

Annex

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1977-1978 Session

Report of Proceedings

from 12 to 16 December 1977

European Centre, Luxembourg

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

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## IN THE CHAIR: MR COLOMBO

*President*

*(The sitting was opened at 5.20 p.m.)*

**President.** — The sitting is open.

1. *Resumption of the session*

**President.** — I declare resumed the session of the European Parliament adjourned on 18 November 1977.

2. *Apologies for absence*

**President.** — Apologies have been received from Mr Pisoni, who regrets his inability to attend this part-session.

3. *Appointment of Members*

**President.** — On 29 and 30 November 1977 respectively, the Chamber of Representatives and the Senate of the Republic of Ireland renewed their delegation to the European Parliament. The following were appointed:

for the *Chamber of Representatives*: Mr Brosnan, Mr Herbert, Mr Kavanagh, Mr L'Estrange, Mr Nolan, Mr Power and Mr Ryan; and

for the *Senate*: Mr Brugha, Mr McDonald and Mr Yeats.

The credentials of these Members will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, they will provisionally take their seats in Parliament or on its committees with the same rights as other Members.

I congratulate colleagues whose appointments have been renewed and welcome the new Members.

*(Applause)*

4. *Documents received*

**President.** — I have received the following documents:

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

— the proposal from the Commission to the Council for a regulation on aid to shipbuilding (Doc. 391/77),

which has been referred to the Committee on Economic and Monetary Affairs;

— the proposal from the Commission to the Council for a regulation on the exchange-rates to be applied for the purposes of the agricultural structures policy (Doc. 392/77),

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

— The proposals from the Commission to the Council for:

I. a regulation on the opening, allocation and administration of a Community tariff quota for dried figs falling within subheading ex 08.03 B of the Common Customs Tariff, originating in Spain (1978), and

II. a regulation on the opening, allocation and administration of a Community tariff quota for dried grapes falling within subheading ex 08.04 B I of the Common Customs Tariff, originating in Spain (1978)

(Doc. 393/77),

which have been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

— a Communication from the Commission to the Council on the supply of food aid in the form of skimmed-milk powder and butter-oil to India for the second phase of 'Operation Flood' (Doc. 394/77),

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

— the proposals from the Commission to the Council for:

I. a regulation on the opening, allocation and administration of a Community tariff quota for Jerez wines falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978),

II. a Regulation on the opening, allocation and administration of a Community tariff quota for Malaga wines falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978), and

III. a regulation on the opening, allocation and administration of a Community tariff quota for wines from Jumilla, Priorato, Rioja and Valdepenas falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978)

(Doc. 395/77),

which have been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

— the proposal from the Commission to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within subheading 02.01 A II (b) of the Common Customs Tariff (1978) (Doc. 396/77),

which has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions;

— the proposal for transfers of appropriations from chapter to chapter within Section V: Court of Auditors, of the general budget of the European Communities for 1977 (Doc. 397/77),

**President**

which has been referred to the Committee on Budgets ;

- the proposal from the Commission to the Council for a regulation increasing the Community tariff quota opened for the period 1 July 1977 to 30 June 1978 by Regulation (EEC) No 1331/77 for animals of certain mountain breeds (Doc. 400/77)

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion :

- the proposals from the Commission to the Council for :

I. a regulation amending Regulation (EEC) No 3330/74 on the common organization of the market in sugar, and

II. a regulation amending Regulation (EEC) No 1111/77 laying down common provisions for isoglucose

(Doc. 422/77),

which have been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion ;

- the proposal from the Commission to the Council for a regulation amending Regulation (EEC) 516/72 on the introduction of common rules for shuttle services by coach and bus between Member States (Doc. 425/77),

which has been referred to the Committee on Regional Policy, Regional Planning and Transport ;

- the proposals from the Commission to the Council for :

I. a directive amending for the thirteenth time Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption,

II. a directive amending for the second time Directive 70/357/EEC on the approximation of the laws of the Member States concerning the antioxidants authorized for use in foodstuffs intended for human consumption, and

III. a directive amending for the sixth time the Council directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption

(Doc. 426/77),

which have been referred to the Committee on the Environment, Public Health and Consumer Protection ;

- the proposal from the Commission to the Council for a directive extending the derogations granted in respect of classical swine-fever to Denmark, Ireland and the United Kingdom (Doc. 428/77),

which has been referred to the Committee on Agriculture ;

- the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 517/72 on the introduction of common rules for regular and special regular services by coach and bus between Member States (Doc. 429/77),

which has been referred to the Committee on Regional Policy, Regional Planning and Transport ;

- the proposal from the Commission to the Council for a regulation amending Regulations (EEC) Nos 1059/69, 1060/69 and 2682/72 on the trade arrangements for processed agricultural products not covered by Annex II to the Treaty (Doc. 430/77),

which has been referred to the Committee on Agriculture as the Committee responsible and to the Committee on External Economic Relations for its opinion ;

- the Letter of Amendment No 2 to the draft general budget of the European Communities for the financial year 1978, adopted by the Council on 22 November 1977, concerning Section V: Court of Auditors (Doc. 431/77),

which has been referred to the Committee on Budgets ;

- the draft regulations from the Council ;
- I. implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources
- II. implementing, in respect of own resources accruing from value-added tax, the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

(Doc. 432/77),

which have been referred to the Committee on Budgets ;

- the proposal from the Commission to the Council for a regulation on statistical surveys of areas under vines (Doc. 435/77),

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

- the proposal from the Commission to the Council for a regulation extending beyond the date of expiry of the first stage of the Association Agreement the term of validity of certain provisions of Council Regulation (EEC) No 1641/77 as regards the arrangements applicable to trade with the Republic of Cyprus (Doc. 443/77),

which has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions ;

(b) from the committees, the following reports :

- report by Mr McDonald, on behalf of the Political Affairs Committee, on the 1977 Nobel Peace Prize (Doc. 398/77) ;

