained contact with the relevant authorities in the Member States. As a result of this, stringent investigations in the Member States, especially in Denmark, France and Germany, have failed to reveal the presence of adulterated Spanish oil on the internal market of the Community.

May I say too, Madam President, that the Commission has received a great deal of assistance from the Spanish Government in this matter. They are as anxious to resolve this difficult situation as we are, and on behalf of the Commission I express our thanks to them for that cooperation. As far as the Commission has been able to ascertain, the position remains as I have already indicated, namely, that our enquiries have failed to reveal the presence of adulterated Spanish oil on the internal market of the Community.

Reference has been made to some press reports which have appeared about some organization that was supposed to have some information from the World Health Organization. Now I can tell the House that when those press reports appeared, the Commission's services contacted the World Health Organization in Copenhagen and the Director told the Commission that he, the Director, had stressed that here had been no commercial exports to the Community of these adulterated oils. Now that is what we have done so far. I hope the House will feel that when this matter came to light in May, the Commission services then acted with expedition and caused the necessary investigations to be undertaken with the results that I have given to the House tonight.

Now understandably Mrs Scrivener has asked in her resolution for wider machinery to be set up. This was repeated by Mrs Squarcialupi. They wished to see some mechanism which would make the investigation of difficult matters of this sort easier and make it possible for action to be taken more quickly. I am sure that the House will appreciate that this is an emergency resolution, on which I think it is more important

that I should give the facts, as the Commission sees them, rather than that we should have a long discussion tonight as to the possible mechanisms we might set up in the future. I think therefore that the only thing I can say is that we will take away the suggestions that have been made. We will look at them, and in due course the appropriate Commissioner, to whose portfolio this would belong, will no doubt wish to make a report to the House as to the result of these considerations.

President. — The debate is closed.

(Parliament adopted the resolution)

5. *Young Europeans in prison in Thailand*

President. — The next item is the motion for a resolution (Doc. 1-550/81) by Mrs Pruvot and others on the young Europeans in prison in Thailand.

I call Mrs Pruvot.

Mrs Pruvot. — *(FR)* Madam President, the aim of this motion for a resolution is not to deal with the drugs problem. I know that the European Parliament has examined this subject. Mrs Scrivener drew up a report on this problem and Mrs Squarcialupi, moreover, refers to it in an amendment to this motion for a resolution — an amendment which I willingly accept and for which I thank her.

My intention in this motion for a resolution is quite simply to try to help solve a problem which is very serious for a large number of young people and their families. These young people have of course done wrong. They went to Thailand to find drugs more cheaply. They took some, and they were arrested by the Thai Government. The very precise aim of this motion for a resolution is to enable the highest authority of the European Parliament — its President — while appealing to the Commission, to present very concrete proposals in order to bring about negotiation with the Thai authorities, who formally asked me for such a negotiation in an interview which I had with them in Brussels about three weeks ago. These authorities stated that they were prepared to do something to try to find a solution to this problem, and they are awaiting concrete proposals from the Community, which has trade and economic relations with Asian countries, and particularly with Thailand, and which, in my view, could take very useful action to help the young Europeans to return to their countries. If we do not do this, these young people will die either of despair — because they are cut off from their families, with whom they are no longer allowed very close links — or of disease, because they are imprisoned in a

Pruvot

country with a very low standard of living and in a climate very different from their own.

Of course there is no question of passing judgement on a country which has its own laws and traditions, and which has done what it thought it must do to try to protect itself against this invasion of Europeans. But I do not think the problem can be solved by allowing these young people to die in prison. On the contrary, I think that if the European Community — if, this evening, the European Parliament — shows that it is concerned about the problems of these young people — who are basically the victims of a modern society which, one must admit, is rather difficult to live with and to which they have failed to adapt — that would be the best way of restoring hope not only to these young people, but also to all young people.

In conclusion, I would like to add that there is no question of abandoning the idea of crime either. Indeed, these young people would be returned to their countries, where they would serve a sentence for the crime they have committed.

President. — I call Mr Jackson.

Mr C. Jackson. — I of course respect Mrs Pruvot's sincerity, but one has to place this debate in the context of the dreadful traffic in drugs, especially heroin. These hard drugs are absolute killers: I know this from personal experience, because for many years I did voluntary work in a social service unit among drug addicts. Drug-pushers and traffickers are in my view quite as bad as murderers. As a result of the efforts some years ago of many Western countries, including many members of the Community, Thailand was pressed to increase its sentences most substantially. This it did at the direct request of Western governments, and I hardly think it is appropriate for us now to turn round and say that because they caught some Europeans trafficking in drugs the sentences should not be served in Thailand but should revert to the Community.

Finally, Madam President, this is really not a Community matter as such. It is up to Member States, if they wish, to take diplomatic action in respect of their own citizens, and I shall certainly vote against this motion.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi. — (*IT*) Madam President, I thank Mrs Pruvot for the sensitivity she has shown in putting before Parliament one episode among the many in the terrible drugs tragedy — the episode of the young drug addicts who in Thailand received sentences which are undoubtedly disproportionate and very cruel. It is worth repeating that these are young people

who have undoubtedly found our society sadly wanting and have tried to fill the void in the worst possible way — with drugs. Moreover, if they turn around to look at their own society, they do not find it sympathetic or helpful to them.

I am in favour of Mrs Pruvot's proposal for Community action. It is our duty. We must not be merely a market in which goods move freely. We must also be a community which knows how to help young people in the best possible way.

Our Parliament has been familiar with the problem of drugs since 1971. This familiarity will be refreshed when Mrs Scrivener's report on the drugs problem is ready. Moreover, we have debated the drugs problem on other occasions. Our individual countries are not in a position to tackle this problem on their own. Neither this problem, nor, in all frankness, other problems. But this one even less than the others. And so our duty is to tackle this problem, bearing in mind first and foremost the drug traffic — a traffic which finds frontiers much more open than those which we find when we have to go to Brussels or come here to Strasbourg. The very basis of society is favourable to it. What have we done up to now? What has the Community done up to now? I think that we must on no account reject Mrs Pruvot's proposal that the Community should call for fair treatment for young people who have erred because we have erred. For it is too easy to accuse those young people without examining our own consciences and asking ourselves where we have failed. I can confirm that we have failed as a European Parliament, because since 1971 we have not taken a single initiative to try to solve this problem.

I shall now conclude, Madam President, for the subject is an absorbing one and I run the risk of going beyond the time allowed to me. I strongly urge Parliament to accept my amendment, which expresses the hope that this Community will take effective action to tackle the drugs problem. We have the negotiating strength to act, for example, alongside the United Nations to change the pattern of crop cultivation and give financial aid to the peasants so that they may cease to grow opium. Above all, I ask you to support Mrs Pruvot's proposal for a Community initiative and a joint committee composed of Community and Thai representatives to ensure that for these young people prison does not mean death, as it has hitherto meant for many young people.

President. — I call Lady Elles.

Lady Elles. — Like my colleague, Mr Jackson, of course we recognize the humanitarian motives that have encouraged Mrs Pruvot to put down this resolution, and anything I say is of course absolutely no criticism of the sentiments which have moved her to take this action. But I would make three points.

Elles

It is not for us in this Parliament to question the criminal law of a country which has been deeply offended by young Europeans. I think it is no credit to Europe or indeed to the sentiments expressed by Mrs Squarcialupi that young Europeans can go to the other end of the earth in order to get cheap drugs and then do not like the criminal effects of their actions. This is absolutely unacceptable in any terms of law, and you, Madam President, as a very distinguished lawyer will know that the criminal law applies to aliens as to nationals.

Secondly, I would point out that in the resolution before us Mrs Pruvot refers to an international treaty providing for extradition, but of course the crime committed by these young Europeans was committed in Thailand; so there is no action that can be taken in terms of extradition, because they did not commit their crimes in the Member States.

Finally, and more important, we are well aware — and I think that probably in truth many people in this House as well as the governments of the Member States are well aware — that the Thai authorities themselves are frequently embarrassed by the behaviour of young Europeans who go there and commit these outrageous crimes, and I am quite certain that the Thai Government would be perfectly willing, on a bilateral basis and with discretion between Member States, to negotiate for the return of these young prisoners. The very last thing that should ever be considered is to set up a joint committee which acts in publicity and is in fact making a gross interference in the internal affairs of another State.

It is for these reasons, Madam President, that certainly I and, I should imagine, the majority of my group would strongly object to the terms in which this resolution is worded.

President. — I call Mr Seligman.

Mr Seligman. — Madam President, if I had had a chance to make an explanation of vote I would have done so.

Just three small points. I think my two colleagues in my group have shown a very hard-faced attitude to this question, and I would like to support Mrs Pruvot in this motion, because I think a little mercy is what is wanted in this case. I think a lot of these children have drugs planted on them and we must be very careful to make sure they are not condemned for something that is not fair, because we have the case of the nurse who was in fact squared in that way and condemned to a permanent prison sentence unfairly.

So I think a little mercy is a good thing in this case, and the Commission should make a point of warning young people who go to that part of the world of the

terrific dangers they are facing if they get involved in these drugs.

President. — I call Mr Seeler.

Mr Seeler. — *(DE)* Madam President, ladies and gentlemen, I must admit that I am rather surprised at the hard stance taken by my fellow member — and friend — Sir Christopher Jackson. My group does not support the motion by Mrs Pruvot because we approve of the drug trade in Asia or because we think that the penalties imposed there are always too stiff, but rather because we in Europe have created very many of the conditions which have led the young people who have violated the law and ended up in prison to act in this way.

In the spring Mrs Pruvot and I were with the ASEAN Delegation in Asia and then I had an opportunity to discuss with the Minister of Foreign Affairs of the Republic of Singapore as to whether his country was not too severe. In Singapore everyone who possesses more than 20 grammes of drugs is sentenced to death, not reprieved and executed. A few days ago we read that a young woman who had been given a little more than 40 grammes of hashish and other drugs in return for a fee of 100 Singapore dollars was sentenced to death and executed.

In my view this exceeds what we can regard as severe and fair punishment for disapprobative crimes. We do not approve these acts but we think that for humane reasons these young people must be helped to return to the path which they should sensibly take. Punishment should not become revenge, but rather punishment should also be a form of assistance. For this reason we support the motion of Mrs Pruvot.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — *(NL)* Madam President, it is far from easy in matters like this to decide what should be done. The Commission shares the concern expressed in this House, not only about the fact that these young people have got into this drugs scene, but also about the fact that they have been given these sentences in Thailand for the use of, or trafficking in drugs. However, that does not detract from the fact that, in my opinion, the Commission, the European Parliament and the Thai Government are all in a delicate position as regards this debate. What has been said here could possibly — and not entirely without reason — be interpreted as interference in a country's internal affairs. It seems to me that, in view of the delicate situation I mentioned just now, to give this impression would not be in the interests of the people concerned, nor would it help to combat the drugs problem — and there is general agreement on that point at least.

Andriessen

The Commission gained a different impression from that described by Mrs Pruvot at its consultations with the Thai authorities. The fact is that the Thai Government may be prepared to consider talks on the fate of these young people on condition that any such talks are conducted discreetly and on a bilateral basis. Against this background, I think it judicious to bear the need for discretion in mind when Parliament comes to take a decision on this matter. The Commission's view is that the Member States too should take action in any case in which specific action is proposed. Against this background and in the light of the information which I gave you just now on contacts between the Commission and the Thai Government, the Commission, while fully sympathizing with the motives for this debate, cannot recommend adoption of the motion for a resolution.

President. — I call Mrs Pruvot.

Mrs Pruvot. — (*FR*) Madam President, I will simply repeat that this motion for a resolution was submitted to the Thai authorities whom I met in Brussels, that they accepted its terms and that there is no question of interference in the legal system of Thailand, but only of trying to create a joint committee which the Thai authorities themselves want. When I left them, they said precisely this to me: 'We are awaiting your concrete proposals, which we hope to receive as soon as possible'.

President. — I call Lady Elles.

Lady Elles. — Madam President, I am very sorry to make this statement but I really must ask Mrs Pruvot who these Thai authorities were. I was also in touch with the diplomatic representatives of Thailand in Brussels. What I said was in accordance with what I had understood to be the position. As the Commissioner has rightly pointed out, it is a very delicate position, and in no way was it their wish that any committee of such a kind should be formed in order to create publicity and difficulties in this very delicate exercise. I know the whole House is determined to get the same result. We are only discussing methods and I really would ask Mrs Pruvot who these Thai authorities were. I think it is useless to continue this debate

in this way, but I really must put my position because it is totally contrary to what Mrs Pruvot has put in her resolution. I think it would be harmful, as the Commissioner has pointed out, if we want, as we all do, to get these young Europeans back into the Member States.

President. — The debate is closed. We shall now move on to the vote.

(...)

After the adoption of Amendment No 1

Lady Elles. — I wish to ascertain whether a quorum is present.

(Lady Elles's request was not supported by 10 Members)

Mrs Viehoff. — (*NL*) Madam President, surely it is not customary to ask for a quorum during a vote. We were in the middle of voting on a motion.

President. — We have in any case already voted on the amendment, Mrs Viehoff. The query about the quorum was raised in connection with the vote on the motion for a resolution as a whole.

(Parliament adopted the resolution)

I call Mr Forth.

Mr Forth. — Under Rule 81, could I ask for the result to be checked by electronic voting, which might also show the number of people, out of 434 Members in this Parliament, who are in this House to vote on this proposal?

(The electronic vote confirmed the adoption of the resolution)

(The sitting was closed at 11.55 p.m.)¹

¹ *Agenda for next sitting: see Minutes.*

SITTING OF FRIDAY, 16 OCTOBER 1981

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IN THE CHAIR: MR DANKERT

Vice-President

(The sitting opened at 9 a.m.)

1. *Approval of the minutes*

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

Are there any comments?

I call Mr Forth.

Mr Forth. — Mr President, in the English text under the heading 'Olympic Games' I notice under explanations of vote the name Miss Forster. I suspect that this should, in fact, be myself — Forth. I do not believe Miss Forster spoke: I certainly did. Could that be put right, please?

President. — Mr Forth, the minutes will be corrected accordingly.

(The minutes were approved)¹

¹ For the details of items concerning documents received, motions for resolutions entered in the Register pursuant to Rule 49, and the application of the Rules of Procedure, see the minutes of proceedings of this sitting.

2. *Procedure without report*

President. — The next item is the vote on five consultations pursuant to Rule 99.²

(...)

(After approval of the first proposal)

I call Mr von der Vring on a point of order.

Mr von der Vring. — (DE) Mr President, these proposals are all unopposed. Can we not put them all to the vote together?

President. — Mr von der Vring, even though they are unopposed, we must put them to the vote individually. If we do this quickly, it will not cost too much time.

(...)

(After approval of the third proposal)

I call Mr Kirk.

Mr Kirk. — (DA) Could you please go more slowly? The interpreters cannot possibly keep up.

² Here as elsewhere, the Report of Proceedings reproduces only those stages of the voting that gave rise to interventions from the floor. For the details of the voting, see minutes.

President. — I will bear that in mind, but I must not take things too slowly either.

(. . .)

(After approval of the fifth proposal)

I call Mr Enright on a point of order.

Mr Enright. — It is on today's agenda, Mr President. There are very strong rumours flying around this House that suddenly four new committees are going to be set up and staff are being moved and appointed, and heaven knows what. I would like your assurance that, before any staff are appointed, changed, moved, employed or otherwise, we shall have a full debate on it in this House, and it will not simply be group leaders getting together, making proposals and carrying them through.

(Applause from the right)

President. — Mr Enright, I do not believe in rumours. I think that if the point is decided it will certainly come up here.¹

3. Rights of ethnic minorities (contd)

President. — The next item is the continuation of the debate on the report by Mr Arfè, on behalf of the Committee on Youth, Culture, Education, Information and Sport, on a Community charter of regional languages and cultures and a charter of rights of ethnic minorities (Doc. 1-965/80).²

I call Mr Almirante.

Mr Almirante. — *(IT)* Mr President, I have not the slightest difficulty in declaring, on behalf of the Italian national right, that we agree with the Arfè report, for the rapporteur has had the good sense to stress that solemn declarations of principle do not always take reality into account, and that it is not always possible to adopt uniform legislation in all Member States.