## President

- report by Mr Veronesi, on behalf of the Committee on Energy and Research, on the proposal from the Commission to the Council for a decision adopting a programme of research and development for the European Atomic Energy Community on uranium exploration and uranium extraction (indirect action) (1978/80) (Doc. 409/77);
- report by Mr Pucci, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1035/72 on the common organization of the market in fruit and vegetables and Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges (Doc. 410/77);
- report by Mr Price, on behalf of the Committee on External Economic Relations, on the draft Council regulation concluding the Financial Protocol and the additional Protocol to the Agreement establishing an association between the European Economic Community and the Republic of Cyprus (Doc. 411/77);
- report by Mr Guerlin, on behalf of the Committee on Agriculture, on the proposals from the Commission to the Council for :
  - I. a directive concerning certain products used in animal nutrition,
  - II. a third directive amending Directive 70/524/EEC concerning additives in feeding-stuffs, and
  - III. a directive amending Directive 74/63/EEC on the fixing of maximum permitted levels for undesirable substances and products in feeding-stuffs and amending Directive 70/373/EEC on the introduction of Community methods of sampling and analysis for the official control of feeding-stuffs
 (Doc. 412/77);
- report by Mr Martinelli, on behalf of the Committee on External Economic Relations, on the proposal from the Commission to the Council for a regulation on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia (Doc. 414/77);
- report by Mr Scott-Hopkins, on behalf of the Committee on External Economic Relations, on the proposal from the Commission to the Council for a regulation increasing the Community tariff quota opened for the period 1 July 1977 to 30 June 1978 by Regulation (EEC) No 1331/77 for animals of certain mountain breeds (Doc. 415/77);
- report by Lady Fisher, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a directive on consumer protection in the marketing and display of the prices of foodstuffs (Doc. 416/77);
- report by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission to the Council for a recommendation on the fluorocarbons in the environment (Doc. 417/77);
- report by Mr Van Aerssen, on behalf of the Committee on External Economic Relations, on the proposal from the Commission to the Council for a regulation laying down conditions for the post-clearance collection of import duties or export duties which have been underpaid on goods entered for a customs procedure involving the obligation to pay such duties (Doc. 418/77);
- report by Mr Scott-Hopkins, on behalf of the Committee on Agriculture, on the proposal from the Commission to the Council for a regulation relating to the organization of a survey on the structure of agricultural holdings in 1979 (Doc. 419/77);
- report by Mr Bangemann, on behalf of the Committee on Budgets, on the report of the ECSC Auditor for the financial year 1976 and the discharge to be given to the Commission in respect of the financial and budgetary activities of the ECSC in that financial year (Doc. 421/77);
- report by Mr Osborn, on behalf of the Committee on Energy and Research, on the Second Report from the Commission to the Council on the achievement of Community energy-policy objectives for 1985, together with a draft Council resolution (Doc. 433/77);
- report by Mr Shaw, on behalf of the Committee on Budgets, on the conciliation regarding the Financial Regulation of the Communities (Doc. 434/77);
- report by Mr Normanton, on behalf of the Committee on Economic and Monetary Affairs, on the crisis in the textile industry (Doc. 438/77);
- report by Mr Ripamonti, on behalf of the Committee on Budgets, on the *aide-mémoire* from the Commission on the fixing of the ECSC levies and on the drawing up of the operational budget for 1978 (Doc. 439/77);
- supplementary report by Mr Cointat, on behalf of the Committee on Budgets, on Section V (Court of Auditors) of the draft general budget of the European Communities for the financial year 1978 (Doc. 440/77);
- supplementary interim report by Mr Shaw, on behalf of the Committee on Budgets, on the draft general budget of the European Communities for 1978 (Section III: Commission), modified by the Council, and on the adoption of the budget (Doc. 441/77);
- report by Mr Corrie, on behalf of the Committee on Agriculture, on the proposals from the Commission to the Council for :
  - I. a regulation laying down technical measures for the conservation of fishery resources,
  - II. a regulation laying down certain measures of control for fishing activities by Community vessels,
  - III. a regulation defining for 1978 measures for the conservation and management of fishery resources by the establishment of quotas,
  - IV. a directive on certain immediate measures to adjust capacity in the fisheries sector, and
  - V. a regulation laying down special aid measures for herring fisheries in the North Sea and the Celtic Sea
 (Doc. 442/77);

**President**

- a supplementary report by Mr Cointat, on behalf of the Committee on Budgets, on Section I (European Parliament) of the draft general budget of the European Communities for 1978 (Doc. 444/77);
  - report by Mr Notenboom, on behalf of the Committee on Budgets, on the joint position adopted by the Council on
    - I. a regulation (EEC, EURATOM, ECSC) implementing the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources, and
    - II. an amended proposal for a regulation implementing, in respect of the Communities' own resources from VAT, the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources (432/77)
 (Doc. 445/77);
  - a supplementary report by Mr Cointat, on behalf of the Committee on Budgets, on Annex I (Economic and Social Committee) to Section II (Council) of the draft general budget of the European Communities for the financial year 1978 (Doc. 446/77);
- (c) the following oral questions:
- oral question, with debate, by Mr Ripamonti, Mr Vandewiele and Mr Klepsch on behalf of the Christian-Democratic Group to the Commission on the ratification of cooperation agreements and financial protocols (Doc. 401/77);
  - oral question, with debate, by Mr Ripamonti, Mr Vandewiele and Mr Klepsch on behalf of the Christian-Democratic Group to the Council on the ratification of cooperation agreements and financial protocols (Doc. 402/77);
  - oral question, without debate, by Mr H. W. Müller and Mr Zeyer to the Commission on the obstacles to the intra-Community movement of goods and the effect on regional industries (Doc. 403/77);
  - oral question, with debate, by the Committee on External Economic Relations and the Committee on Development and Cooperation to the Commission on external agreements concluded by the Community (Doc. 404/77);
  - oral question, with debate, by the Committee on External Economic Relations and the Committee on Development and Cooperation to the Council on external agreements concluded by the Community (Doc. 405/77);
  - oral question, without debate, by Mr Dewulf to the Council on the implementation of the special measures adopted by the Conference on International Economic Cooperation (CIEC) (Doc. 406/77);
  - oral question, with debate, by the Committee on Development and Cooperation to the Council on the procedure employed by the Council in examining the proposal from the Commission for a regulation establishing a European agency for trade cooperation with developing countries (Doc. 407/77);
  - oral question, without debate, by Mrs Dunwoody to the Commission on the fresh fruit and vegetable market (Doc. 408/77);

- oral questions by Mr Bettiza, Mr Corrie, Mr Klepsch, Mr Nyborg, Mr Fioret, Mr Edwards, Mr Prescott, Mr Seefeld, Mr Evans, Sir Geoffrey de Freitas, Mr Cousté, Mr Noè, Mr Dalyell, Lord Bessborough, Mr Normanton, Mr Scott-Hopkins, Mr McDonald, Mr Osborn, Lord Reay, Mr Jahn, Mr Früh, Mr Klinker, Mrs Ewing, Mr Howell, Mr Kavanagh, Mr Inchauspé, Mr Edwards, Sir Geoffrey de Freitas, Mr Cousté, Mr Dalyell, Mr Nyborg, Mr Lagorce, Mr Inchauspé, Mr Jahn, Mrs Ewing, Mr Kavanagh, Lord Bethell for Question Time on 13, 14 and 15 December 1977, pursuant to Rule 47A of the Rules of Procedure (Doc. 437/77);

## (d) from the Commission:

- communication on nutritional and developmental prospects for dairy products in the Third World (Doc. 399/77),

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

- *aide-mémoire* on the fixing of the ECSC levies and on the drawing up of the operational budget for 1978 (Doc. 413/77),

which has been referred to the Committee on Budgets.

*5. Texts of Treaties forwarded by the Council*

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

- agreement in the form of an exchange of letters between the European Economic Community and the Kingdom of Morocco fixing the additional amount to be deducted from the levy on imports into the Community of untreated olive oil, originating in Morocco, for the period from 1 November 1977 to 31 October 1978;
- agreement in the form of an exchange of letters between the European Economic Community and the Republic of Tunisia fixing the additional amount to be deducted from the levy on imports into the Community of untreated olive oil, originating in Tunisia, for the period from 1 November 1977 to 31 October 1978;
- agreement in the form of an exchange of letters between the European Economic Community and the People's Democratic Republic of Algeria fixing the additional amount to be deducted from the levy on imports into the Community of untreated olive oil, originating in Algeria, for the period from 1 November 1977 to 31 October 1978;
- act of notification of the approval by the Community of the additional protocol to the agreement establishing an association between the European Economic Community and Malta;

These documents have been deposited in the archives of the European Parliament.

### 6. Forwarding of the draft general budget for 1978, modified by the Council

**President.** — I have received the draft general budget of the European Communities for the financial year 1978, modified by the Council on 22 November 1977 (Doc. 420/77). Pursuant to Rule 23 (2) of the Rules of Procedure, this document has been referred to the Committee on Budgets.

### 7. Authorization of reports

**President.** — Pursuant to Rule 38 (1) of the Rules of Procedure, I have authorized the Committee on Agriculture to draw up a report on the communication from the Commission to the Council on adjustments to the common organization of the market in beef and veal.

### 8. Transfers of appropriations in the 1977 budget

**President.** — I have informed the Council that the Committee on Budgets has delivered a favourable opinion on

- the proposal for transfers of appropriations between chapters in Section II: Council, Annex III: ECSC Auditor, of the general budget of the European Communities for the financial year 1977 (COM (77) 506 final); and
- the proposal for transfers of appropriations between chapters in Section III: Commission, of the general budget of the European Communities for the financial year 1977 (COM (77) 436 final).

### 9. Order of business

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

At its meeting of 22 November 1977, the enlarged Bureau prepared a draft agenda, which has been distributed. In the meantime, however, the following changes have occurred:

- the report by Mr Noè on fast-breeder reactors has not been tabled, and is consequently withdrawn from the agenda for Monday; and
- the report by Mr Kofoed on fisheries has not been tabled, and is consequently withdrawn from the agenda for Thursday.

With regard to the debate on the general budget of the Communities for 1978, which is down for Tuesday at 9.00 a.m. and for which speaking-time has already been allocated under Rule 28 of the Rules of Procedure, Mr Lange, chairman of the Committee on Budgets, has suggested that I propose to Parliament the following list of speakers:

- Mr Cointat, on the rectifications to Sections I, II and V of the draft general budget;

- Mr Shaw, on the Financial Regulation, it being understood that the speaking-time for this debate is not included in the speaking-time for the debate on the general budget;

- Mr Shaw, on the draft general budget of the European Communities for 1978;

- the Council representative;

- the political group spokesmen, to be followed by Members speaking in their own name and the appropriate Member of the Commission.

Are there any objections?

That is agreed.

The Committee on Budgets has requested the inclusion on the agenda for this part-session of a report by Mr Notenboom on the collection of the Communities own resources on 1 January 1978. In view of the importance of this document, which is closely connected with the 1978 budget, I propose its inclusion in Tuesday's agenda after the Shaw report on the Financial Regulation.

Are there any objections?

That is agreed.

The Council has asked to make a statement on the results of the meeting of development ministers of 28 November. This statement could be included in Tuesday's agenda after the Ripamonti report on ECSC levies.

Are there any objections?

That is agreed.

I have received the following documents with requests for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure:

(a) from the Political Affairs Committee:

- a motion for a resolution tabled by Mr Bertrand on the historic meeting between Mr Anwar El-Sadat, President of the Arab Republic of Egypt, and Mr Menahem Begin, Head of the Government of the State of Israel (Doc. 423/77);

- a report by Mr Scelba on compliance by the signatory states with their obligations under the Final Act of the Helsinki Conference, with particular reference to the reunification of families (Doc. 424/77);

- a report by Mr Blumenfeld on European political cooperation (Doc. 427/77);

(b) from the Committee on Social Affairs, Employment and Education:

- a motion for a resolution by Mr Adams on the implementation of the conciliation procedure referred to in paragraph 14 of the European Parliament's resolution of 12 May 1977 on the review of the European Social Fund (Doc. 436/77).