I also agree with Mr Gouthier and Mr Cecovini that it is impossible to enforce linguistic equality in a court of law, for this would be a source of more drawbacks than advantages. Furthermore, I feel obliged, in the context of Mr Gouthier's statement and however much it hurts me as an Italian Member, to address the issue of the Alto Adige. That region is not heading toward integration but rather toward apartheid, and

this does not reflect the spirit of international law. If the Austrian Government has brought up this issue — unjustly, I believe — at the United Nations, we in our turn have a legitimate obligation as Members of the European and Italian Parliaments to present the case of the Alto in this Assembly, and we hope it will not be necessary to go all the way to the Court of Justice.

Let me explain: in Italy, on 25 October, there will be a census — an absolutely normal procedure which takes place in every democratic country. In the Alto Adige, however, the census has not only a linguistic, but also an ethnic character. The citizens of the Alto Adige will in the next few days be subject to penalties if they fail to declare membership in one of three ethnic groups: the Italian, the German, or the Ladin. And this concerns not only the adults, but also their children, who will thus be labeled one way or the other for the next ten years, since in Italy the census is taken at ten-year intervals.

If the principle at stake were simply a matter of choosing one's linguistic group no-one would object. But this is quite a different matter. Indeed, there are three multilingual regions in Northern Italy: the Val d'Aosta, with a strong French minority, the Friuli-Venezia Giulia, with an appreciable Slovenian minority, and the Trentino-Alto Adige. Only in the latter, however, are citizens asked to answer a supplementary question regarding their children's ethnic group. Why? The answer is very simple.

(Interruption by Mr Dalsass)

My dear colleague, that is not true at all. The Statute was modified in 1971. I spoke then for nine hours in the Italian Parliament, whereas I speak here only for a few minutes, but what I am saying is absolutely true. The question is the introduction of ethnic proportionality in the Statute of the Trentino-Alto Adige. This did not exist before 1971: it does appear in Article 89 of the new text adopted in 1971. Thus the last census was taken without ethnic proportionality, while the present one will be held on precisely that basis. We must remember that the principle does not concern language alone; it is a matter of jobs, housing, aid, grants. It is not a free census, it is an unjustifiable imposition, for the citizen who truthfully declares membership in the Italian or Ladin linguistic group will lose, for himself and his children, the possibility of finding a job and having access to housing. This is contrary to the principles of international law; it is a step toward apartheid, and we speak out solemnly against it, reserving the right to appeal to the Court of Justice.

President. — I call Mr Price.

Mr Price. — Mr President, fel Cymro, rwy'n falch o fy ngwlad, gwlad y delyn a gwlad y gân. Those words in

¹ For the item on reference to committee, see minutes.

² See the report of proceedings of 15 October 1981.

Price

the Welsh language meant, 'As a Welshman, I am proud of my country, the land of the harp and the land of song'. They also illustrated that as part of a rich and distinctive cultural heritage, Wales has its own language. It is one of the oldest languages in Europe — indeed, older than English, for example — and is now spoken by about half-a-million Community citizens.

With this background, I welcome the approach of the Arfè report. The development of the Community could increase the pressures of centralism. It is important that we should redress this tendency by showing that we welcome the rich diversity of regional cultures and languages. In the United Kingdom, my party has supported precisely the kind of policies for which this motion calls. In Wales, for instance, the Conservative Party has supported the grant of equal legal status to the Welsh language and has recently agreed to set up a separate Welsh-language television channel. For this reason, I regret that many of my colleagues here will not be joining me in supporting this motion.

One danger of the text, however, is that most of it is concerned with calling upon other people to do things. I want to add a new paragraph by Amendment No 23. This calls upon the Commission to review Community legislation and practices which discriminate against minority languages. It mentions particularly labelling regulations. My amendment arises because the Wine Standards Board in the United Kingdom has claimed that a wine-bottle label written entirely in Welsh is contrary to Community wine-labelling regulations. The problem arises because the Welsh language is not an official language of the Community. I believe that the consumer should be able to choose, if he wishes, to buy wine with a label in his own national or regional language and that it brings our Community into disrepute if national organizations can use our legislation in bureaucratic actions of this kind. The amendment mentions this example, but deals with the whole question of discrimination in our legislation against these minority languages. I hope that the House will support this amendment.

I also move Amendment No 24, which seeks to emphasize that regional and folk cultures can only expect support from the Regional Fund if they benefit the local economy. In that way, I seek to make paragraph 3 of the motion more realistic and therefore more likely to be implemented.

Mr President, I support the motion together with any constructive amendments which will strengthen it.

President. — I call Mr Israel.

Mr Israel. — (FR) Mr President, Mr Arfè's report naturally says all the important things.

Firstly, it seeks to show why the regional cultures of Europe must be preserved, why they must be developed, and even, if he will allow me to say it, why they must converge. That then is the first major point in its favour.

Furthermore, Mr Arfè, who does not do me the honour of listening to me, is undeniably concerned for social and cultural peace in Europe. This too is eminently laudable. Lastly, he urges us to draw inspiration for our actions from the United Nations Pact on Cultural Rights, which deals with individual rights, and here again Mr Arfè deserves to be congratulated.

How is it then, Mr President, that we get this feeling of unease when we read Mr Arfè's report, especially when we look at the resolution he has put forward? This feeling of unease starts with the title of the report, which bears no relation at all to its content. Mr Arfè heads his report 'Community charter of regional languages and cultures', so far so good, but he adds 'and a charter of rights of ethnic minorities'. That is where the trouble starts. In the first place, the subject is not dealt with and, besides, the notion of ethnic minorities seems an extremely dangerous one when looked at closely and dispassionately.

It is enough to look at the recent history of Europe as it was to realize that this notion of ethnicity is an extremely dangerous one, one which needs to be handled with care. I am not speaking specifically about France. I know it could very easily be said that my country is a Jacobin, centralizing nation-State. I have even heard it said that France is an artificial State. But what I really want to do is to get away from this way of looking at things, get away from the purely French point of view and draw your attention to the real danger that lies in institutionalizing minorities.

Is it really necessary, to protect freedom of cultural expression, freedom to use one's own language, freedom of cultural development, is it necessary to introduce the concept of ethnic minority? I do not believe so, Mr President. Indeed it suggests to me a certain lack of faith in democracy. Any institutionalization of differences is liable, in a crisis, to lead to exclusory or discriminatory measures. Should one, as Mr Arfè proposed in an initial draft of his report, through structural measures, potentially facilitate discrimination between citizens under the pretext of encouraging the development of cultural identities? I am sure everyone will agree that, in a democracy, there is nothing to prevent such development and that a charter of ethnic minorities on a national or European scale is quite superfluous.

Of course nothing on the legislative level or on the social level should be allowed to stand in the way of the development of languages or cultures. If anything, they need to be encouraged. But as soon as you try to link such development with logistical support for an institutionalized minority having its own charter at

Israel

European level, you run the enormous risk of tearing nations apart, of dividing society and blowing the whole process of European integration completely off course.

(Applause from certain quarters of the Group of European Progressive Democrats)

President. — I call Mrs Bonino.

Mrs Bonino. — *(IT)* Mr President, ladies and gentlemen, I fundamentally agree with the Arfè report on a Community charter of regional languages and cultures, but I would like to make a few observations which I believe to be important, and which are not included in the report.

Firstly, the protection of minorities must always occur in the context of the absolute and fundamental respect of personal rights: minority rights are unthinkable if they are not based on individual personal rights.

Secondly, there is the risk that some linguistic or ethnic minorities, existing as such on the national level, may constitute a majority in their own region and administer their local power to the disadvantage of other citizens who belong to the national majority but who are in fact outnumbered in the region in question. This is the problem of the Sud-Tirol, of the Alto Adige, touched upon by Mr Almirante, and we too would like to address it here. We are facing an extremely dangerous situation, since an ethnic group constituting a minority on the national level enjoys rights and privileges denied to the Italian speaking citizens living there, who are in this way subject to discrimination.

We could open a debate now: the right to housing, to jobs . . .

(Interruption by Mr Dalsass)

. . . but personal rights are sacred irrespective of the ethnic group concerned and of the language spoken by that group, and if in the past the German-speaking population has been discriminated against, that is certainly not a valid reason for permitting such discrimination now against the Italian-speaking group.

(Interruption by Mr Dalsass)

My dear Mr Dalsass, you are not the only one to be familiar with the situation in the Alto Adige: I understand that Mr Dalsass may feel compelled to intervene, but the situation is as I have outlined it. The census we are about to hold is void of penal aspects — fortunately we were able at the last moment to eliminate that — but it still gives unacceptable privileges to a certain linguistic-ethnic group. It is worth stressing that the rights of citizens, of the individual as such,

cannot be threatened within the framework of protection for a minority.

I will therefore vote in favour of the Arfè report, although it would have been better if it had emphasized this point more strongly. I believe in fact that we are headed in an extremely dangerous direction, and that a warning from the European Parliament would have helped to ease the tensions and pressures which other groups would rather see enhanced.

President. — I call Mrs Clwyd.

Mrs Clwyd. — *(The speaker began in Welsh and then proceeded in English.)* I quote from a Welsh poem of the 7th century which is perfectly intelligible to a Welsh speaker in the 20th century, unlike Anglo-Saxon, which bears little resemblance to English as it is spoken today.

The fact that I speak one of the oldest living languages in Europe, 1 500 years old, is due not at all to the educational system in my own country, but to the insistence and perseverance of my parents, who were determined, against all the odds and despite living in a country next to one of the strongest and most pervasive languages and cultures, English, that it would still be my inheritance to be able to speak the language of my forefathers.

There are now some three-quarters of a million Welsh speakers in Wales itself, about 21% of the population. The numbers are unfortunately declining, as each census shows, and many thousands of Welsh people have been denied the opportunity of speaking and understanding the language which at one time was spoken by all of the people of Wales.

The problem was, of course, that in the middle of the last century it was an oppressed language. Children were forbidden to speak it in the playground and in the classrooms. The punishment was a square piece of wood to be hung round their necks with the words 'Welsh Not' inscribed upon it. But cruel administrations change and pressures grow. During this century, it was the industrial revolution, the growth of the coal, steel and slate industries, which saved the Welsh language. In the 1930s, the period of mass unemployment, the language declined again as thousands of Welsh people had to leave their homes in search of jobs in other countries and overseas. Unemployment kills a language and culture, and again it is governments which have the responsibility to protect jobs.

Freedom and status for the Welsh language have had to be bitterly fought for. Dozens of young men and women have been in prison. Three are in prison at this moment because they believe passionately in keeping the Welsh language and culture alive. I share their conviction. That is not nationalism, as my colleague

Clwyd

Mr Arfè has emphasized. It is the belief that the protection of minorities is as much an economic, social and political problem as it is linguistic. For if the minority is to maintain its language and culture, it needs to be able to compete effectively with the majority. The minority needs to enjoy equality in all fields. It also requires a number of institutions which will compensate for its initial disadvantages, such as a peripheral location, a neglected economy and a lack of educational facilities.

That is why I support my colleague Mr Arfè's report. The recognition of the existence of linguistic minorities and regional cultures is an important aspect of the European Community, a community which must permit and encourage the free development of all its regions and peoples.

President. — I call Mr Habsburg.

Mr Habsburg. — (*DE*) Mr President, the problem of the rights of national and linguistic minorities is, as history shows, one of the most difficult but also one of the most essential issues of our region. This is the point that will decide whether Europe will be a centralized continent with an imposed uniformity on the model of certain superpowers, or if we will succeed in maintaining and further cultivating the pluralism produced by our rich cultural heritage. Europe's traditional spiritual dimension was born of national and linguistic diversity. Europe has been worthy of its name only when it has remained faithful to the principle that in the political, as also in the economic sphere, a larger unit never takes on responsibilities and tasks which can be successfully accomplished by a smaller unit. From this perspective, i.e. if we look at it as a starting point rather as a conclusion, the present report must be welcomed. Ultimately there will have to be genuine established rights for linguistic and ethnic groups valid for all European countries.

History demonstrates that tensions between States, which have been so harmful for Europe, can be resolved only in a larger context. A difficult problem cannot be successfully worked out on the local level — witness the experience in the Danube region. The Moravia agreement of 1905 — which was not perhaps the best solution — could not fully succeed because it could not be implemented contemporaneously in the entire area.

The Arfè report emphasizes the word 'minority', which in the context is rather unpleasant. Certainly the term is now commonly used, but if we wish to work with the future in mind we should try to avoid it, since in a genuinely peaceful Europe there ought to be only linguistic and ethnic groups enjoying the same rights. 'Minority' implies limited rights when it is used in connection with ideas such as nation, language, nationality. The word is justified only in the political

sphere, where today's minority is tomorrow's potential majority. In all other instances we should speak of nationalities, ethnic groups, or linguistic communities. These must enjoy the same rights as the so-called majority. Once we have achieved this, we will have taken an important step towards a peaceful, homogeneous Europe. In this sense I approve of the present motion for a resolution, together with the amendments of my friend Mr Dalsass, as the beginning of a positive development. Our task in the European Parliament will consist in keeping the issue alive.

(*Applause*)

President. — I call Mr Taylor.

Mr J. D. Taylor. — Mr President, I support the maintenance of regional languages. Their continued existence is one of the great features of European life today. However, I subscribe to the belief that these regional languages have a greater chance of success where they are optional.

As the Council of Europe report in June of this year confirms, Gaelic in Ireland did not benefit from the many years of compulsory teaching in southern Irish schools. Regional languages can be a matter of great political sensitivity, as, for example, in Belgium today or the South Tyrol, as we have heard from earlier speeches. I think the Community would be foolish to intervene, as the report recommends. There can be no uniformity of practice in support of European regional languages. For that reason I oppose European Community intervention and the use of the Regional Fund to finance regional languages. Each country must remain responsible for its policy towards regional languages within its territory. There can be no standard practice for the compulsory teaching of regional languages, the use of the languages in courts and public life and guaranteed access to local radio and television stations, as this resolution proposes.

In fact, great damage can be done to the best interests of a regional language when it becomes linked with a political objective. Not only does political enforcement of the regional language create unnecessary resentment towards that regional language by those who do not understand it, but it does lead to legalized discrimination. This, regrettably, is what has happened in southern Ireland, where although English is the spoken language in every single county, there has been an academic and cultural interest in developing the Gaelic language. By making it compulsory in schools — a policy now, I am glad to say, recently abandoned — and by giving a bonus in examination results to pupils answering other subjects through the medium of Gaelic, the government encouraged resistance to the language. Even worse, the government, by making knowledge of Gaelic a requirement for certain appointments in the civil service, police, armed forces

Taylor

and the teaching profession, in effect excluded most Northern Ireland people, as well as the Protestant minority in southern Ireland, from these opportunities of employment.

This is still the practice in southern Ireland today, as a letter I have recently received from a university lecturer confirms. This is from a constituent in Northern Ireland and was written two weeks ago:

Dear Mr Taylor, a lecturing post in mathematics at Bolton Street College of Technology, Dublin, was advertised recently. When I sent for details, I found that fluency in the Irish language was required. Surely this is merely a veiled attempt to restrict applicants to Irish nationals and Roman Catholics from Northern Ireland, in contravention of EEC regulations. The Irish language has no relevance whatsoever to the job advertised, i.e. mathematics. Is it not possible to force the Irish Government to stop imposing such restrictions?

That, Mr President, is the feeling of the vast majority of people in Ireland, who reject Gaelic being pushed down their throats by the government. I conclude by saying that where politicians try to enforce a regional language, it creates divisions. Regional languages should certainly be encouraged, but they should be optional and voluntary. For that reason, I shall oppose this motion.

President. — I call Mr Tolman.

Mr Tolman. — (NL) Mr President, I should like to begin by expressing a word of thanks to the rapporteur, Mr Arfè, for the report he has drawn up on behalf of the Committee on Youth, Culture, Education, Information and Sport. By and large, the motion for a resolution has my wholehearted support.

The very intense process of European unification has been joined by a strong revival of minorities who actively support the preservation and spread of regional languages and cultures. This does not conflict with continued European integration; on the contrary, European society is based on the pluriformity of many facets. The preservation and spread of these facets reflects the strength of the European peoples. A Community charter can play an important role in this.

Majorities must show understanding and be tolerant where minorities are concerned. Where minorities form majorities in their regions (for example, Frisia in the Netherlands), they too must show understanding for the minorities living in their midst.

We must support the vigorous promotion of education in the child's own language: this applies equally to the press, radio and television. Consequently, it must be accepted that the native language is not an exception but the rule in public life and in administration, in the courts and so on. In a bilingual country such as the

Netherlands, because of the strong revival of the Frisian language, consideration must be given to the possibility of Frisian being spoken in the national parliament in the future.