Pursuant to Rule 14 (1), second subparagraph, of the Rules of Procedure, these requests will be put to the vote at the beginning of tomorrow's sitting.

I call Lord Bruce.

**Lord Bruce of Donington.** — Mr President, I rise to enquire as to the reasons for the omission from the agenda of a debate on proposal No 502/75 submitted by the Commission, on which Parliament was consulted on 23 January 1976 and which was referred to the Committee on Economic and Monetary Affairs on 30 January 1976. This is the proposal

for a second directive on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life insurance, and laying down provisions to facilitate the effective exercise of freedom to provide services.

Mr President, this item has spent nearly two years in Parliament; practically every procedural device has been used in order to hamper its progress through Parliament. I think it is high time that Parliament was invited to make some decision on the final proposals and on the final report that has recently emerged from the Committee on Economic and Monetary Affairs. I would like to ask, first, why the item has been omitted from this agenda, and also, in view of that, the date upon which Parliament proposes that this report — which is long overdue — should be discussed in plenary.

**President.** — At its last meeting, the Bureau noted that the Schwörer report had not yet been tabled. This is the reason why it does not appear in the agenda for the present part-session.

I therefore assure Lord Bruce that, if this report is tabled in time, I shall see that it is included in the agenda for the January part-session.

I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, you announced that tomorrow Parliament would be consulted on three urgent motions. The meeting between the Egyptian President and the Israeli Prime Minister is clearly an event of the highest political importance and justifies a debate by urgent procedure.

However, you also stated that the Political Affairs Committee had asked for a debate this week by urgent procedure on two quite normal reports on political cooperation in Europe, reports which that committee has been considering for months.

The point at issue is not merely whether a decision should be taken under Rule 14 of the Rules of Procedure, but rather which procedure this House should follow altogether. If we gradually allow the practice to creep in whereby, at the beginning of a part-session, any committee can follow the example of the Political Affairs Committee and request a debate by urgent procedure, it will be meaningless for the Bureau to draw up agenda on the basis of the reports sent to it by the committees. I, therefore, feel that the rule which the other committees observe should be upheld, namely, that the normal procedure should be followed for entering normal reports on the agenda,

i.e., that of forwarding them to the Bureau in the usual manner.

I feel that a problem as complicated as European political cooperation should not be discussed tomorrow morning by urgent procedure, without informing the political groups in advance and before these important topics can be discussed in committee. The Socialist Group, at least, feels that this week absolute priority should be given to the budget, that we should devote all our energies to discussing it and that we should not allow a committee to divert us from it by calling for a debate by urgent procedure on another important topic.

I therefore, here and now, call upon the chairman of the Political Affairs Committee, at the adoption of the draft agenda, to withdraw the request for debate by urgent procedure and to deal with European political cooperation in the form of a regular committee report next January, when we shall have had time to prepare for it adequately and to debate it at length.

I do not wish to see this topic, which is a bone of contention between the Council of Foreign Ministers and Parliament, hurriedly squeezed into an agenda which is already fully taken up with the budget.

*(Applause from certain benches on the left)*

**President.** — Mr Bertrand, do you wish to maintain the request for urgent procedure?

**Mr Bertrand.** — (NL) Mr President, I would first tell Mr Fellermaier that he should not get excited. The Political Affairs Committee does not want any exceptions to be made to the general rule.

I must, however, answer the question. I am glad that Mr Fellermaier agrees that the motion for a resolution on the visit by Mr Sadat should be considered by urgent procedure so that Parliament will give its opinion on the subject tomorrow.

On behalf of the Political Affairs Committee, I agree to consideration of the three reports — by Mr McDonald on the Nobel prize-winners, by Mr Blumenfeld on political cooperation and by Mr Scelba on the Final Act of Helsinki — being held over to January, although I wonder whether Mr Scelba's report should not be considered urgent in view of the situation in Belgrade.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, I should like to make a brief remark. I would not have done so had Mr Fellermaier merely put forward a proposal. However, he spoke at some length on the practice observed by committees, etc. We all agree that debates on the Rules of Procedure should not be held during plenary sittings. Otherwise every single remark could lead to the same discussions. The House could in any case, without difficulty, have reached agreement on

## Klepsch

the arrangement which the chairman of the Political Affairs Committee has just accepted. I would therefore ask that, in keeping with the practice of this House, such occurrences should be avoided in future, otherwise we shall be returning to the bad habit of spending the first hour of each sitting discussing questions of procedure.

**President.** — The situation appears to me to be simplified by the fact that Mr Bertrand has withdrawn the requests for urgent procedure with regard to the report on Helsinki and the Blumenfeld report on political cooperation. There remains only the request for debate by urgent procedure on the motion for a resolution on the visit to Israel of the President of the Arab Republic of Egypt, and on this the Assembly will vote tomorrow morning.

Are there any objections?

That is agreed.

I call Mr Dalyell.

**Mr Dalyell.** — Mr President, on Thursday in the Committee on Budgets there was a request to the Council for information to the Parliament on the facts of what actually took place at the meeting of Heads of Government, as far as this could be ascertained, on the matter of a Community rôle, possibly providing finance for increasing public service employment in our various countries. Mr President, I have to ask you whether the Council has in fact communicated with you, as our President and the medium through whom they should communicate with the Parliament, giving any factual information about what was said and what was not said at the meeting of Heads of Government concerning employment in the public services, because if this factual information is available — if they have honoured what I understood was a promise — it would be useful for participants in tomorrow's debate to have this in writing.

**President.** — No precise information has reached me from the Council on the question raised by Mr Dalyell. Nevertheless, Mr Simonet will be speaking during Wednesday's sitting on the results of the meeting of the European Council, and this subject may well be one of those raised on that occasion. In any case, Mr Dalyell will have an opportunity of asking the Council for its views on the matter.

I call Mr Prescott.