Where there is a strong movement in support of regional languages and cultures, there must undoubtedly be a willingness to make financial sacrifices, through I willingly subscribe to the idea that the Regional Fund may also have a task here in lending a helping hand.

I close by expressing my sincere thanks to the interpreters for their cooperation.¹

(Applause from various quarters)

President. — I call Mr Pattison.

Mr Pattison. — A Uachtaráin agus a dhaoine uaisle, seo an céad uair dom bheith ag labhairt anseo, agus is cúis áthais agus onóir dom an teanga Gaeilge a úsáid ar an ócáid seo. Ba mhaith liom a rá go bhfuil an tuarascáil seo ón tUasal Arfè go han-mhaith agus an-soléir. Mar duirt mé, táim ag labhairt as Gaeilge, ceann des na teangacha is ársa agus is uaisle d'iarthar na hEorpa. Tá muid-ne, Eireannaigh, bródúil as ar gcultúr. Ba cheart go mbéadh mion-phobail eile na hEorpa bródúil as a gcultúr freisin.

For those who may not understand the eighth language of the Community, I shall repeat the sentiments which I have expressed in my own native tongue. I would like to congratulate my colleague, Mr Arfè, for this excellent report on a subject which is of such great significance for so many groups of people in our Community. I do so first of all in one of the oldest languages in Europe, a language which will benefit from the implementation of this report. I am pleased that my first opportunity to speak in the European Parliament is on such a subject and that the use of our first official language is appropriate.

I should then like to express appreciation of the decision taken by the enlarged Bureau this week to allow the publication of the Arfè report in Irish. I believe that this positive gesture on the part of Parliament is very important, not merely for the Irish language but also for all the other less-spoken languages. It shows that Parliament is prepared to do all within its power towards encouraging the less-spoken languages, which are of deep cultural significance and part of our common cultural heritage.

Many of the principles contained in the report are accepted in most of our countries, though not all. However, there is a basic need for measures which will

¹ This speech was given in Frisian.

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realize in concrete terms these principles. Therefore I welcome in particular paragraphs 2 and 3 of my colleague's report, which call for the setting up of pilot projects to try out methods of multilingual education, use of the Regional Fund in support of regional and folk cultures, Community educational and cultural programmes towards developing a cultural policy in the interests of ethnic and linguistic minorities. I call on all to support this report and in particular these proposals.

President. — I call Mrs Péry.

Mrs Péry. — (FR) Mr President, the subject of today's debate is an extremely important one for us and it will acquire an even greater significance when Spain and its peoples join the European Community.

It is a particularly sensitive subject in the region where I live. The Basque language and culture — extremely ancient as you know — still have a real authenticity. The Basque country extends over both sides of the Pyrenees. Of its two and a half million inhabitants perhaps one million still speak the Basque language, the *ekkara*. The Basques, like other ethnic groups, were forced early in the twentieth century to adopt the majority language of their country in order to be able to benefit from economic development and new technology. This fact and the growth of the media — radio and television — marked the beginning of a spectacular decline in the use of the ethnic language and what we are witnessing today, in the Basque country as in many other regions, is a sudden cultural and political reawakening, especially among the young people. On the initiative of parents, schools have been established, the *kachtolaks*, in which children are taught in the Basque language. The language is also beginning to be taught in State schools.

What is happening here is therefore very much in line with the content of the Community charter proposed today. It is regrettable that certain amendments tabled by Members from the benches on the right should be seeking to limit the scope of the report. Safeguarding a heritage which belongs to all mankind is a matter of common sense and simple justice. The governments of the Member States and the regional authorities should take these needs into consideration and actively promote regional languages and cultures.

But it is very artificial to separate culture from other aspects of social, economic and political life and, as the rapporteur quite rightly points out, a document like this calls for the involvement of the Regional Fund. It is all very well protecting a language and ensuring that it is taught, but young people must, if they want it, be given an opportunity to use it, which means living and working in the country. The exodus of young people is a tragedy for many of the regions of Europe that we are talking about today. In the

Basque country, the establishment of small workers' cooperatives is the beginning of an original response to the problem. It is a tradition deriving from the Spanish part of the Basque country, based on the successes of the famous Mandragon cooperative.

But it is in the interests of every Member State to stimulate the economies of the regions. The Socialist government in France has decided on broad decentralization as its answer to all these problems. The European Parliament should turn its attention to each individual Member State to see how it can encourage and sustain measures designed to revive regional identities. These ethnic regions are deeply interested in our debates and are pinning their hopes on the Europe of tomorrow. *Milesker*, as we say in Basque.

President. — I call Mr O'Donnell.

Mr O'Donnell. — Mr President, first of all I would like to congratulate very sincerely Mr Arfè on his excellent report. I would also like to express my appreciation of the very positive and very warm response of Commissioner Richard last evening.

This report introduces an important and, I believe, exciting new dimension to the development of a European Community. This report serves to remind us that this Community is not just a mere economic entity but that it also has a wide and diverse cultural heritage, of which the less-used languages form an integral part. This Community cannot make real progress nor indeed can it have real meaning for all the people who belong to it if we continue to ignore the existence and the rights of many communities totalling millions of people who have their own distinctive languages and cultures. Cultural development should be an integral component of Community development. This report signposts the road along which we must travel if we are to achieve that unity in diversity which is fundamental to real European unity. I therefore fully support the call made in this report for the formulation and implementation of a Community charter for those who speak the less-used languages of the European Community.

I also endorse the appeal made to national governments for regional and local authorities to implement a joint policy in this field. At present each member government of this Community has its own particular attitude on policy *vis-à-vis* its linguistic minorities. What is urgently needed now is a common Community charter to which all member governments should subscribe.

The situation in Ireland is unique in this respect. Although the Irish language is today the everyday spoken language of only a small percentage of the total population, nevertheless we regard Irish as our national language and the first official language of the

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Irish State. In Ireland, the development of our Irish-speaking regions and the promotion of our national language and culture is a top government priority. A special government department, the Department of the Gaeltacht, headed by a Cabinet Minister, has responsibility in this field. In addition, the Department of the Gaeltacht gives grant aid to a wide variety of voluntary organizations and subsidizes the production of Irish-language newspapers and periodicals. The Gaeltacht also has its own statesponsored broadcasting service.

It can be seen then, Mr President, that in Ireland we regard cultural and linguistic development as an integral component of national development. We believe that this Community should regard cultural development as an integral part of Community development. There are many ways in which this Community can help. The Arfè report pinpoints the main areas — education, the media of communication and public administration.

Finally, Mr President, reference has been made in this debate to the significance of cultural development in the context of regional development. I believe — indeed I implemented this belief during my period as Minister for the Gaeltacht in the Irish Government from 1973 to 1977 — that cultural development should be included as an absolutely vital component in any integrated regional development programme. I support those speakers who have said that provision should be made in the European Regional Development Fund for aid for cultural projects, which are an integral part of regional development.

Ba mhait liom focal scor a rá ag labhairt sa teanga Gaeilge. Céad míle fáilte roimh an tuarascáil seo, agus guím rath Dé ar an obair atá róinn.

President. — I call Mr von Hassel.

Mr von Hassel. — *(DE)* Mr President, ladies and gentlemen, I also would like to thank Mr Arfè for having made the effort to draw together the many-faceted questions raised in the debate here yesterday and this morning in a single report. I think that this report will be the first big outline of a charter concerning questions of language and culture.

I submit, however, Mr Arfè, that in your report the theme of minorities and the rights of ethnic groups is not sufficiently developed. If we still need proof of this, then the contributions of our two Italian colleagues supply it. I can hardly believe that the representative of the Italian far right, Mr Almirante, wants to bring the Statute agreed upon by the Italian Parliament and the Italian Government for the

Sud-tirol before the Court of Justice, and that he can speak of 'apartheid' in this context. Such a concept certainly has no place in one of the Member States of the European Parliament. Mr Almirante's remarks remind me of the pre-war era.

On the other side, Mrs Bonino, from the far left, asserts that earlier the rights of the German peoples in northern Italy were neglected, and that these people suffered from discrimination, but that now the situation is reversed, putting the Italian ethnic group in the Sud-tirol at a disadvantage.

It is significant that today the most extreme Right and the most extreme Left both want to question the regulations which the Italian Government and the Italian Parliament have evolved over several decades to deal with conflict in this region. I am of the opinion that we have every reason to thank the Italian governing parties and their administration — that is, the Christian Democrats, the Social Democrats, the Socialists, the Liberals, and the Republicans — for this statute.

(Applause)

I wish to say to Commissioner Richard that I was very impressed at the way he handled the problems of minority languages yesterday. This demonstrates that in you we have a man who is thoroughly acquainted with the issue. Please do not take it amiss if I deplore the following: you did not give many examples from European countries where a solution has in fact been found. You spoke of the particularly liberal solution in Denmark, but you forgot to mention Germany and its most northern federal state, namely Schleswig-Holstein, the only region where the minority question has played an appreciable role.

Mr Schwenke from the Socialist Group mentioned my name just now. In 1955, the German Federal Government, the regional government of Schleswig-Holstein, and the government of the Kingdom of Denmark found an excellent solution, a solution in Denmark for the German peoples and one in Germany for the Danish peoples. Both are as liberal as it is possible to be, and this happened twentyseven years ago!

I should be grateful to you, Mr Commissioner, if you would recognize that the rights of ethnic groups must be more clearly set forth. One must be free to choose one's nationality — the right to do this should not, as has been said by some Italians, be subject to review. The person who identifies himself with an ethnic group should not suffer discrimination on that account. We must put this charter of the rights of ethnic groups in the foreground, and not deal only with questions of language and culture as we did yesterday.

The minority rights agreed upon by Germany, Denmark, and Schleswig-Holstein were permanent. On the twenty-fifth anniversary of the signing of the

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Bonn-Copenhagen accord Germans and Danes, the German and the Danish Governments, and members of parliament from both minorities found that this ethnic regulation has lasted completely unchanged for a quarter of a century. It can serve as a model and a foundation for a European charter for the rights of ethnic groups.

President. — I call the Commission.

Mr Richard, Member of the Commission. — May I say in answer immediately to Mr von Hassel, the fact is that the Schleswig-Holstein Compromise between Germany and Denmark has worked so well for the last 25 years that when I was drawing up a list of recent actions taken by governments to deal with this sort of problem, I must tell him, in all honesty, it did not come to my mind. So that, if anything, is a compliment to the way in which you have sorted it out. It was an omission on my part, an omission for which I apologize.

Mr President, I have been asked to indicate my view on some of these amendments. There are so many of them — I think there are now 31 — that the best that I can do is perhaps read out a list and say the ones I think I agree with and the ones I think I disagree with. If that will help the House, I shall be delighted to do so.

Broadly speaking, I agree with Amendments Nos 1, 3, 4, 10, 13, 14, 17, 23, 25, 26, 28 and 29. I agree with those. I do not really understand Amendments Nos 5 and 11, and I do not agree with all the rest.

(Laughter)

President. — I call Mr Arfè.

Mr Arfè, rapporteur. — *(IT)* Mr President, just a few words of sincere thanks to all my colleagues for their words of praise, and also to those who raised points and made remarks and criticisms which I believe will be given due consideration.

In particular I believe that with this 'charter' we have made a first step, but that other steps must follow and that it would perhaps be well if all those who gave such fine contributions to this debate could get together in order to define more clearly the ideas and issues and to create a European cultural policy in this area.

In this debate there were contributions of fundamental importance which enriched the debate already held in committee; one of the protagonists of this debate, even in disagreement, was Mr Israel, whom I thank; he always urged us towards a fuller examination of these problems.

I would also like to add that I tend to support the text formulated in committee as a general orientation, though not because of a simple prejudice against any changes. On the contrary, I believe this text can be amended like any other, and that it will probably be modified and enriched at a later date.

It seems to me that in the short time at our disposal we will not be able to evaluate thoroughly all the improvements which could be made, whereas in committee very often we arrived at formulas after having considered many aspects of the problem which it is impossible to examine here.

I repeat my thanks to everyone and particularly to Mr Richard, whose speech and the answer he subsequently gave I greatly appreciated.

President. — The debate is closed.

We now proceed to the vote.

Title: Amendment No 5

Mr Arfè, rapporteur. — *(IT)* Mr President, the question has already been discussed in committee. The original term was not this one, but rather 'ethnic and linguistic communities.' We retained this terminology in order to stress the link between the two things, the language and the ethnic background. For this reason I am against it.

(...)

Seventh indent of the preamble: Amendment No 10

Mr Arfè, rapporteur. — *(IT)* Mr President, I leave it to the House to decide.

(...)

Ninth indent of the preamble: Amendment No 1

Mr Arfè, rapporteur. — *(IT)* Mr President, I am in favour, since this does not concern the substance.

(...)

First indent of paragraph 1 (a): Amendment No 7

President. — I call Mr Israel on a point of order.

Mr Israel. — *(FR)* Mr President, I would ask you not to anticipate the rapporteur's position by saying that he will probably not be in favour of an amendment. The rapporteur must be free to think for himself.

(Laughter)

President. — You are quite right. I was only trying to gain time by making such a prediction.

(...)

Amendment No 15

Mr Arfè, rapporteur. — (IT) Mr President, I am in favour, since the amendment is only concerned with matters of form.

(...)

Third indent of paragraph 1 (a): Amendment No 2

Mr Arfè, rapporteur. — (IT) Mr President, seen as a recommendation, this does not seem to me to be particularly forceful: I therefore leave it to the opinion of the House.

(...)

Second indent of paragraph 1 (b): Amendments Nos 16, 28 and 3

Mr Arfè, rapporteur. — (IT) Mr President, I am against Amendments Nos 16 and 28 but leave the decision on Amendment No 3 to the House.

(...)

After paragraph 3: Amendments Nos 4, 11, 22 and 23

Mr Arfè, rapporteur. — (IT) Mr President, I defer to the Assembly on Amendment No 4. I am in favour of Amendment No 11; I am against Amendment No 22; I would be in favour of Amendment No 23 up to the word 'minority', without the succeeding specification.

President. — Such an amputation is not possible.

Mr Arfè, rapporteur. — (IT) In that case, I must oppose the amendment.¹

President. — I call Mr Price.

Mr Price. — Mr President, can I ask please for a separate vote — first part up to the words 'minority languages' being put to the vote first, then the rest of

it? That would enable any one feeling as Mr Arfè does to vote for the first part but not for the second.

(...)

(After the adoption of paragraph 4)

President. — I can now give the floor for explanations of vote.

Mr Forth. — I am glad the House awaits my words with such eager anticipation. I will not disappoint it. My main problem with this report, Mr President, and the reason why I shall vote against it is that I believe that language is basically a divisive factor. We can see this for example in a country like Belgium and we can see it wherever man has a social existence. This is why I have grave doubts as to whether one should encourage dividing peoples. This is why I believe in the Community, and I believe its contribution should be in that direction.

It also, you see, leads to very dangerous talk, as our colleague Mr Israel pointed out earlier, when you start to get involved in talk of the rights of ethnic minorities. That has a dangerous ring to it in certain contexts. I really do not think it should be encouraged, not to the extent that it is in this report.

Secondly, I believe that any element of compulsion is very wasteful of educational resources. Having lived in an area of the United Kingdom in which a language other than English was spoken and taught, I did not approve of my children being taught in that other language, which is not used outside the area. Incidentally, I was glad to hear it said earlier that, in spite of all the money spent in Wales and the elements of compulsion that exist there, the use of the language is still falling inexorably, and I think that we would all do well to pause and think why that is so.

Mr Rogers. — It is because of your English on the television!

Mr Forth. — And in passing one should comment that very few people watch the Welsh-language programmes in Wales. They are of such an appallingly bad standard. Also people ...

(Cries of 'sit down')

No, I will not sit down! People in the north and south of Wales ...

President. — Mr Forth, I think you have to sit down, because your speaking-time is over.

¹ In addition, the rapporteur spoke *in favour* of Amendments Nos 12, 13, 14 and 25, and *against* Amendments Nos 6, 8, 9, 18, 19, 20, 21, 24, 26, 27, 29, 30 and 31.

Mr Cottrell. — Mr President, I shall vote against this report this morning, but not because of any lack of regard for what have been described as minority languages and cultures. That in itself is a disparaging remark, as in many areas of Europe the minority could actually be a majority. Once again the European Parliament is in danger of imposing its supposed wisdom in areas which are rightly the territory of the Member States. I agree with all that has been said this morning about linguistic diversity as enriching the culture of Europe, but I equally remind the House that this can lead to unwelcome divisions in our society, as we are well aware in a number of Member States of this Community.

Members of the House, I used to work in a television station in Cardiff, in south Wales. The nonsense that I saw performed there in the name of helping, creating, fostering the Welsh language was absolutely absurd. Programmes were beamed out at night to an audience of whom it was not possible by any known statistical means to discover who, if anyone, was watching.

(Laughter)

Lady Elles. — Mr President, my group will be voting against this report, not because of any discrimination against ethnic minorities, but quite the reverse. We support the Universal Declaration of Human Rights and the guarantees to be given to ethnic, linguistic and religious minorities. I would remind this House that a sectarian and narrow-minded approach in this report does not reflect the position in the United Kingdom, where we have schools in which thirty different languages are spoken by children even in one classroom. How would it be possible, for instance, to ensure that individuals are allowed to use their own language in the field of public life and social affairs? I would advise this House that the ethnic minorities in our country have about three hundred different languages, and this particular report has not considered the difference between ethnic minorities and regional languages. It is on this basis that we cannot accept the sentiments expressed in his report. We wish all ethnic minorities, both in the United Kingdom and in the Community, to be protected equally and without discrimination.

Mr Cardia. — *(IT)* Mr President, a few words to announce that the Italian Communist and Allies Group will vote in favour of the Arfè report. Personally, as the sponsor of a motion for a resolution for the protection of regional languages and cultures which was absorbed into Mr Arfè's resolution, I would like to address my particular thanks to the rapporteur for having included in his document the point we consider fundamental: i.e. the close tie between cultural and linguistic autonomy and political and territorial autonomy. I believe it to be of the first importance that the process of European unification be ever more

closely bound to the objective of the development of regional autonomies, especially where they are based, as in Sardinia, Corsica, Wales and so many other regions, on ancient ethnic, historic, and cultural particularities.

The Arfè resolution indicates a direction, and it is now up to the Parliament, the Commission, and the Council to follow in it with conviction and foresight so that the two charters of rights to which Mr Arfè refers may soon become an active reality.

Mr Dalsass. — *(DE)* Mr President, as a member of an ethnic group, I feel myself obliged first of all to thank the rapporteur for his work on this issue. I would also like to thank Commissioner Richard for his understanding and Mr von Hassel for his speech in defence of my ethnic group. I also feel obliged, however, to repudiate strongly the charges made by Mrs Bonino and by Mr Almirante. They maintained that there is injustice and discrimination in my country. This is by no means the case, for the regulation was adopted on the broadest parliamentary level and agreed upon by all the large political parties, including the Communist. The same decision has now been made once again, and thus the regulation can certainly be considered just. There is no question of discrimination, but rather solely of the removal of certain privileges. I totally reject this attack as untrue.

I would also like to say that the Group of the EPP will vote in favour of this resolution.

Mr Maher. — Mr President, I am pleased to support this report, and I would say in passing that I agree with those who said that they are against compulsion. We have a lot of experience in compulsion in the country that I come from, but strangely enough not compulsion in relation to the speaking of Irish, but compulsion in the speaking of English. In the past, in fact, our children were punished in schools if they did not speak English, or their parents were discriminated against if they did not speak English rather than Irish. That is the other side of the coin. I am against compulsory Irish and against compulsory English or any other language. I think there should be freedom.

If this is not too much, Mr President, I would express the hope that this Parliament will be unanimous in supporting this report to demonstrate to the peoples of Europe that we are not trying to build a monolithic structure which grinds into the dust every little minority that wants to demonstrate its own independence. Rather we should recognize and help them, because if we do the opposite, if we try to obliterate or eliminate these little minorities, whether for language reasons or others, we shall be building a very dull Europe indeed for the future. Let us have a Europe of diversity, but a Europe united.

Mr Balfé. — Mr President, at the risk of losing all my friends instantly, I do not intend to support this report. I do not consider it to be a job for the European Community to pursue the matters outlined in this report. I do not believe that the people are looking towards Europe and its institutions with confidence and hope in this area. Whilst I support the freedom of people to learn minority languages and very much support what the last speaker said about that, I also do not consider that the minority languages of immigrants into the Community have been fully catered for in this report. Principally, I do not consider it to be a job for the European Community to interest itself in this matter.

Mr Vandemeulebroucke. — (NL) Mr President, we shall vote in favour of the Arfè report even though it overlooks a number of matters: it does not mention the charter of the peoples, no deadlines have been given for the proposals and it confines itself to an extremely cautious recommendation to the Council. I hope Mr Arfè, whom I congratulate on his report, will set up and *ad hoc* parliamentary workingparty which embraces all the political groups and in which everyone who has spoken so positively here about the rights of languages and peoples can help to achieve the introduction of a genuine charter. In this way we might also help Mr Richard, whom I thank for his very positive contribution. For the first time I notice a new wind blowing in the Commission.

Mr Kellett-Bowman. — Mr President, I voted against throughout the voting on this resolution, and will vote against the resolution as a whole. But it has not been an exercise in mindless opposition. I do not doubt the sincerity of speeches I have heard in the debate, and I will join hands with those who oppose the oppression of minorities; but I believe that our work should be directed towards unity. One of our real problems lies in the seven languages in which we try to work. The objectives of this resolution would result in further fragmentation.

President. — I call Mr Newton Dunn on a point of a order.

Mr Newton Dunn. — Mr President, Rule 80 (1) states that 'no further requests to give explanations of vote shall be accepted once the first explanation of vote has begun'. I watched Mr Rogers waving to you asking you to put him on the list, during the explanations of vote. He is out of order.

President. — No, Mr Newton Dunn, I think you are wrong. Mr Rogers was trying to repeat that he already, at the beginning, had asked for it. He was anxious in case he did not get a place on my list.

Mr Rogers. — Mr President, it is not unusual for Welsh people to be forbidden to speak by English people.

(*Laughter, cries of 'Speak in Welsh!'*)

One does not have to speak in Welsh.

(*Cries of 'You cannot speak in Welsh'*)

It is all the more credit for me that I try to protect the language.

Mr President, I shall be voting for this report, because for seven years I was chairman of the Welsh National Language Unit of Wales and also vice-chairman of the education authority that set up a system of bilingual schools and schools which taught purely in the medium of the Welsh language. Contrary to what is said by our friends on the other side, who want to introduce a totalitarian system in the United Kingdom, certainly as far as language and intelligent thought is concerned, if there is to be any hope for the Welsh language, it is amongst the English speakers. That is where a great deal of constructive effort has been diverted. We recognize that in the world today English and American are the two languages that may probably swamp all languages eventually. It is perhaps a losing battle, but it could be a glorious battle. We are not going to give up against people like those who sit on the other side. I am going to vote for this and I regard the Arfè report as being a contribution towards the struggle that people have made over the years to retain the language of to their forefathers.

Mr Haagerup. — (DA) Mr President, I shall vote for this report, even though I am not entirely happy about parts of it. It occurs to me that the key word when talking of languages and the relationship between different languages is tolerance, and in the case of minority languages there must, in addition, be some kind of active support and encouragement. I agree about that. But I earnestly recommend that tolerance also be shown towards the major languages by those who campaign the hardest and at times the most fiercely for minority languages. It must be reciprocal, for, when all is said and done, a language is a means of communication and not an instrument for hitting one another over the head.

(*Parliament adopted the resolution*)¹

4. Agenda

President. — I call Mrs Bonino.

¹ OJ No C 287, 9. 11. 1981.

Mrs Bonino. — *(IT)* Mr President, ladies and gentlemen, I was going to speak this morning on the agenda for today, World Food Day, to mention the millions of people who are dying of hunger and who therefore have a problem not of nourishment but of undernourishment. I did not do it because I hoped that the President of this Parliament — which recently dealt with this theme in a resolution considered by ex-Commissioner Cheysson, now a minister of France, to be of historical significance — would find the words to remind us of this event. He did not do so, and I am sorry for it.

I will permit myself, however, to stress that this Parliament has commemorated the disappearance of certain personages with a few moments of silence. I would like to propose that a moment of silence be dedicated to the millions of unknown men, women, and children who, despite our efforts and in the face of general indifference, literally starve to death every day. A few seconds of your time for this simple commemoration of those who are not famous; those who are unknown; those who, unnoticed, are dying today in the year 2000, in the age of technology.

President. — It is difficult for the occupant of the Chair to make any statement on his own initiative without instructions from the Bureau, and for that reason I shall not do so. This does not, however, mean that I do not sympathize with what you have said. The problem of hunger is extremely important, but it is not for the Chair to take this kind of initiative.

I call Mr Hoffmann.

Mr Hoffmann. — *(DE)* Mr President, on behalf of the Group of the EPP I would like to move a modification of the agenda. We have left two very important reports off the agenda, reports which should be handled at the meeting of the Council of Ministers in December. Here, for the first time, two European laws on aviation are to be established.

Let us not postpone these two reports, so that the Council of Ministers can have Parliament's opinion on this matter. On behalf of my group, I move that we deal now with the Janssen van Raay (Doc. 1-553/81) and Key (Doc. 1-559/81) reports.

President. — I call Mr Seeler.

Mr Seeler. — *(DE)* Mr President, I would like to oppose this motion. The next matter on the agenda is the report on the cooperation agreement between the Community and India. This agreement was signed in June of this year. If Parliament wants to participate in the closing of this agreement, then the debate on its ratification should not be delayed until after the Council has already made its decision. For this reason we must take up this question today.

President. — I call Sir Frederick.

Sir Frederick Catherwood. — I wish to object like Mr Seeler and for exactly the same reasons. We also have a timetable and we are next, and we will not take very long. I strongly object to having been taken off at this moment.

President. — I think I would be wise not to recommend a change in the agenda. However, there is a proposal by Mr Hoffmann on behalf of his group to change the agenda and to bring forward the reports by Mr Key and Mr Janssen van Raay.

I call Mr Kirk.

Mr Kirk. — Mr President, may I suggest that we take the Janssen van Raay report after the Seal report — that is, that we vote to take it immediately after the Seal report. That way I think the problems will be solved.

President. — Since Mr Hoffmann agrees, this suggestion meets with the approval of the movers.

(Parliament decided to alter the agenda accordingly)

5. Agreement between the EEC and India

President. — The next item is the report by Mr Seal, on behalf of the Committee on External Economic Relations (Doc. 1-535/81), on

the proposal from the Commission to the Council (Doc. 1-397/81) for a regulation on the conclusion of the agreement for commercial and economic cooperation between the European Economic Community and India.

I call the rapporteur.

Mr Seeler, deputy rapporteur. — *(DE)* Mr President, ladies and gentlemen, our Parliament dealt with the Community's relationship with India in a report by the Committee on External Economic Relations in April of last year. Most of the recommendations then made by Parliament were included in this agreement. For this reason I can limit myself to a few observations.

The agreement between India and the Community which was signed in Luxembourg in June of this year replaces an agreement concluded in 1974. It should improve economic and trade relations, and above all give India the possibility to increase its export trade to the Community. Trade between India and the Community shows an increasing deficit on the Indian side. This is unfortunately not a rare instance in the case of developing countries, but one must bear in mind that 40% of India's 650 million inhabitants live below subsistence level, and that two-thirds of those

Seeler

suffering from hunger in the world today live on the Indian subcontinent. Precisely through facilitating and broadening trade relations can this country be given effective aid in self-help.

The European side is not entirely satisfied with the settlement on the protection of investments in India. Parliament was already informed in the above-mentioned interim report that India intended to settle this question through national legislation instead of through international agreements. The hesitation of foreign investors should make the Indians reconsider this decision, for India needs investments for its development more urgently than ever. As a result, we can consider the creation of a mixed parliamentary committee which, according to Article 10 et seq. of the Agreement, would have the power to influence effectively the economic and trade relations between the two parties.

Less encouraging is the opinion of the Council concerning the development of relations with countries with which the Community has concluded cooperation agreements. When it is laid down in these agreements, which are ratified by the Council, that the relations between contracting partners should be further developed, then it is necessary for the Community to be represented by permanent delegations in these geographical areas. The European missions in Bangkok, in Caracas, and also in Tokyo have indicated how useful and necessary such expenditures can be for the economic and also the political relations between the Community and these countries. For this reason I ask you to give particular attention to point 6 of the motion for a resolution.

Furthermore I would like to indicate that the relations between the contracting partners in such cooperation agreements must be further developed. They must not come to an end when the speeches of celebration are over, speeches which on the occasion of the signing of such agreements — as in the cooperation agreement with the ASEAN countries — call for the development of contacts on the economic plane, for instance, when in fact there are no financial means available for such activities. For this reason the Commission — rightly, in our opinion — included in the budget for the coming year 5 million ECU's for this kind of cooperation. The Council has subsequently reduced this sum. The Committee on External Economic Affairs has suggested to Parliament in a motion that it be reinstated. I request the support of the House for this motion on the budget procedure.

Mr President, one last and even less pleasant observation. The Secretariat of my group attempted a short time ago to make contact with the politicians of the opposition in India, and in so doing were obliged to recognize that the letter in question was opened and censored. This seems to be a growing custom in India, and a deplorable one. We cannot sanction this. I ask

the House to agree with me that we should openly condemn such practices.

In conclusion, I recommend that you adopt the motion for a resolution and support this agreement.

IN THE CHAIR: MR ROGERS

Vice-President

President. — I call Mr Combe on a point of order.

Mr Combe. — (*FR*) Mr President, I should like you and the Bureau to look into the way this House conducts its business. To decide suddenly and before an almost deserted Chamber to alter the agenda seems totally wrong to me. Who is to say that one report is more important than another, when everything we do here is important?

President. — No, I am sorry. Mr Dankert put the matter to the House in accordance with the Rules and a decision was made.

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

Mr Radoux. — (*FR*) Mr President, the Socialist Group would like to offer an assessment of the overall impact of the new Agreement for commercial and economic cooperation that has just been successfully concluded between India and the Community.

It replaces the 1974 text, which had become inadequate in that it confined itself exclusively to commercial aspects of relations between the two parties. We are thus entering a new phase, the principal features of which are support for India's development programme, increased emphasis on transfer of technology and collaboration in the field of exports to third countries.

These three elements reflect the special nature and the contrasts of the Indian economy and Indian society. There is the India of striking disparities in living conditions and of difficulties in selling products, especially textiles, but there is also the India of 150 engineering establishments. India is a land, according to the latest known returns, of 680 million people, about 40% of whom live below the poverty level. But at the same India is the tenth industrial power in the world.

It is these economic and social contrasts that have persuaded our group to support the additional measures that the new Agreement makes it possible to

Radoux

implement. Economic cooperation must be understood in its broadest sense, covering, for example, the granting of loans, and commercial links must be increased by every available means, in addition to the most-favoured-nation clause and the system of generalized preferences.

Moving on to another aspect, if the novelty of the outcome of these negotiations lies in the addition of the economic package to the previous 1974 Agreement, it is a provision that should appeal to Parliament because it has already been tried on other occasions: I am referring to the setting up of the Joint Committee. For our group, the establishment of the Joint Committee is one of the most important features of the Agreement. It will now be possible, through the annual meetings of the Joint Committee, to follow the progress of commitments entered into, seek ways of extending economic cooperation and look into the best means of expanding trade, adopting throughout a pragmatic approach to the implementation of the Agreement. In point of fact, according to Article 15, modifications can be introduced at any time to take account of new situations or policy changes, while Article 10, in order to try and reduce India's balance of trade deficit, charges the Joint Committee with the task of looking into and drawing up measures to remove tariff and non-tariff barriers. As the Joint Commission is due to hold its meeting in January of next year in New Delhi, Parliament will take that opportunity to learn about the outcome of the meeting.

Finally, Mr President, and this is my last point, my group considers it necessary to forge closer links with India, not only to promote the widest possible application of the Agreement but also to place mutually beneficial human relations on a permanent footing. We therefore support the proposal for opening an office in New Delhi as an appropriate step towards better mutual understanding at a human level. The existence of this office would smooth the flow of the interinstitutional relations necessary to a dialogue on matters relating to the exercise of social rights and individual freedoms.