**Mr Prescott.** — Mr President, I find myself in some difficulty in view of the House's correct attitude on the question of moving things on and off agendas. I have to request that the House give consideration to a request to postpone the debate on safety at sea, and to explain the reasons for this request. You will recall, Mr President, that this debate was on the agenda for the last part-session and that unfortunately, owing to a

very important vote in the House of Commons on the European Assembly Direct Elections Bill, the British delegation was unable to attend and therefore it was impossible to hold the debate. Unfortunately, as you are aware, Mr President, another important vote on the principle of direct elections is due to take place in my Parliament tomorrow or the day after tomorrow, and the entire British delegation has to meet this evening to settle the problems arising from this. It is impossible for me to carry out the obligations that both those commitments place on me, and therefore I ask the indulgence of the House in agreeing to postpone this debate on safety at sea.

**President.** — Mr Prescott accordingly requests that the oral question with debate which was down for today be removed from the agenda.

I call Mr Klepsch.

**Mr Klepsch.**—(D) Mr President, Mr Prescott seems to have withdrawn his question on behalf of the Socialist Group. If so, the problem is solved. If, however, it is merely a question of removing it from the agenda, then I strenuously object to this procedure, in view of the fact that the House has agreed that, where members of a particular delegation cannot be present, another member shall deputize for the rapporteur. In the case of the question under discussion, Mr Fellermaier is the first signatory and other members are named who will certainly not have to attend this meeting of British Members. However, I understood Mr Prescott to say that he had simply withdrawn the question. If so, the problem is solved.

**President.** — If the question is withdrawn, the problem is resolved *ipso jure*; but if a postponement is requested, I must consult the House.

I call Mr Fellermaier.

**Mr Fellermaier.** — (D) Mr President, the matter is easily explained. Since on the same evening the British and German Members have obligations, which cannot be postponed, the same difficulty arises in the case of Mr Fellermaier, Mr Prescott, Mr Seefeld, etc. I may say to Mr Klepsch that Mr Giraud has left the European Parliament to take up another appointment.

My group therefore withdraws this oral question and announces that it will retable it in January.

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — I just wanted to say that, of course, as usual the Commission finds itself in the hands of Parliament in these matters. But just as Parliament sometimes finds that the inability of Commissioners to be present for their important debates is an inconvenience, I must point out, in the interests of relations with Parliament, that since this is the sole question for me this evening, I

**Burke**

have come particularly for it. I understand the situation and as always will try and do my best to help. But I would like to make this clear for the record, because this kind of cooperation is a two-way process.

*(Applause)*

**President.** — Do you wish to speak again, Mr Fellermaier? I thought the question was settled!

**Mr Fellermaier.** — *(D)* Mr President, of course the matter is closed. However, we cannot accept Mr Burke's suggestion that his sole reason for being here is to deal with the oral question to the Commission on safety at sea. I presume that the item on the agenda, 'Statement from the Commission on the action taken on the opinions and proposals of the European Parliament', and the following report by Mr Osborn on energy policy require the presence of Members of the Commission, and the House is always happy when more than one Member of the Commission is present.

**President.** — Mr Fellermaier, since it is the Commission's function to steer the ship of state, safety at sea is naturally its primary concern.

*(Laughter)*

I call Mr Burke.

**Mr Burke, Member of the Commission.** — Mr President, I am very glad to notice that my fellow Commissioner is here to deal with the questions referred to by Mr Fellermaier.

**President.** — I call Mr Brégégère.

**Mr Brégégère.** — *(F)* Mr President, I should like very briefly to express a reservation on the subject of the procedure without report and to ask you if it would not be possible to refer to the Committee on the Environment, Public Health and Consumer Protection Part III of Doc. 426/77 relating to a directive amending for the sixth time the directive of 23 October 1962 on the approximation of the laws of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption.

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — Mr President, could I ask if Parliament would refer this to the relevant committee this week, so that it could then be taken on Friday without debate? It is an urgent and important matter and it should be dealt with in this way.

**President.** — If there are no objections, I will arrange for this question to be referred to the Committee on the Environment, Public Health and Consumer Protection, bearing in mind the needs of

the Commission to which Mr Burke has just drawn attention.

I call Mr Hamilton.

**Mr Hamilton.** — I want to refer to the agenda for Friday, Item 260, a report by myself on behalf of the Committee on the Rules of Procedure and Petitions concerning a petition on a very important matter affecting the individual rights of the staff of the Community Institutions. Normally we do not debate petitions, but I think this one is of particular importance, I, myself, have no objection, in principle, to being debated on a Friday. Contrary to the views of some people, Friday is a normal day for this Parliament. But it so happens that I shall not be able to present this Friday and I would very much like to introduce the report myself. Therefore I hope that the Parliament might agree to deferring it until January.

**President.** — You are aware, Mr Hamilton, that normally the Parliament does not allow changes in the agenda on account of the inability of the author of an item to be present. Therefore, if you personally cannot be present, you can be replaced by your committee chairman, who, I hope, will be able to be here.

I call Mr Hamilton.

**Mr Hamilton.** — Mr President, could I emphasize very strongly that I regard this as a matter of extreme importance? It has been the subject of intense debate and public interest in the press from all over Europe. It is not a matter of insignificance but, since it is being taken on a Friday, I doubt very much whether the chairman of the committee would be there and, in any event, I do not think he has taken too much interest in this particular matter. I therefore hope very much that this can be deferred until January.

**President.** — Your request will be submitted to the Bureau, which will meet in the course of this session.

I call Lord Castle.

**Lord Castle.** — May I make a further request about the agenda, and that is that in addition to Mr Price's report on Cyprus on Friday you include another report which extends the existing trade arrangements we have with that country. Unless this happens, the arrangements go by default for two months. The present hope is that the Committee on External Economic Relations will be able to discuss this matter, namely, extending the arrangements beyond the date of expiry of the existing regulations, on Wednesday. If it does that, we can bring it to the Council on Friday in connection with Mr Price's report. It is not, I would submit, a matter of great controversy at all, but it is necessary under the rules that we ourselves try to honour.

**President.** — Lord Castle, I understand that the committee is to meet on 14 December. If the report becomes available, I will submit to the House a request for urgent debate so that it can be debated during Friday's sitting together with the other report. I call Mr Hamilton.