I will end by pointing out that the Indian authorities like to say that they intend to see their country regarded as a State in its own right rather than a region or part of a region. That is why we wish India to be treated in accordance with the principles she stands for and the interests for which she means to gain acceptance. In this way the European Community can make a further contribution to the progress of this vast country. Today's Agreement represents, for the Socialist Group, a vital turning point in this extended cooperation. We also hope that Parliament will follow the example of the Committee on External Economic Relations and vote unanimously in favour of this resolution.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mrs Lenz. — (DE) Mr President, ladies and gentlemen, our listeners will perhaps think, as I do, that it is a long way from Europe to India, but I believe we were lucky that we were not obliged to hold the debate on this question in the Indian Parliament, where we would have had to spend several more days on the question of ethnic and cultural minorities.

With this I wish to say that such a question in another country, whose fate is connected with this agreement, has a still greater significance.

President. — Madam Lenz, have you got the right report? We are on the Seal report now.

Mrs Lenz. — (DE) ... Mr President, I intended to make a connection between the two points on the agenda.

In the name of my group, I hail the conclusion of this important agreement, as the preceding speaker has done. I do not wish to go over the details here. We support these points as do the other groups and the rapporteur.

I wish to refer to one point only. We are pleased that an agreement has been concluded and expanded with a region which has a growing importance for us. We hope that here a new tradition in external economic affairs will arise which will be comparable with our relations with the ASEAN countries. We are also pleased that the suggestions from the interim report, which derives from an initiative of the Committee for External Economic Affairs, were included in the definitive agreement. In the opinion of the Committee on Cooperation and Development, as in that of our own committee, we have thus been able to make some corrections in the persistent errors of the Luns/Westerterp consultation procedure. As you all know, this procedure provides for consultation only *after* the agreement has been signed, and thus it permits us to play only a very limited role.

We are pleased that with the Joint Committee an important instrument will be created which will also possess a certain financial autonomy. It must be used very responsibly, so as to make possible discussions concerning more than mere technical questions of trade in the collaboration with India. The most essential new aspect of this agreement — namely that the Joint Committee can give advice on all problems which may arise in its implementation and influence mutual relations to a significant extent — derives from the wish of Parliament, and I wished to stress this once again.

Lenz

We hope that the new Agreement with the aforementioned elements will introduce a dynamic development of the relations between the EEC and India to the advantage of both parties. My group therefore applauds its conclusion.

(Applause)

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — *(NL)* Mr President, the Commission welcomes the Seal report and the positive views that have been expressed during this debate by Mr Radoux and Mrs Lenz on the agreement with India. You will realize, Mr President, that, in the week in which the Commission has submitted to Parliament its document on relations between the institutions of the Community, I also welcome the fact that account has been taken in this procedure of recommendations made by Parliament in the past, and this seems to me to be a good example of the way in which relations between the Commission and Parliament can be improved in the area of international relations. I thus believe that we are now on the right road.

As regards the subject of the debate, it is above all clear that India has set particularly great store by this agreement. I cannot, of course, guarantee that we shall completely fulfil its expectations, but it is clear that elements to which reference has also been made during the debate — the Joint Committee, the fact that the agreement comes into operation next year and the plan to set up an office in New Delhi — will be a great help in our efforts to translate these expectations into reality. The Commission will at all events do its utmost to contribute as much as it can. There is also a possibility that my colleague Mr Haferkamp will personally attend when the Joint Committee begins its activities early next year. He will then make contacts and try to guide these activities in the right direction. As regards Parliament's request that it be kept informed, I can say that the Commission is, of course, prepared to keep Parliament up-to-date on a regular basis. Whether this is best done in the form of an annual report or whether the information should concentrate more on specific events which are of importance is a question which I assume Parliament will in the first instance be leaving to the Commission to decide.

IN THE CHAIR: Mr Dankert

Vice-President

President. — The debate is closed. We now proceed to the vote.

(Parliament approved the Commission's proposal and adopted the resolution)

I call Mr Deleau on a point of order.

Mr Deleau. — *(FR)* Mr President, I must protest against the changes in the agenda. I would remind you that I asked to be allowed to submit the report on emergency aid to Greece already on Monday. I was constantly being told that once an agenda had been fixed it could not be altered. Now, this morning, it was suddenly decided that the two reports on proprietary medicinal products that my colleague, Mr von Wogau, and I were due to present had been moved back.

Mr President, I am sorry to have to tell you that in few minutes you will be without a rapporteur on these two questions for we are going to have to leave. We had made arrangements to be here until noon. Mr Sherlock, who was to have spoken on the same subject on behalf of the Health Committee, is also having to leave us. Under the circumstances I am requesting, as rapporteur, to have these two reports held back until the next part-session and I think Mr von Wogau will support my request.

President. — This does not seem to me to be entirely necessary, since these reports will be taken immediately after the two on air transport. Parliament has brought forward the two reports on air transport because their position on the agenda made it improbable that they would be dealt with during the present part-session.

As rapporteur, however, you are, of course, entitled to make this request. Do you still maintain it?

Mr Deleau. — *(FR)* It all depends, Mr President, on the length of the debate which is about to begin.

President. — I call Lady Elles.

Lady Elles. — Mr President, yesterday we had the same story — namely, that one rapporteur asked for his report to be taken early. I really must object to the procedure whereby the agenda of this Parliament is changed, irrespective of whether the speakers are available or whether those interested in these particular debates are present. I would ask the President to refer to the Bureau the question of the right and possibility of altering the agenda at the last minute and so causing great inconvenience and indeed unfairness to those Members who wish to take part in what at least should be considered important debates. I would ask you to refer this matter to the Bureau for further consideration.

President. — Lady Elles, I agree with you but the House is sovereign.

6. Air transport

President. — The next item is a joint debate on the report by Mr Janssen van Raay, on behalf of the Committee on Transport (Doc. 1-553/81), on

the proposal from the Commission to the Council (Doc. 1-824/80) for a regulation concerning the authorization of scheduled inter-regional air services for passengers, mail and cargo;

and the report by Mr Key, on behalf of the Committee on Transport, on measures to improve and liberalize the carriage of express low-weight air cargo within the European Community (Doc. 1-559/81).

I call Mr Jansson van Raay.

Mr Janssen van Raay, rapporteur. — (NL) Mr President, ladies and gentlemen, I am particularly happy that the report on inter-regional air transport is being debated today. Why? The proposed regulation breaks new ground in that we are for the first time discussing European legislation on air transport. You have often heard the Committee on Transport complain about Cinderella treatment. You can now hear me saying something positive. We of the Committee on Transport are extremely grateful to the Commission for this extremely important initiative, it also being important that the British Presidency has asked Parliament to give priority to this subject because the Council of Ministers wants to put this matter on the agenda for the December meeting and is interested in Parliament's opinion.

I am very grateful that it was agreed this debate should be held now, and as a token of my appreciation I shall keep my presentation extremely brief. The aim of the regulation is to open up the European market — I would almost say on the model of the situation in the United States of America — for the air transport of passengers and freight from one region to another, from one provincial capital to another, thus relieving the burden on the very busy major airports, by making use of the enormous number of airports which already exist in Europe and are at present under-used. What we have here is therefore a stimulus for the regions and for employment, fuel conservation, an increase in tourism, an increase in employment in the air transport industry, in trade, in the tourist industry and for the crews of aircraft, without major investment being required, as is the case, for example, when new rail links are created. This regulation is of a procedural nature and will ensure that, where a company wants to introduce a new inter-regional airline, it will know within a year whether or not it may do so.

The second important point is that the ultimate decision no longer rests with the national governments but with the Commission in Brussels. In other words, we can look forward to a Community decision in this important matter on the basis of objective standards applicable throughout Europe, in all ten countries of the European Community. I am particularly pleased with the contacts I have constantly had as rapporteur with the appropriate officials of the Commission. This has resulted in a balance which I willingly recommend. I shall therefore support almost all the amendments that have been tabled because, if I may pick out one particular point, by excluding six important national airports from the scope of the regulation we have been able to achieve, by way of a small concession, the removal of many superfluous restrictions from this regulation.

Allow me to refer you to one aspect, because views differed on this. This is the amendment tabled to paragraph 20 by Mr Hoffmann. There is a real difference of opinion here. The majority of the Committee on Transport feels that the question of whether or not it is worthwhile introducing an airline, let us say from Munich to Palermo, should be left to the undertaking concerned, whereas the Hoffmann amendment agrees with the Commission that this should depend on the decision taken by the appropriate governments. I shall, of course, submit to Parliament's opinion. We Christian Democrats are free to vote as we will. We shall wait and see. This is a very important detail, on which we should like your opinion. I therefore recommend this report and hope that, by keeping things very brief, it will also be possible to discuss the other reports today.

President. — I call the second rapporteur.

Mr Enright, deputy rapporteur. — Mr President, first of all, Mr Key has asked me to apologize on his behalf. He had to go off, but like Lady Elles he doesn't think that a report should come off the agenda simply for his convenience and so he has asked me to speak in his place.

On behalf of the Committee on Transport, I have very great pleasure in submitting this resolution and report, which is on proposed measures to improve and liberalize the carriage of express low-weight cargo within the European Community. Unlike many of the things that we have discussed and to discuss in this Parliament, this proposal has, with enough political will and realism, a very distinct possibility of being acted upon within a few months by the Council. The report is in response to the Council recommendation of 11 July and the UK draft Council Directive of 11 August. It has closely examined the existing services available for express low-weight cargo to ascertain why they have not developed to their full potential. The causes are numerous, but the most striking ones are the time-

Enright

consuming customs regulations and administrative procedures within and between Member States of the Community. I should also add that it involves a lack of customs staff. They are very thin on the ground.

The thrust of our report is to seek a way out of this swamp of paper and rules. This does not mean sudden liberalizing deregulation, which in my opinion could lead to a whole new series of problems. Ours is a phased approach which will take into account all those involved and make the proposals workable by being acceptable to everybody's interests. The service given by the operators will help the public in general and the industry in particular. It will also generate new cargo and enable the operators to make better use of their aircraft capacity.

So the committee asks the Commission not only to investigate but to draw up proposals bearing in mind the following points: (i) the potential demand for such services and the projected market development; (ii) the most suitable Community instruments for removing the obstacles; (iii) ways of relaxing customs regulations and procedures with a view to giving express cargoes preferential clearance; (iv) facilities, personnel and techniques ensuring rapid trans-shipment at airports; (v) a fair tariff level and the anticipated repercussions of express cargo services on the operating conditions of airlines; (vi) fixing of the maximum possible weight per unit. Finally, it is absolutely essential that the Commission consults all interests in all parts of transport and postal sectors to ensure the smooth operation of the new and valuable service.

I therefore, Mr President, recommend this report to Parliament and look forward to a quick response by the Commission and the Council.

I should like to go on very quickly to say a few brief words on the Janssen van Raay report. First of all, we thank Mr Janssen van Raay very much indeed for it. We welcome the Commission proposals, because we think they help the regions and the islands, and that is what this Community is about. We are concerned about some of the committee amendments, but the amendments tabled by Mr Hoffmann, if accepted by this House, would mean that the report would be quite acceptable to us.

President. — I call the Group of the European People's Party (Christian-Democratic Group).

Mr O'Donnell. — Mr President, I welcome both of these reports, the Key report and the Janssen van Raay report. In a particular way I want to welcome the report on regional air services submitted by Mr Janssen van Raay.

At the outset I want to say that these reports are a further stage in the evolution and development of a

Community air transport policy. Various proposals have been coming from the Commission over recent years, and there has been a growing recognition of the vital importance of formulating and implementing an acceptable Community air transport policy. In this modern age, air transport is basic to the economic and social development of this Community.

I want to refer in a very special way to the last point made by Mr Enright in relation to the Janssen van Raay report, when he referred to the importance of this report and the significance of regional air services in the context of the peripheral regions of Europe, particularly the island services. I believe that the Community should encourage the development and expansion of this air transport network. The Community has, particularly in the context of regional development, a special responsibility and obligation to take account of the needs of the less-favoured regions, particularly the peripheral regions and the islands. There is absolutely no doubt whatsoever that the task of promoting the economic and social development of these poor regions and of many of our offshore islands is a very major one. It is also true that the major inhibiting factor in the promotion of industrial development and economic development in these regions is a lack of proper transport and communication facilities. Air services can be the quickest and most efficient means of overcoming these problems of transport and communication.

I have had the privilege, between 1973 and 1977, of being a minister in the Irish Government responsible for the Gaeltacht regions. I took the initiative at that time of establishing a regional air service to the Aran Islands, off the west coast of Ireland. I also studied the operations of Logan Air in Scotland. My experience has left me in no doubt whatsoever that the establishment of regional air services, particularly to the peripheral regions and the islands, can be a major factor in promoting the economic and social development of those areas. Let us not forget, Mr President, that very often air services such as those operated by Logan Air and by Aer Aran in my country can be a matter of life and death to those island communities — unfortunately there are yet populations and communities on these offshore islands in the same position — whose only mode of transport to the mainland is an open boat or a fishing trawler. It can often be a matter of life and death. Logan Air and Aer Aran aircraft operate ambulance services to the mainland, so that people who need emergency hospital treatment, emergency surgery and so forth can be quickly brought in and hospitalized and treated.

I particularly welcome these developments, as one who has been interested in aviation for many years. Let me also make it clear that the fact that I have emphasized the importance of the regional air service and the Janssen van Raay report is in no way a reflection on the excellent report drawn up by my colleague, Mr Key.

President. — I call the European Democratic Group.

Mr Kirk. — (DA) Mr President, it is extraordinary that it should have taken so long — since 1977 — for the Commission and the Council to agree to do something about the air transport sector. It is extraordinary that we have had to wait until now for a proposal which may liberalize air services. But it is good that we now do have such a proposal and we in the European Democratic Group welcome it, because we believe there is a great need for more competition in air transport in the Community. It is not merely a question of protecting national airlines. With the enlargement of the Community and with the demand which has now grown up in business circles and tourism, we need a policy which allows different airlines to compete for customers and thus ensure a better service.

My group thinks that there are three viewpoints which must be taken into account in air transport policy. First, the users, and they have really had a very hard time over the last ten years because of the way in which Member States have approached air transport policy. I myself live in an area far from the capital, an area which depends on inter-regional services, and I am compelled to travel via Copenhagen if I want to fly to England, Strasbourg, Brussels, and so on. This means that I, as a passenger, am forced to spend time on travelling out of all proportion to the actual distance to my destination. Therefore it is quite right that we should now have a proposal which will allow other companies to enter this market, and can help to improve the service for users who do not live in the Community capitals. We have recently seen SAS launch a campaign to improve the service to its passengers, and what idea do they come up with? Well, they decided that air-hostesses should smile at the passengers. Of course, it is all very nice when you are aloft and having your tray spilt in your lap to be smiled at, but it has nothing to do with air transport policy.

I think it extraordinary that the independent airlines have put up with this situation for so long, and I really think that many of the Member States . . .

(The President asked the speaker to conclude)

In conclusion, I want to say that the most important thing in this proposal is the question of linking the regions in the Community together more closely. Mr Janssen van Raay said that himself, it is in the motion for a resolution, and I truly believe it is something that will have a tremendous effect on the future development of the Community.

President. — I call the Group of European Progressive Democrats.

Mr Nyborg. — (DA) Mr President, I should first like to congratulate Mr Janssen van Raay on producing a really good report.

I regard it as a very good sign that the Council hopes to deal with the Commission's proposal for a regulation on inter-regional air services at its meeting in December. If this proposal from the Commission is adopted, it will help considerably to liberalize the whole air transport sector.

I fully agree with the rapporteur that it is not necessary to introduce restrictions concerning either types of aircraft or minimum distances. There is no reason at all for laying down rules on how large or how small the aircraft used on inter-regional routes should be. This is for the airlines to decide. I am quite sure the aircraft manufacturers and the airlines can be trusted to use aircraft which are best suited, both in size and as regards economy, to the passenger demand.

In this connection I can wholeheartedly support Amendment No 20, tabled by the rapporteur on behalf of the Committee on Transport. I am afraid I have heard rumours about people being opposed to this liberalization. From what I can gather, certain unfavourable views are shared by some of the large European airlines. I cannot see what the large airlines are afraid of, but if the reason is that in certain countries they have been taking advantage of their monopoly position and therefore fear the competition that may develop if the Commission's proposal is put into effect, then I do not think these views should affect Parliament's position.

As I have said, there is cause to commend the Commission's proposal. Not only is it a considerable step forward towards a common transport policy, but it is also something which we here in Parliament can be very pleased about, because it will create a closely-knit market, which is, after all, the aim with the whole of the Community. We should have the same rules throughout the Community.

In conclusion, I personally recommend that we all vote for this report and against the amendments which seek to limit this liberalization.

President. — I call Mr Moorhouse.

Mr Moorhouse. — Mr President, I was greatly encouraged earlier this week when the Presidency promised to make every effort to get agreement on this important and, indeed, vital proposal at the Council of Transport Ministers meeting on 15 December. It does now begin to look as though at long last there is the political will to get things moving in this area. As a House, we must certainly hold the Council to their fresh commitments.

Today our job is to pave the way for those discussions on 15 December by voting on the excellent report by our honourable colleague, Mr Janssen van Raay. And from that group I would like to congratulate

Moorhouse

late him most sincerely on his thorough-going work and, as we see them, the sensible amendments he proposes to the Commission document. It is good to know that there appears to be all-party agreement on these matters. We believe it is one of the most worthwhile and realistic documents to appear before this House. Of course, as we have been reminded, we have previously debated the whole question of Community air transport and some months, even a year ago, accepted the valuable reports of both Mr Hoffmann and Mr Schwartzberg. It is indeed on the basis, I think, of some of the arguments they advanced and the advice they gave that we were persuaded as a House to accept a phased and gradualist approach towards the liberalization of European air transport. This measure is a first step, as we see it, towards developing better air communications between the regions. This is an issue, I think, on which the whole House has strong convictions.

Now the report as a whole, I believe, is a genuine response to a real need, particularly in the Community's peripheral areas. It is a constructive attempt to redress the balance between the less well-off areas and the prosperous areas, which is so vital for the strengthening of Europe as a whole.

To return to the regional aspect, I do believe, and we believe as a group, that better air communications between the regions will do much to improve the fortunes of the regional centres, because if you have good air communications you are much more likely to attract investment from outside those areas, not only from within your own country but from other countries of the Community.

In turn, a more prosperous regional centre will, one submits, create further employment, not only locally but also in the air transport sector as a whole, because this should bring about a more thriving small airline industry. And that is what I think we are striving for. Some of the big airlines can, I think, see the sense of all this, that it will only have a marginal effect on their basic activities and indeed in some respects may actually improve their business. They now realize better than they did a year ago, maybe, that it is no longer sensible to operate rather large aircraft on small routes. Better to do what you are really equipped for.

Now one or two detailed points. We are of the view that the clause which calls for a limit on the all-up weight and on the seating capacity should be taken out, and I am very glad that the Committee on Transport voted to this effect. And why? Let me say very briefly why, because I do not think the point has been brought out yet. There are certain figures of 130 seats and 55 tonnes. Now why those particular figures, one may well ask the Commission . . .

(The President urged the speaker to conclude)

I will conclude with this one point, which I think is very crucial to the whole. Those figures relate to the DC9 and to the Boing 737. Now I submit that we are not here to create a charter for the American manufacturing industry. We are here to give every opportunity to the European manufacturing industry, and that means the Fokker F 29, it means the British Aerospace 146 and the slimmed-down airbus. That at least, I think, is one very cogent reason why we should not have a limit, and so we have pleasure in supporting the report.

President. — I call the Committee on Regional Policy and Regional Planning.

Mr Blaney, draftsman of an opinion. — Mr President, might I also join with those who have already spoken in congratulating the rapporteur on an excellent report. Appended to that report is the opinion unanimously adopted by the Committee on Regional Policy and Regional Planning. I would just briefly say to the Commission that in addition to the matters that have been dealt with so excellently in this report, I would recommend them to consider the additional matters that are indicated in this opinion.

I welcome the liberalization proposals that emerge from this report. I can see nothing but good coming from them. To the larger airlines, I would say that, far from having any fears as a result of this liberalization, they should indeed welcome this development, which in fact may add to their traffic rather than reduce it in any way. If, by this liberalization, we can get competition and therefore a better deal for the users and consumers, as has been mentioned, so much the better.

As regards the peripheral and outlying areas, their service in these days is an absolute must; it is something we have just got to have if the communities in these peripheral areas are to continue to reside there, to prosper there and in general to live there in the future. It will also add, as has been said, to the opportunities for that economic growth which is absolutely essential in these areas. It will particularly enhance the tourist traffic on which many of these areas depend, and from the social point of view, it will also have side-effects of a very beneficial nature.

So I welcome the report and fully support it. But I say again to the Commission, have a look at the appended opinion of the Committee on Regional Policy and Regional Planning, which, in addition to what is in the report, refers specifically not only to the need for developing competition on the existing lines and in inter-regional air services, but points out very cogently that in many cases, the most remote cases, we do not have the infrastructure, we do not have the airports from which to run these services. It is to that particular point in addition to what has been said in the report that I draw the attention of the Commission. I congratulate

Blaney

tulate once more the rapporteur and fully support all that is in his report.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, the Commission has, of course, noted with considerable satisfaction the report by Mr Janssen van Raay, and I join with all those in this Assembly who have praised his efforts. The positions adopted in the report indicate a large measure of agreement with the views also held within the Commission as regards both the creation of more room for innovation in terms of access to markets and the merits of an evolutionary approach which sets out to avoid an increase in the financial burden of the national airlines, the termination of existing routes and adverse effects on employment. I would point out to honourable Members that, as has already been remarked, I am pleased to say, our train of thought corresponds to many of the opinions that have been expressed in the European Parliament in the past, which is a further indication of the Commission's serious interest in beginning the dialogue with Parliament. I can assure Mr Blaney that we shall take another look at the regional aspects which he has mentioned although it cannot, of course, be his intention that the Commission should become very deeply involved in the establishment of the infrastructure he mentioned. On the assumption, Mr President, that you are interested at this stage of the debate in my reaction to the various amendments, I feel it would be best if I followed the example set by my colleague Mr Richard this morning. You are familiar with the amendments, and time does not allow me to look at each one separately, and I shall therefore confine myself to saying which are acceptable to the Commission, which we find less appealing and which ones we would like to think about a little longer and will therefore revert to later. To begin on the positive side, Mr President, there is a whole series of amendments to which the Commission has no objection, some even having the Commission's approval. These are Amendments Nos 4, 7, 9, 14, 15, 16, 18 and 19. Partly as a result of today's debate, we should like to study in greater detail Amendments Nos 5 and 17 — both concerning more or less the same problem — and Nos 20 and 8. Mr Moorhouse was the last to refer to Amendment No 8, and his remarks in this connection prompt me to point out that the adoption of this amendment would remove two important guarantees from the proposal. The minimum distance of 200 km has been expressly included in this proposal to safeguard the railways in particular against the loss of some transport business, and the maximum size of 130 seats is designed to limit the effect of these regional services on the main routes to some extent.

Mr President, as I have said, I want to stress this point in the debate. The Commission is quite willing to

discuss this matter further. There remain Amendments Nos 1, 2, 11 and 10, to which Mr Janssen van Raay himself has referred, and Nos 12 and 13, which the Commission would advise against adopting, not because it does not sympathize with many of the ideas contained in these amendments, but because of the evolutionary approach I have just mentioned. Making a good start is one thing but perhaps these ideas might be useful for a further development, and the Commission would therefore advise against the adoption of these amendments.

Mr President, I now come to the second report, the Key report, which is also much appreciated by the Commission. The views expressed in this report are very close to the Commission's own views. We agree with Mr Key that the aspect of transport discussed in his report has special features different from the transport of freight by air as a whole. As the report stresses, the Commission is at present studying this matter in line with the Council's recommendation of July 1981 on the transport of light freight by air and will be putting forward practical proposals shortly. Every aspect that can be considered important in this context will be thoroughly examined by the Commission and taken into account when the proposals are being drawn up. I should like to take this opportunity, Mr President, to urge the honourable Members who agree with the contents of this report to bring this matter to the attention of the public and of the appropriate authorities in their own countries, as this may help to ensure that the proposals the Commission makes in due course are reasonably well received.

President. — I wish to point out the advantages of the new method adopted by the Commission and to express the hope that the Commission will continue to specify the amendments that it agrees with. This will in various ways ease the work of Parliament in keeping a check on things. I therefore congratulate the Commission.

The debate is closed. We now proceed to the vote, beginning with the Janssen van Raay report.

(...)

Article 6 (3): Amendments Nos 9 and 4

Mr Janssen van Raay, rapporteur. — (NL) I am in favour of Amendment No 4, which would mean Amendment No 9 falling. I would point out that this is a linguistic question. Amendment No 4 by Mr Hoffmann would mean the retention in the English text of the word 'standing', which is difficult to translate into German and the other languages. But I accept the Hoffmann amendment, which would mean No 9 falling.

(...)

Article 13: Amendments Nos 17 and 5

Mr Janssen van Raay, rapporteur. — (NL) I am in favour of Amendment No 5. If that is adopted, as I think it should, Amendment No 17 will fall.¹

(...)

Paragraph 8: Amendment No 6

Mr Albers. — (NL) The word concerned does not occur in this paragraph. It seems to me that paragraph 18 is meant, not paragraph 8.

President. — In that case we shall come back to Mr Hoffmann's amendment when we vote on paragraph 18.

(...)

President. — I can now give the floor for explanations of vote.

Mr Martin. — (FR) Mr President, at the time when the report by our colleague, Mr Hoffmann, came before the House I made it clear then, on behalf of the French members of the Communist and Allies Group, that we were against any liberalization of air transport pursuant to Articles 85 and 86 of the Treaty of Rome, emphasizing at the same time the many dangers inherent in it.

The proposals made by the Commission and recommended to us by Mr van Raay to establish inter-regional air services operating on the basis of free competition are simply a repetition of an earlier debate under a different guise. The speech made by Mr Kirk in this connection gives us an insight into the true motives of the champions of cut-throat liberalism.

The aim, clearly, is to create a precedent on a modest scale and subsequently to extend the principle to the entire air transport sector. You will understand that we are not convinced of the merits of such an objective, having seen the effects of deregulation, for example in the United States.

Improve inter-regional air services, introduce new services to peripheral regions by all means, but there is something else behind all this. What is happening here is that the interests of the consumer are being used to

drum up support for measures to break the organization of air transport and to strike a blow at the national airlines. Let me add that the proliferation of auxiliary carriers over the same routes would be a waste of resources and of energy inconsistent with the energy-saving objectives which this House endorsed only this week.

Consequently we remain as determined as ever before not to allow air transport to fall prey to the champions of cut-throat liberalism. In the circumstances, you will not be surprised if we vote against the resolution.

Mr Hoffmann — (DE) Mr President, because of the pressure of the deadline constituted by the upcoming meeting of the Council of Ministers, the Committee on Transport was obliged to decide upon its opinion very quickly. We have only gone through with this procedure because we don't want the Council to complain that Parliament did not furnish its opinion in time. For this reason some questions from the Commission may not be duly answered, such as the question of preference.

It is not permissible that Dutch and British pilots be employed in Germany but be denied a licence in Great Britain because their qualifications are ostensibly insufficient. Although these questions are still open, and to this date have not been adequately dealt with by the Commission, I agree with this report, for we need a more dynamic approach to the European transport policy.

Mr Albers. — (NL) Mr President, the way my group has voted shows that our view differs in a number of respects and is remarkably close to what the Commissioner has said. We think it is extremely important for large, heavy aircraft not to be allowed on the short routes, and we therefore believe that the whole of Article 1 should really have been retained, particularly after yesterday's debate on energy conservation in transport. It is quite clear that the shorter routes must be covered by fast trains, which is not, of course, possible everywhere. Mr Hutton made a clear reference to this aspect yesterday. There are areas where aircraft simply have to be used.

A second point to which we attach great importance is the influence of governments in this area. We do not think it right that the airlines should decide what can and what cannot be done. We feel the government can have a considerable say in this because we attach importance to good social conditions for the people who have to work for these companies and also to the service they provide the public. Although we have lost the vote this time, we are prepared to adopt a constructive approach towards the regulation as such and also towards the resolution. We shall not vote against but for both the regulation and the resolution.

¹ The rapporteur also spoke *in favour* of Amendments Nos 3, 6, 8, 10 and 11 and *against* Amendments Nos 2 and 7/rev.

Mr Junot. — (*FR*) Mr President, may I just say that as a result of an error in transmission between the Chair and the administration I was deprived of speaking-time in the general discussion, but I am grateful to you for allowing me, by way of an explanation of vote, to give you our group's views on this matter.

I am one of those who admit that a certain dose of Community power is indispensable and, whilst I am an ardent believer in liberalism, I find myself nevertheless — somewhat paradoxically, but one swallow doesn't make a summer — in agreement with some of the things Mr Martin said just now. I do not think it is possible to confuse liberalism with anarchy; nor do I think this is a good moment to start tinkering with an already precariously balanced situation, especially as a draft directive prepared by the United Kingdom Government is currently under discussion by the Council's Working Party on Transport Questions, although it has yet to come before any parliamentary body. This draft directive, which does away with any possibility of granting excessive supranational powers, seems to me to be preferable to what is being proposed to us now, and I would consider it deplorable if a hasty conclusion to our debate were to endanger this future British directive. It is vital to establish equal powers at least between the States of registration and the States responsible for verifying the financial viability of the service, particularly as regards tariffs to be charged.

I should like, in spite of these observations, to congratulate Mr Janssen van Raay on the excellence of his report. I had intended putting down two amendments, but after speaking with our colleagues I have agreed, with a view to simplification, to withdraw the first — dealing with inter-regional air transport services of categories 1 and 3 — and to support instead the committee's amendment, given that Paris-Orly airport will be added to the list presented by Mr van Raay, with his agreement.

As for the second amendment, its purpose was, while retaining all the provisions of the report and the regulation in relation to these inter-regional services, to erect a barrier which I felt to be essential.

I am all in favour of encouraging competition, but is it reasonable to suppose that it could ever be totally free so long as tax systems, administrative rules, staff remuneration and so on remain unharmonized? Let me explain what I mean. If an English company, for the sake of argument, establishes a route to Belgium and then opens a route between Belgium and Germany or between Germany and Italy, it can, among other things, buy fuel in the United Kingdom on better terms than can its Belgian, German or Italian competitors. This unjustified advantage proves that the first essential, before a total liberalization of air transport in Europe, is to harmonize the conditions of competition. I hope that in time we shall achieve this and, when we do, then I shall support this text unreser-

vedly. Subject to these observations, we shall be voting in favour of Mr van Raay's report.

(Parliament adopted, in succession, the van Raay and Key resolutions)

IN THE CHAIR: MRS VEIL

President

7. Proprietary medicinal products

President. — The next item is a joint debate on the report by Mr von Wogau, on behalf of the Committee on Economic and Monetary Affairs (Doc. 1-246/81), on

the proposal from the Commission to the Council (Doc. 1-787/80) for a directive amending Directives 65/65/EEC, 75/318/EEC and 75/319/EEC, on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products;

— and the report by Mr Deleau, on behalf of the Committee on Economic and Monetary Affairs (Doc. 1-303/81), on

the proposal from the Commission to the Council (Doc. 1-248/80) for a directive amending Directives 65/65/EEC and 75/319/EEC, on the approximation of provisions laid down by law, regulation or administrative action relating to proprietary medicinal products.

I call Mr von Wogau.

Mr von Wogau, rapporteur. — (*DE*) Madam President, I would first like to say that we are very unsatisfied with the fact that this report, which deals with a very important subject, can only be given at this late hour. For this reason I would also like to ask the members from the Committee on Transport, who are in the majority here, not to leave the House now but to stay for the debate and the vote; it is inconceivable that an inadequate number of members should be present.

We had considered whether we should withdraw our report for this reason. After having spoken with my co-rapporteur, Mr Deleau, I have come to the conclusion that the Commission and especially the Council of Ministers should decide upon the guidelines for harmonization as soon as possible and that for this reason we in Parliament should also keep up to the required tempo to show that such decisions can be made quickly.

von Wogau

The report on the harmonization of licensing for pharmaceutical products in the European Community deals with an exception; for in the Community the basic rule is for the free circulation of goods. The exception is based on Article 36, according to which the Member States may make exceptional regulations in matters of security and health. Thus the pharmaceutical market is still today — more than two decades after the signing of the Rome Treaties — the classic example which demonstrates that in certain areas the common market has still not taken the place of the national markets.

When a company wishes to introduce a new pharmaceutical product in the European Community, the following takes place: the product is first tested in research with animals, and then, with stricter controls, it is further tested in clinics. Finally, some time elapses before the licensing authorities can look over the corresponding preparations, study the documents, and then license the product after a careful evaluation.