**Mr Hamilton.** — Mr President, with regard to the matter that I raised a minute or two earlier, I just want to advise you I am informed that the chairman of the Committee on the Rules of Procedure and Petitions will not be present on Friday.

**President.** — I call Mr Klepsch.

**Mr Klepsch.** — (D) Mr President, if the chairman cannot be present, then one of the vice-chairmen can take his place. That is why we have vice-chairmen.

I should like to stress that all of these are reports which we have repeatedly held over because the rapporteur was unable to be present. This cannot go on for ever. It was agreed in this House that if, for a suitable reason, the rapporteur cannot be present the committee chairman deputizes for him, unless he explicitly requests another colleague to present the report. If the committee chairman cannot be present, then the vice-chairman deputizes for him. I must insist that we cannot postpone the matter a third time.

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

**Sir Geoffrey de Freitas.** — Mr President, have you not already ruled—and the House agreed—that we in the Bureau would consider this matter at its next meeting? All these factors can be taken into consideration by the Bureau.

**President.** — You are perfectly right, Sir Geoffrey, and there is no need for me to go any further into the matter now.

The order of business for the present part-session would therefore be as follows.

*this afternoon:*

- procedure without report
- Commission statement on action taken on the opinions of Parliament
- Osborn report on the Community energy policy
- Veronesi report on uranium exploration and extraction
- Pucci report on the fruit and vegetable sector.

*Tuesday, 13 December 1977*

*9.00 a.m. and in the afternoon*

- decision on the urgency of two motions for resolutions
- Cointat supplementary report on section I of the general budget for 1978

- Cointat supplementary report on section II of the general budget for 1978
- Cointat supplementary report on Section V of the 1978 general budget
- Shaw report on the Financial Regulation
- Shaw interim supplementary report on the general budget for 1978
- Notenboom report on the Communities' own resources
- Bangemann report on the financial and budgetary activities of the ECSC for 1976
- Ripamonti report on ECSC levies
- Statement by the Council on the Council of Development Ministers
- Van Aerssen report on systems of company taxation

*3.00 p.m.*

— Question Time

*3.45 p.m.:*

- *Vote on the motions for resolutions on which the debate has closed.*

*Wednesday, 14 December 1977*

*10.00 a.m. and in the afternoon:*

- Statements by the Council and the Commission on the European Council in Brussels (followed by a debate)
- Joint debate on two oral questions, one to the Council and the other to the Commission, on imports flooding the Community markets
- Joint debate on four oral questions, two to the Council and two to the Commission, on external agreements concluded by the Community
- Oral question, with debate, to the Council on a European agency for trade cooperation with the developing countries
- Oral question, without debate, to the Council on special measures adopted by the CIEC

*3.00 p.m.:*

— Question Time<sup>1</sup>

*4.30 p.m.:*

- *Vote on the motions for resolutions on which the debate has closed.*

*Thursday, 15 December 1977*

*9.30 a.m. and in the afternoon:*

- vote on the draft general budget of the Communities for 1978, modified by the Council, and on the motions for resolutions contained in the Shaw interim supplementary report and the Cointat supplementary reports
- joint debate on the Corrie report and an oral question to the Council on the fisheries policy

<sup>1</sup> If Question Time ends before 4.30 p.m., the time scheduled for voting, Parliament will continue with its agenda

**President**

— *Normanton report on the crisis in the textile industry.*

3.00 p.m.:

— Question Time

3.45 p.m.:

— vote on motions for resolutions on which the debate has closed.

*Friday, 16 December 1977*

9.00 a.m.:

— procedure without report

— vote on motions for resolutions on which the debate has closed

— oral question, without debate, to the Commission on fruit and vegetables

— Scott-Hopkins report on the structure of agricultural holdings in 1979

— oral question, without debate, to the Commission on movement of goods within the Community

— Evans report on the health hazards of asbestos

— Fisher report on the marking of prices of foodstuffs

— Jahn report on fluorocarbons

— Hamilton report on enquiries into the political affiliations of Commission officials

— Martinelli report on levies applicable to imports of bovines from Yugoslavia

— Scott-Hopkins report on animals of certain mountain breeds

— Price report on protocols to the EEC-Cyprus Agreement

*At the end of the sitting:*

— vote on motions for resolutions on which the debate has closed.

Are there any objections?

The order of business is agreed.

Before passing to the next item, I must point out that the adoption of the order of business has taken three-quarters of an hour which could have been used for the discussion of the items themselves. All the preparatory work is done in the Bureau with the object of settling the order of business with as little delay as possible. I would, therefore, ask the political groups and individual Members to make sure that time that could be used for debating items on the agenda is not largely taken up with procedural questions.

*(Applause)*

In view of the importance of the reports on today's agenda and the urgent need for the Parliament to give an opinion before the Council of Ministers concerned closes its meeting tomorrow, I propose that, by way of departure from the decision recently adopted on the taking of votes at a time fixed beforehand, the motions contained in these reports be voted on at the end of this evening's sitting.

Are there any objections?

That is agreed.

**10. Procedure without report**

**President.** — Pursuant to Rule 27A (5) of the Rules of Procedure, the following Commission proposals have been placed on the agenda for this sitting for consideration without report:

— proposals from the Commission to the Council for:

I. a regulation on the opening, allocation and administration of a Community tariff quota for dried figs falling within subheading ex 08.04 B I of the Common Customs Tariff, originating in Spain (1978)

II. a regulation on the opening, allocation and administration of a Community tariff quota for dried grapes falling within subheading ex 08.04 B I of the Common Customs Tariff, originating in Spain (1978)

(Doc. 393/77),

which have been referred to the Committee on External Economic Relations as the Committee responsible and the Committee on Agriculture and the Committee on Budgets for their opinions;

— proposals from the Commission to the Council for:

I. a regulation on the opening, allocation and administration of a Community tariff quota for Jerez wines falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978),

II. a regulation on the opening, allocation and administration of a Community tariff quota for Malaga wines falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978) and

III. a regulation on the opening, allocation and administration of a Community tariff quota for wines from Jumilla, Priorato Rioja and Valdepenas falling within heading ex 22.05 of the Common Customs Tariff, originating in Spain (1978)