One would think in a common market that after the licence had been first obtained in Germany — and today in many cases it takes nearly ten years — the medicine could then be freely sold also in France, the United Kingdom, or Italy. But this is far from being the case. At this point one finds that in these countries new animal research is required, and then new clinical tests under strict conditions; then the procedure will drag on for one or two years more. This results in higher costs which are no longer within the reach of small and middle-sized undertakings.

For this reason we favour the proposal of the Commission as a step in the right direction. We especially favour it because it supports the principle of mutual recognition. We feel it would be a mistake to create a European authority for pharmaceutical products; we are rather of the opinion that this should be done on a national basis, for linguistic reasons and for reasons of geographical proximity and decentralization. A central licensing authority would always be more bureaucratic than decentralized ones. Through a harmonization of licensing procedures we can make possible their simultaneous application in all ten Community countries.

I would like to make four observations concerning the Commission's proposal as it now stands. Firstly, the illustrated indications for the bases and methods for research should remain a guideline and not become a bureaucratic checklist, for then the licensing of pharmaceutical products would be intolerably complicated and research would become practically impossible. Secondly, the great majority of us are of the opinion that the principle of mutual recognition should not be based on a systematic treatment by the Committee for Pharmaceutical Products in Brussels.

Thirdly, there was a thorough discussion in both responsible committees on whether the required

studies on mutagenesis are, at the present state of scientific knowledge, adequate for making a meaningful evaluation of possible dangers. There is now another scientific discussion taking place, which has not yet concluded, and we call upon the Commission to follow it closely, and if need be to undertake the corresponding adaptation along the necessary lines.

We see that the Commission has presented an interim proposal that is to be in force until 1988. By 1988, we feel that the requirements will be so well coordinated that the mutual licensing of pharmaceutical products in Europe will take place almost automatically.

President. — I call the second rapporteur.

Mr Deleau, rapporteur. — (FR) Madam President, I wish to add my voice to that of Mr von Wogau in protesting at the timing at this late hour of these two reports, concerning as they do matters of public health.

The Committee on Economic and Monetary Affairs considered very carefully the Commission's proposal for a directive, on which I am pleased to submit to you this report today. As you will have seen from the motion for a resolution, our committee decided in the end to reject the Commission's proposal. However, in the interests of objectivity, I have to tell you right away that two opposing positions emerged in the course of our discussions in committee, one in favour of adoption, although with certain reservations, and the other in favour of outright rejection. The latter was the position of the majority.

Very briefly, and in order, I should like to put before you first of all the problem of parallel imports, then the reasons given by the majority of the committee for rejecting the proposal, and lastly, in the interests of objectivity and to shed light on the argument, make a few observations regarding the position of those who favoured adopting the Commission's proposal subject to certain reservations.

What is meant by parallel imports? In the market of proprietary medicinal products, some medicines are sold, owing to existing price-fixing systems, at prices varying substantially from one Member State to another. This naturally leads to a demand for imports of successful products where there is a substantial price difference. In the Centra farm judgment of 30 May 1976 the European Court of Justice found against national rules or practices which, as regards parallel imports, had the effect of channelling imports in the sense that only certain traders could undertake them, others being excluded. Such restrictions amount to measures having equivalent effect to quantitative restrictions within the meaning of Article 30 of the EEC Treaty, in other words, they have a negative quantitative effect on the supply of imported products.

Deleau

Furthermore, they constitute a barrier to the supply of products at a lower price and to the free movement of proprietary medicinal products in general.

This judgement of the European Court of Justice is in itself quite clear, but the Commission has remarked that not all the Member States have drawn the same conclusion from the judgment in that some have expressly amended their legislation while others have merely raised no objection to the importation and marketing of proprietary medicinal products. In the light of this situation the Commission thought it useful to amend the previous directives with a view to eliminating such restrictions.

What is the position of the majority of members of our committee? In the opinion of this majority the Commission's proposal is superfluous. The case law of the European Court of Justice is sufficient in this area. In the event of a Member State not complying with a judgment of the Court, it would be either for the injured party to institute proceedings or, more generally, for the Commission to bring an action under Article 169 of the Treaty. Furthermore, the majority of members of our committee considered that the proposal went beyond the actual judgment and contained a number of unacceptable provisions. One of the provisions of the proposal in particular — which would withhold marketing authorization in the event of any qualitative or quantitative change in the composition of the proprietary medicinal product in question or any change in its proprietary name for purely commercial reasons — met, I am bound to say, with rather strong opposition. In general, our committee considered that it would be inadvisable to establish free movement of proprietary medicinal products solely for the benefit of parallel importers, that is to say for very special cases involving a very small amount of trade, so long as the general conditions governing the free movement of medicinal products have yet to be met. These conditions are the elimination of technical barriers by the mutual recognition of marketing authorizations, dealt with by Mr von Wogau in his report, and of economic barriers through the dismantling of national measures having equivalent effect to quantitative restrictions.

For these reasons the Committee on Economic and Monetary Affairs eventually rejected the Commission's proposal by twelve votes to nine, with one abstention. In view of the closeness of the vote in committee and for the sake of objectivity I think I should give you briefly the position of the minority of the members. Their feeling was that the Commission's proposal is not superfluous in that it contains provisions likely, through the adoption of a uniform practice on parallel imports in all the Member States, to promote greater competition in this field. I will end by telling you that both the majority and minority of the committee recognize the need for more general measures for the progressive elimination of both technical barriers — mutual recognition of marketing

authorizations — and economic barriers — elimination of national measures having equivalent effect to quantitative restrictions.

Having thus summed up both positions, I invite you now, as rapporteur, to adopt the conclusions of our committee. May I add that the Health Committee has also decided in favour of withdrawing the proposal for a directive.

President. — I call the Socialist Group

Mrs Krouwel-Vlam. — (NL) Madam President, the Commission's proposal for the amendment of the existing directives on the approximation of the legal and administrative provisions relating to proprietary medicinal products is concerned not only with the free movement of pharmaceutical products but also with the protection of public health. I therefore very much regret that these proposals are still so heavily geared to industrial and trade interests and pay too little attention to the public health aspect. It is high time Parliament had a wide-ranging debate on the production, the use and systems for the distribution of pharmaceutical products. I insist on calling them pharmaceutical products rather than medicines, because many of these products are not medicines. There is an urgent need for measures to be taken to put an end to the excessive use and the waste of pharmaceutical products. Studies and surveys show that the number of pharmaceutical products on the European market is unacceptably high and that prices differ very substantially. What is needed is transparency with respect to quality and price control throughout the pharmaceutical market. Only then will we see an end of the period of excessive profits in the pharmaceutical industry, partly paid for out of government insurance funds. The price of a medicine must not stop anyone in Europe from enjoying his right to optimal health care. I could say a great deal more about this, but I will not anticipate a debate which, I hope, will be taking place in this Parliament in the not too distant future and for which my group's motion for a resolution can serve as a basis.

In the meantime, the consumers' organizations have also become active. Representatives from 27 countries have formed an international association in Geneva, known as the International Health Campaign. It opposes the shabby treatment of the consumer by the multinational pharmaceutical companies and condemns the marketing of useless and dangerous medicines, the monopolistic practices of the multinationals and the inadequacy of information given to doctors. With some pride I can say here that a few months ago the Dutch Government made financial resources available for a network of warning posts throughout the world to caution people about dangerous medicines and foodstuffs. The example the Netherlands has set should undoubtedly be followed.

Krouwel-Vlam

Madam President, I have withdrawn a number of amendments because the Committee on the Environment, Public Health and Consumer Protection has incorporated them in the motion. This leaves two amendments, which concern the safety and effectiveness of proprietary medicinal products as regards any harmful side-effects they may have. Despite the remarks I have made about the public health aspects, I am able to endorse the reports by Mr von Wogau and Mr Deleau, because the changes make for improvements, some of which are in the consumer's interests.

President. — I call the European Democratic Group.

Mr Kellett-Bowman. — Madam President, Mr Sherlock wishes me to protest on his behalf at the change in the agenda. He has had to leave us and has asked me to speak instead of him.

Looking at von Wogau, we support the Commission in its proposal to update the directive, and Mr von Wogau is to be congratulated on the way he has dealt with this complicated matter.

We commend Mr Sherlock's Amendment No 12 to the House. It is really a linguistic one, seeking to use the words 'product summary' instead of the words 'data-sheet'. Mr Sherlock has withdrawn his other amendments, which are numbered 13 to 19.

We support the idea behind Mr Combe's amendments Nos 6 and 37, but they go much too far, so we must vote against them.

We strongly support Mr Rossi's Amendment No 20 and hope that the Commission will accept it. Of course it makes sense to involve the industry's experts.

As for Mr Markozanis's amendments, Nos 1 and 2, we are against both; the first because we think it is pointless and the second because it goes too far.

We invite the House to join us, the entire weight of my group invites you to support us, in supporting the resolution.

Turning to Mr Deleau, we support the rapporteur and thank him for his work. We are against the Commission's proposal and believe it should be withdrawn. We support his resolution and believe it should go through unamended.

President. — I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Madam President, I will begin by thanking Mr von Wogau for his approval of the proposal for a directive on the future arrangement of free movement. I believe that the four specific remarks he has made

can be answered by the Commission in reasonably positive terms. As regards the recommendations or guidelines, I would say that they have been kept flexible, so that there need be no fear of inflexibility. The Commission will make very sure that the procedures are not circumvented. I will discuss the question of mutagenesis when I come to the amendments. The transitional system to which Mr von Wogau referred is included in the proposal. Madam President, I will not refer to the merits of this proposal, which are known to Parliament.

I should now like to state my views on the amendments. I will again do this by referring to numbers and not talk about each and every amendment. I may comment briefly on a few amendments which the Commission feels are not acceptable. The proposed changes the Commission regards as useful, Madam President, are Amendments Nos 23, 24, 34 and 35 and also Nos 8, 30 and 18 and the last part of No 31. There are no objections to Amendments Nos 4, 26, 11, 21, 12, 22, 27 and 36. There are no major objections to Amendments Nos 7, 17 and 29, but the Commission will need to study these further.

The Commission would advise against Amendments Nos 3, 5 and 25 and then the amendments concerning mutagenesis, Nos 6 and 37, and those concerning the availability of evaluation reports, Nos 9, 10, 19, 31 and 32. The Commission feels that in the last two cases, mutagenesis and evaluation reports, the arrangement should be as outlined in the Commission's proposals and that we should take up Mr von Wogau's suggestion that we should monitor and, of course, take account in the future of developments in the field of mutagenesis. The Commission attaches considerable importance to the retention in the directive of the arrangement as now proposed, that is, the commitment to research in this field.

As regard the Deleau report, I note that there is likely to be a majority against the Commission's proposal. The Commission believed it had good reason to put forward a proposal of this kind following the Centra Farm decision. The arguments for this are to be found in Mr Deleau's commendably objective report and have also been put forward here. The Commission feels the proposal it has made has great merits, and also believed, and in fact still believes, that a proposal of this kind was necessary after the judgment of the Court of Justice. Against this background, Madam President, I cannot at the moment state on behalf of the Commission that it will be withdrawing its proposal. What I can say is that the Commission, having heard this debate and the arguments, will look at this matter more closely and will, of course, inform Parliament of the position it finally adopts on this directive.

President. — The joint debate is closed. We now pass to the vote, beginning with the von Wogau report.

Article 1 (2): Amendments Nos 12 and 22

Mr von Wogau, rapporteur. — (DE) Madam President, I have the impression that we are dealing here with a point in the English translation — that is, with a linguistic problem. I do not think that we have to vote on it. I am in favour of its being so modified.¹

(Parliament approved the Commission's proposal and adopted the resolution)

President. — We now proceed to the Deleau report.

(...)

Paragraph 1: Amendment No 5

Mr Deleau, rapporteur. — (FR) I am against, since the proposal for a directive has been rejected and so there is no point in amending it.

(Parliament adopted the resolution)

8. Restructuring of vineyards

President. — The next item is the report by Mr Gatto, on behalf of the Committee on Agriculture (Doc. 1-539/81), on

the proposal from the Commission to the Council (Doc. 1-191/81) for a regulation amending Regulation (EEC) No 458/80 on collective projects for the restructuring of vineyards.

I call Mr Ripa di Meana.

Mr Ripa di Meana, deputy rapporteur. — (IT) Madam President, Mr Gatto, who was obliged by urgent affairs to leave Strasbourg, requested me to represent him in this matter.

As far as his report is concerned, I will use the text he had prepared and with which the members are already familiar.

Permit me, however, Madam President, to give at this time the rapporteur's favourable opinion on the two amendments presented for the text of the resolution. Having said this, I believe I need not speak again during the voting.

President. — I call the Commission.

¹ In addition, the rapporteur spoke *in favour* of Amendments Nos 3, 4, 5, 7, 8, 11, 17, 20, 21, 23, 24, 25, 26, 27, 28, 29, 30, 31 and 32 and *against* Nos 1, 2, 6, 9, 10, 33, 36 and 37.

Mr Richard, Member of the Commission. — I can be very brief about this. As far as the Commission is concerned, this is a technical matter. We are grateful for the report. We accept the amendments submitted by the Committee on Agriculture.

I would just like to add simply that it is not the Commission's intention to prevent Greece from benefiting from the restructuring measures, and talks are indeed going on.

President. — The debate is closed.

(Parliament approved the Commission's proposal and adopted the resolution)

9. Less-favoured areas

President. — The next item is, without debate, the report by Mr Woltjer, on behalf of the Committee on Agriculture (Doc. 1-551/81), on

the proposal from the Commission to the Council (Doc. 1-352/81) for a directive amending Directive 75/275/EEC, concerning the Community list of less-favoured areas within the meaning of Council Directive 75/268/EEC (Netherlands).

(Parliament adopted the various texts)

10. Sheep and goat stocks

President. — The next item is the report by Mr Maher, on behalf of the Committee on Agriculture (Doc. 1-549/81), on

the proposal from the Commission to the Council (Doc. 1-362/81) for a directive on the statistical surveys to be carried out by Member States on sheep and goat stocks.

I call the rapporteur.

Mr Maher, rapporteur. — Madam President, I can be quite brief. As you and the House are aware, we have now, after a lot of discussion and debate, a Community régime for sheep and goats, and in order to operate this régime effectively and economically it is vital that we have the necessary base information about the populations of sheep and goats in the various member countries. That is what this directive is about: to get that information, to ensure that we know how many animals are there, so that we can apply the necessary instruments in the most effective way.

There are three amendments, Madam President, which I as rapporteur introduced and which have been

Maher

approved unanimously by the Committee on Agriculture. One has to do with the change of year from 1981 to 1982 as the start year, which makes sense because we are nearly in 1982. Another has to do with ensuring that we do not go down into the very tiny farm where there is just one sheep or one goat, because anyway those animals are usually used for domestic consumption. The third amendment has to do with ensuring that the distribution of the aids available from the European Community to the various Member States is related to the population of sheep and goats in those various countries.

So, Madam President, the three amendments, as I said, have been approved by the Committee on Agriculture, and I would recommend approval of the directive and the report by this Parliament.

President. — I call Mr Clinton.

Mr Clinton. — Madam President, this may appear an insignificant report, but I certainly attach some importance to it. Mr Maher has been very brief and very clear, as usual.

I am just speaking as a person who has been critical of the Commission's forecasting of meat supplies in the Community generally, but it is only fair to say that it is unreasonable to expect reliable forecasts, for the necessary statistics for meat of all sorts are not available. I say 'meat of all sorts' deliberately, because consumption switches from one type of meat to another. Sometimes this is due to the comparative prices. It may also be weather conditions or different seasons of the year. The point I am trying to emphasize, Madam President, is that because it is possible to interchange while getting more or less the same nourishment, what is important is to have accurate estimates of the overall supply. I am not very well informed about the amount of goat's meat produced in the Community, but in the case of sheepmeat there is a considerable deficit. Here we should have an account of what is happening, we should be trying to increase the numbers to fill this deficit, and we should know exactly whether we are succeeding or not.

I need hardly point out that getting an accurate count of sheep and goats is a more difficult job than counting cattle. If the data required are to be produced, a real effort must be made by every Member State to have an accurate count. It is in the interests of the producers as well as the consumers that statistics are reliable, otherwise the whole exercise is a waste of time and money.

This week I have been trying to get statistics on national aids in the agricultural sector generally, but anything that is available is four years old, and because of the speed of changes the data available have little relevance to today's situation. All that I am able to find out is that in 1977 the richest Member State was

paying five times as much by way of national aids as we were in Ireland, even though we were getting the same price for agricultural products. For all I know, or am in a position to find out, the position could be five times as much on balance today.

There have been different views expressed as to whether surveys should be carried out on a yearly or two-yearly basis. I find it difficult to make my mind up about this. If a count is made in 1982, this information will be made available to the Commission in 1983, and the Member of Parliament, who also needs the information, will be lucky to get it in time for the European parliamentary elections in 1984. That is the way the machine works.

This gives me an opportunity to ask the Commission when we are going to get serious about useable statistics. The present information is four years old and next year it will be five years old. This is no good to me as a Member of Parliament. I am trying to emphasize that we need information, but we need it currently if it is to serve its purpose. Otherwise it is a waste of time and money.

President. — I call the Commission.

Mr Richard, Member of the Commission. — May I say to Mr Clinton that I agree with a great deal of what he has to say. Statistics do have to be relevant, they do have to be up-to-date, if they are to be of any great use; and as regards his suggestions, I can tell him that the Commission will look at what he has had to say today with care.

As far as the resolution itself is concerned, I think there is very little I need say about it. Mr Maher has set out what it is about. Clearly we need the statistical information, and this is a way in which we think we can get it.

I should, perhaps, indicate that as far as the amendments tabled by the Committee on Agriculture are concerned, the Commission would like to assure Parliament it is very open to these proposals and will present the lines indicated in the further discussions on this matter at the level of the Council.

President. — The debate is closed.

(Parliament adopted the various texts)

11: Olive-oil producers

President. — The next item is the report by Mr Diana, on behalf of the Committee on Agriculture (Doc. 1-566/81), on

President

the proposal from the Commission to the Council (Doc. 1-434/81) for a regulation laying down special measures in respect of olive-oil producer organizations for the 1981-82 marketing year.

I call the rapporteur.

Mr Diana, rapporteur — (IT) Madam President, the Council's draft regulation extending the programme of incentives for organizations producing olive oil for the 1981-82 agricultural season, as provided for in Regulation 1360 of 1978, is necessary due to the failure on the part of certain Member States to implement the regulation.

For the olive oil sector the basic regulation number 1917/80 on the organization of producers lays down the recognized participation of groups and associations of producers in the management of aids to production beginning on 10 November 1981. Some associations and their groups have not yet been recognized, owing to the failure of some of the regions concerned to approve legislation, and it has been necessary to postpone the application of regulation 1917/80 until November 1982, thus extending the transitional system for a year. It is to be hoped that the Member States concerned will rapidly take steps to adopt the necessary legislation to permit the implementation of Regulation 1360, and that they will intervene in the non-complying regions. Indeed, it is not logical for aid to production under the transitional system to correspond to producers' organizations which, although satisfying the requirements of the regulation, have not received the necessary legal recognition.

For this reason, with this consideration and with the amendment to point 2 which was presented in my name, the Committee on Agriculture recommends the speedy approval of the Council's draft regulation.

IN THE CHAIR: MR VANDEWIELE

Vice-President

President. — I call the Communist and Allies Group.

Mrs Le Roux. — (FR) Mr President, the Diana report deals with only one particular aspect of the olive oil industry's problems, but it is difficult for me to talk in this House about olive oil, and about the problems of oils and fats in general, without first commenting briefly on the proposals recently submitted by the Commission to the Council.

On behalf of the French members of the Communist and Allies Group I protest most strongly at the Commission's refusal to impose a tax on imports of vegetable oils and fats. Once again the Commission has yielded to pressure and joint action by the United States and agri-food multinationals, which are flooding the countries of the Community with vegetable fats, in competition with both dairy producers and producers of olive oil.

The Commission has chosen to side with Unilever rather than the farmers. It is thus opening the door to further derogation from the principle of Community preference and to the extension of levies on production. It goes to prove, moreover, that the Commission intends using enlargement against the interests of family farms in all the Mediterranean regions, including Spain. Your call for the suspension of negotiations on enlargement is thus all the more justified.

We are delighted that the Committee on Agriculture has gone against the Commission by voting, at our suggestion, for a tax on imports of vegetable oils and fats in the context of an overall policy on oils and fats.

This is an important boost to our action with the farmers to free the Community from American domination, both from the point of view of not being forced to accept her imports and being able to establish a genuine export policy.

President. — I call the Commission.

Mr Richard, Member of the Commission. — Mr President, I am sure Mrs Le Roux would be very surprised if I were to follow her in this debate down the particular road she has just indicated. It goes very much further than the immediate subject of this report and I propose therefore, on behalf of the Commission, to confine myself to the item that is on the order-paper.

As far as that is concerned, I think all I need say, since the reasons for this report and the reasons behind it have been set out by the rapporteur very clearly, is the Commission will accept the amendments submitted by the Committee on Agriculture.

President. — The debate is closed.

(Parliament adopted the various texts)

12. Measuring instruments and methods

President. — The next item is the report by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs (Doc. 1-537/81), on the introduction of a simplified decision-making procedure

President

with a view to removing technical barriers to trade under the framework directive on measuring instruments and methods of metrological control, with particular reference to the proposals from the Commission to the Council (Doc. 1-856/80) for

- I. A directive amending Directive 71/316/EEC, of 26 July 1971, on the approximation of the laws of the Member States relating to common provisions for both measuring instruments and methods of metrological control;
- II. A directive amending Directive 76/764/EEC, of 27 July 1976, on the approximation of the laws of the Member States on clinical mercury-in-glass, maximum-reading thermometers;
- III. A directive on the approximation of the laws of the Member States relating to tyre pressure gauges for motor vehicles; and
- IV. A directive on the approximation of the laws of the Member States relating to instruments designed to determine the content by volume of carbon monoxide in the exhaust gases of motor vehicles with spark ignition.

I call the Commission.

Mr Andriessen, Member of the Commission. — (NL) Mr President, in view of the time I shall be very brief. The Commission welcomes the fact that particular attention has been paid to this proposal for a directive because it contains one minor novel aspect, this being the transfer of a power to our committee to approve special directives.

I should just like to state the Commission's views on the amendments that have been tabled. The first amendment concerning the new qualified majority is clear and is connected with the accession of Greece and should, of course, be made by the Commission itself. As regards the second amendment, which calls for fresh consultation of Parliament in certain situations, the Commission feels this change is appropriate in view of the relations it envisages between the Commission and Parliament. We therefore approve this amendment.

President. — The debate is closed.

(Parliament adopted the various texts)

13. *Financial situation of railway undertakings*

President. — The next item is the report by Mr Ripa di Meana, on behalf of the Committee on Transport (Doc. 1-564/81), on the proposals from the Commission to the Council (Doc. 1-892/80) for

- I. A regulation setting the time-limit and conditions for the achievement of financial balance by railway undertakings; and
- II. A decision amending Decision 75/327/EEC, on the improvement of the situation of railway undertakings and the harmonization of rules governing financial relations between such undertakings and States.

I call the rapporteur.

Mr Ripa di Meana, rapporteur. — (IT) Mr President, on the subject of trains, I cannot help pointing out that the number of Members now present in the Chamber would hardly fill a compartment.

(Laughter)

The Commission's proposals to the Council presented to us today aim at the attainment of an objective determined upon long ago by the Community in the railway sector: increased profitability, a general improvement in the financial situation of the companies, and a closer cooperation between the national railway systems.

These proposals are also aimed, although belatedly, at achieving the objectives indicated by the European Parliament in the Nyborg report of 1978 and the Cottrell report of 1980.

The first proposed regulation is for the purpose of determining the terms and conditions for the attainment of financial equilibrium for the railway companies.

The Commission's programme provides for various stages which would allow the companies to secure financial balance within a certain time-limit and under definite conditions.

Although it shares the Commission's opinion that this proposal should contribute towards improving the competitive ability of the railways, the Committee on Transport insists on the need to harmonize the conditions of competition between railway companies and other means of transportation. January of 1990 has been fixed upon by the Commission as the target date for the attainment of financial balance, and this deadline can be successfully met only if the regulations concerning this kind of competition are speedily put into effect.

In particular, the increased comparability of the profits and losses should not call for the keeping of two different sets of records, so as not to increase the burden of the companies and put them at a disadvantage in respect to other means of transport.

On the question of the granting of aid for railway infrastructures, your rapporteur, in the spirit of the

Ripa di Meana

rules of competition, believes that the net social advantages offered by the railway in respect to other means of transport should be given due consideration.

The second proposal modifies Decision 75/327/EEC regarding the amelioration of the financial situation of the railway companies and the harmonization of the rules which regulate the financial relationship between the companies and the governments.

The decision of 1975 clearly showed that programmes of activity and of investment are essential in order to enable the railway companies to attain financial equilibrium.

The Commission therefore proposes:

- that such programmes be multi annual;
- that it be informed before their approval so that it can advise the Member States;
- that such programmes be established along common guidelines.

Your rapporteur is in favour of such measures as well as the Commission's proposal to report to the Council every two years on the application of these decisions by the Member States.

Finally, the Committee on Transport stresses the need for the Commission to have an adequate staff available if it is to make observations on the programmes of the railway companies, observations which should be taken into account when the programmes become operative.

For this reason the Committee on Transport suggests the approval of the Commission's proposals, bearing in mind the observations it has made on certain points and which figure in our motion for a resolution.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, if I am going to talk about these proposals on behalf of my group, I am afraid I shall again have to repeat myself, the reason being that we were unable to state our views on an integral system during the debate on the transport policy as we would really like to have done. We find we are constantly forced to discuss the various sectors that are put on the agenda in line with the proposals the Commission has put forward. What we have here in fact is a system of small steps where transport is concerned, which is regrettable because it is obvious that these sectors are very closely linked. A proposal of this kind is designed to achieve financial balance. The intention is, of course, to put an end to government aids to the railway undertakings so that there may be fair competition among the various transport sectors.

In itself this is, of course, a good thing, but we must again say that public transport must be given a better chance in the years to come. This means of course, that the service must be improved, and that costs money. It is quite obvious that, if we want peripheral areas in the various Member States to be included in the railway network, money must be invested, and that there will be deficits every year. And yet we of the Socialist Group feel that this should be the case and that people living in rural areas need to have access to public transport. Another aspect which takes our attention and on which resolutions have been tabled in Parliament is that the approach is still so national, that there is a clear tendency in the Member States for travellers, where possible, to be transported through their own country and that too little advantage is taken of the possibility of shortening distances by crossing frontiers. And we also find that the inter-city routes are not linked but organized on a national basis. If this situation is to be improved, money will have to be spent, and this is also true, of course, of the combined transport of goods and the transfer of heavy loads from the roads to the railways. Yes, Mr President, I do not need to elaborate on this. I can keep it very brief. Our view is that we must support these efforts by the Commission, but at the same time we must make sure that they do not jeopardize services or the introduction of better social arrangements, the improvement of the working conditions of the people who work on the railways. I should like to congratulate the rapporteur on this report, which, I believe, is the first report he has drawn up on behalf of the Committee on Transport. My group fully endorses it.

President. — I call Mrs Boserup.

Mrs Boserup. — (DA) Mr President, I am willing to refrain from detaining the remaining colleagues any longer with my groaning and moaning and so ask your permission to submit these few remarks in the form of a written explanation of vote. Is such a procedure in order?

President. — I call the Commission.

Mr Richard, Member of the Commission. — May I, on behalf of the Commission, thank the Committee on Transport for their positive response and welcome to our proposals. I may say that we were particularly impressed by the work done by the rapporteur, Mr Ripa di Meana, and the attention given by the members of the committee to these somewhat technical, but extremely important, matters. Furthermore, I am very pleased to see your understanding of the way in which the Commission wishes the railway undertakings to proceed towards a financial balance and the support of Parliament will be very helpful for the discussions with the Council Transport Working-Group.

Richard

Now there is one point that I would like to raise, however, and that is the modification asked for by the Committee on Transport. As far as we are concerned, we can accept the principle of it. There is, however, a tactical issue here. The Commission feels it might be better not to make this change formally but to allow the Commission to pursue it in its discussions with the Member States. This would not, of course, affect the requirement to provide annual accounts, and for that reason I have to tell Parliament that we would prefer Parliament to invite the Commission to take this into account, rather than oblige us to make the change formally.

President. — The debate is closed. We proceed to the vote.

Article 2: Amendment No 1

Mr Ripa di Meana, rapporteur. — (IT) I have to say that although I appreciate the Commissioner's argument — and I thank him for his kind words on the work we have done — the committee maintains its position, since this was adopted after a long discussion and after careful consultations with the railway undertakings. In particular, I must say that on this point the opinion of British Rail was very unambiguous.

I would therefore suggest that we maintain the text you now have before you.

(...)

Motion for a resolution

President. — I call Mr Prout.

Mr Prout. — Mr President, I simply want to say that this is a very important new point of parliamentary procedure which I think a number of Members have not yet fully understood.

The point is this. Once we vote the motion for a resolution on a report, we no longer have any influence over the Commission's reaction to it. The consultation procedure is at an end, so it is absolutely vital that if we want to get the Commission to follow our point of view, and if the Commission refuses to do so, after the amendments to the directive or the regulation have been voted, the rapporteur considers whether or not he wants to refer the matter back to the committee.

I am only putting this to Mr Ripa di Meana, because I know nothing about the details of this report. If he feels very strongly about it, he might want to take it back to committee before the motion for a resolution is voted.

President. — I call the rapporteur.

Mr Ripa di Meana, rapporteur. — (IT) Mr President, I certainly intend to refer the Committee on Transport to what has just been said by the Commissioner, particularly as there are so few Members present at this late hour on Friday. I do not think, however, that it is necessary to suspend the vote now in progress.

(...)

Written explanation of vote

Mrs Boserup. — (DA) Back in 1975 the Council in a fit of optimism, decided that the Commission should submit a proposal in 1980 setting a time-limit for the achievement of financial balance by railway undertakings. I believe its optimism was ill-founded. In 1975, with the first wave of oil-price increases, the need to plan massive transfers of public funds to reinforce public transport systems grew even more urgent. Today, six years later and after oil-prices have risen repeatedly, the proposal which the Commission has submitted in accordance with its instructions is completely out of step with reality. We discuss here in this House economies in the transport sector; there is broad agreement that public transport is more economical as regards energy than private road traffic. Let our left hand know what our right hand is doing! We cannot simultaneously promote the most economical forms of transport and tie up the railways in monstrous planning approval procedures and demands for financial balance.

The Committee on Transport must have had a suspicion that this proposal was superfluous. Instead of proposing to the Commission that it withdraw it, the Committee proposes that it should be very much watered down. The provision that revenue should cover expenditure is not to apply to each year, but to a certain period. If this period stretches to the year dot, we can let the nonsense pass. I can imagine the whole proposal being buried in a deep drawer in the dusty office whence it came.

Railways are among our common assets. Transport is something we all need and have a right to — including those without cars. We contribute through our taxes. We do not need theories from bygone days.

(Parliament adopted the various texts)

14. *Fishing arrangements between the EEC and Norway*

President. — The next item is the report by Mr Provan, on behalf of the Committee on Agriculture (Doc. 1-567/81), on

President

the proposal from the Commission to the Council (Doc. 1-437/81) for a decision concerning the modification of the agreement establishing fishing arrangements between the European Economic Community and the Kingdom of Norway for 1981.

I call the rapporteur.

Mr Battersby, deputy rapporteur. — Mr President, this report has been debated in depth in the fisheries working-group and in the Committee on Agriculture and has passed both of these unanimously. The rapporteur has asked the Commission to act immediately to ensure that our fishermen can continue fishing without undue harassment in Norwegian waters. The Commission has been most cooperative in this matter and is now discussing with Norway ways of achieving a more harmonious implementation of Norwegian regulations and also the other points raised by Mr Provan in his most excellent report. I therefore ask Parliament to vote in favour of Mr Provan's report.

President. — The debate is closed.

(Parliament adopted the various texts)

15. Adjournment of the session

President. — I declare this session of the European Parliament adjourned.¹

(The sitting was closed at 1.40 p.m.)

¹ For items concerning the membership of Parliament, membership of committees, tabling of amendments, motions for resolutions entered in the register under Rule 49, forwarding of resolutions and the dates for the next part-session: see the minutes of this sitting.

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