(Doc. 395/77),

which have been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture and the Committee on Budgets for their opinions;

— proposal from the Commission to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within subheading 02.01 A II b) of the Common Customs Tariff (1978) (Doc. 396/77),

which has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions;

— proposals from the Commission to the Council for:

I. a directive amending for the thirteenth time Directive 64/54/EEC on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption,

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II. a directive amending for the second time Directive 70/357/EEC on the approximation of the laws of the Member States concerning the antioxidants authorized for use in foodstuffs intended for human consumption, and

III. a directive amending for the sixth time the Council Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption (Doc. 426/77),

which have been referred to the Committee on the Environment, Public Health and Consumer Protection :

- proposal from the Commission to the Council for a directive extending the derogations granted in respect of classical swine-fever to Denmark, Ireland and the United Kingdom (Doc. 428/77),

which has been referred to the Committee on Agriculture.

Unless any Member asks leave to speak on these proposals or amendments are tabled to them before the opening of the sitting on Friday, 16 December 1977, I shall at that sitting declare these proposals to be these proposals to be approved pursuant to Rule 27A(6) of the Rules of Procedure.

11. *Limitation of speaking-time*

**President.** — I propose that speaking-time be limited as follows on all the reports and motions for resolutions on the agenda for this part-session, with the exception of the budget debate and the joint debate on fisheries policy :

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

At its meeting of 22 November 1977, the enlarged Bureau decided, pursuant to Rule 28 of the Rules of Procedure, to allocate as follows speaking-time for the budget debate and the joint debate on fisheries policy :

*Budget debate :*

rapporteurs, Commission and Council	60 minutes
Socialist Group	60 minutes
Christian-Democratic Group	50 minutes
Liberal and Democratic Group	25 minutes
Group of European Progressive Democrats	20 minutes
European Conservative Group	20 minutes
Communist and Allies Group	20 minutes
Non-attached Members	10 minutes

*Joint debate on the fisheries policy :*

rapporteur, Commission and Council	60 minutes
Socialist Group	65 minutes
Christian-Democratic Group	55 minutes
Liberal and Democratic Group	30 minutes
Group of European Progressive Democrats	25 minutes
European Conservative Group	25 minutes
Communist and Allies Group	25 minutes
Non-attached Members	10 minutes

Are there any objections ?

That is agreed.

12. *Budgetary procedure*

**President.** — In connection with the vote on the draft general budget scheduled for Thursday, 15 December, I remind the House that amendments, to be adopted, require the votes of the majority of the current Members of Parliament and three-fifths of the votes cast ; the same majority is also required for adopting, if such be the case, a new maximum rate of increase in compulsory expenditure.

13. *Time-limit for tabling amendments*

**President.** — It has been proposed to set the time-limit for tabling draft amendments

- to the Cointat supplementary reports and the Shaw interim supplementary report on the budget at 10 a.m. on Wednesday, 14 December ;
- to the Corrie report on fisheries (Doc. 442/77) at 12 noon on Thursday, 15 December ; and
- to the Normanton report on the textile industry (Doc. 483/77) at 3 p.m. Thursday, 15 December.

Are there any objections ?

That is agreed.

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

**President.** — The next item is the statement by the Commission on the action it has taken on the opinions and proposals of Parliament.

I would remind you that, before the summer recess, Parliament made some observations designed to improve the procedure to be followed in future and that, at the November part-session, the Commission accordingly submitted a written report.

In the meantime, Mr Jenkins and Mr Burke have informed me that they would like to meet me as soon as possible to discuss ways of improving this procedure. Pending any new solution, the system previously applied will be resorted to.

I call Mr Burke.

**Mr Burke, Member of the Commission.** — Mr President, in the course of its November part-session, Parliament delivered 21 opinions concerning formal proposals by the Commission to the Council. Thirteen of these opinions were favourable ; in eight cases Parliament made amendments, and in seven of these the Commission has modified its initial proposal or will do so. This means that in 20 cases the Council will deliberate on a common text of the Commission and the Assembly. In one single case, the report of Mr Herbert on seats for tractor-drivers, the Commission could not, for the reasons explained to Parliament by Mr Haferkamp, follow the advice of Parliament.

**Burke**

Such, in outline, is the record of the November part-session. I would like to offer some further details.

Two opinions of the part-session referred to proposals in the area of social policy. In regard to the report by Mrs Cassanmagnago Cerretti on a directive concerning the principle of equal payment for men and women, the Commission has transmitted to the Council a modified proposal taking into account the amendment suggested by Parliament. This text has been forwarded to you for your information. Our services are in the process of elaborating also a modified proposal following the report by Mr Pisoni on a directive concerning the campaign against illegal migration and illegal employment. As these modifications will be fundamental, the Commission will discuss them within the next weeks. I cannot anticipate the outcome.

Several of your opinions concern the field of research and energy. A modified proposal has already been forwarded following Mr Edwards' report on a research programme in the sector of medical research. Three other modified proposals are in the process of being approved and will shortly be transmitted to the Council: they arise from the report by Mr Holst concerning the common policy in the area of science and technology, by Mr Veronesi on the proposal for research in the sector of medical research, and by Mr Brown concerning energy savings and other energy sources. Following Mr Würtz's report on the regulations applicable to the personnel of the Centre for Industrial Development, a modified proposal has just been sent to the Council.

In the course of its July part-session, Parliament gave an opinion on the report by Mr Bangemann and Mr Terrenoire concerning the Financial Protocol with Algeria, Morocco and Tunisia. In accordance with the desire expressed by Parliament, the Commission will shortly transmit to the Council and to the Assembly a proposal for a regulation concerning the application of all the protocols concluded with the Mediterranean countries. This single system of application will take into account the modifications proposed by Parliament.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr Burke made reference to the report by Mr Brown on energy savings, and, as draftsman of the opinion of the Committee on Budgets on this report, I would like to ask whether he has any information to hand or, if not, whether he would let me know in writing precisely what recommendations have gone forward as a priority from the Commission to the Council, and whether the Commission stick to their figure that under the so-called Pintat proposals there will be jobs for 700 000 people in the Community if the recommendations are brought into effect. I do not ask him—unless Mr Schwed has given him the answer—to answer this off

the top of his head, but I would like some formal statement at a convenient moment on this issue.

The second question, arising out of what he said on the social policy, is whether the Commission have discussed matters that were tangentially raised, admittedly by the Parliament, as to whether in fact there are ideas in the Berlaymont for creating employment in the public services in the Community on a Community basis, the matter that was referred to by the Heads of Government and again in the Committee on Budgets on Thursday. Is there any comment of those two questions?

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — On the first of the questions, the modification will be sent this week to Council and to Parliament, so there will be no difficulty in communicating this information to the honourable Member.

On the question of social policy, there has in fact been a general discussion of these themes, but I do not feel that it would be appropriate for me at this stage to give other than a general indication. However, I undertake to convey more precise information to the honourable Member in the near future, after having consulted with my colleague who is responsible for that particular area.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I quite understand, of course, that Mr Burke cannot make any statement now on this issue of employment in the public services, but I wonder if he could bring this to the attention of his colleagues. Perhaps at a suitable time in the next five days there could be some statement to Parliament, simply to give the facts for discussion, so that we in turn can have a sensible discussion on the basis of fact, and not on the basis of speculation. So perhaps again Mr Schwed has some information on it.

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — I certainly undertake to convey the sentiments expressed by the honourable Member to my colleague, but Mr Simonet, President of the Council, will in fact deal with these matters and will be able, I think, to give satisfaction to the honourable Member on these matters.

15. *Community energy-policy objectives for 1985*  
(debate)

**President.** — The next item is the report by Mr Osborn, on behalf of the Committee on Energy and Research, on the second report from the Commission to the Council on the achievement of Community energy-policy objectives for 1985, together with a draft Council resolution (Doc. 433/77).

I call Mr Osborn.

**Mr Osborn, rapporteur.** — Mr President, it is hardly necessary to stress the importance of the energy objectives for 1985 and of the Commission document that we have before us. These objectives profoundly affect the economic and social future of the Member States of the Community, and particularly the balance of payments and the employment situation throughout the Community. These objectives have been kept under continuous review, and I understand these proposals have been looked at by the Ministers as well as by the Parliament and the Committee on Energy and Research and the Economic and Monetary Affairs Committee. I am well aware that the Commissioner and the Council would value the views of this Parliament before further discussions on this very important subject.

Now these reports are essentially interim reports, monitoring a changing situation, and the value of the views of this Parliament and its Committees is that much greater. As your draftsman, I have been in touch with the member governments, the member parliaments and the appropriate parliamentary committees, and here I would like to apologize to the Deutscher Bundestag, because they did invite me to a meeting there but I was unable to attend because the notice was too short.

This is a trend that I find encouraging. I have had the benefit of many views in preparing this report for the committee, I have had discussions with the OECD in Paris only a month ago, and have learnt of the views in the International Energy Agency.

I must emphasize that the United States of America is absorbing some 30 % of the total world oil production, and by 1985 it could well be that half its oil consumption comes from outside its own shores. The scene in Europe is thus dominated by what happens in the United States of America, and is very much dependant on the realism and success of President Carter's programme.

To look at the short-term aspects, this summer 25 % of the coal produced was being put into stock in the Community, and the oil stocks have never been higher owing to the high prices. There has been price-cutting in petroleum, but the Economic and Monetary Affairs Committee, in paragraph 3 of their opinion, remind us that 'everything points to energy prices—including oil prices—increasing faster than prices in general'.

The report before the House today considers the Commission's report and how the energy objectives for 1985 can be achieved. These objectives were originally adopted by the Council on 17 December 1974. Now, after three years, the situation has changed, in some respects not for the better. Only the 50 % level of dependence on imported energy has been retained

as feasible. The 40 % level that was previously hoped for has regrettably been abandoned as being too optimistic.

This, I think, is symptomatic of the lack of priority given to energy policy and, particularly, to the need for reducing dependence on imported energy by the governments of the Member States, for a variety of reasons. There is too little awareness—not only in the Community, but more so in the United States of America — by the man in the street of how near the Community may be to another major energy crisis.

Today we have welcomed the fact that President Sadat of Egypt and Prime Minister Begin of Israel, backed by Mr Vance from the United States of America, can report greater security in the Middle East. But there was less certainty about that even a month or six weeks ago. A crisis might arise as a result of political events, over which the Community would have no control. The gravity of another energy crisis would be enhanced by our continuing high level of dependence on imported oil. Yet this dependence is not limited to oil. Natural gas and uranium are also imported, and the supply of these vital fuels similarly cannot be guaranteed with absolute certainty. Mr Veronesi will in fact be reporting on uranium supplies, and a committee of this Parliament has been to Canada to deal with this matter in the interests of the Community.

All this in the view of the committee, heightens the need to reduce dependence on imported sources of energy to the greatest possible extent. Of still greater importance is the need to diversify the nature and sources of energy imports. The Commission suggested that the level of 50 % in energy independence can be reached by 1985. The Committee on Energy and Research, after careful consideration, agrees that this target is feasible, provided a political will can be generated amongst the governments and in the parliaments of the Member States. The Members of this Parliament have an important rôle to play in discussing this report and its consequences with their fellow-members in the Member States.

Up till now, the main fault in failing to achieve a more far-reaching energy policy lies with the governments of the Member States. The Commission — though perhaps less active than I would have hoped — has struggled valiantly to bring about more comprehensive measures to increase energy independence and conservation. The European Parliament, at the instigation of the Committee on Energy and Research, has repeatedly called for an active, incisive energy policy involving full cooperation on the part of all Member States. To date, despite the urgency of the situation, it has been difficult to achieve such a policy—or, to use the words of the Commission document, 'to define the objectives'—a definition which I prefer.

## Osborn

One of the most alarming factors to appear from the comparative study of the objectives, as drawn up in December 1974, and the Commission's 1977 report, is a drop in the expectation of installed nuclear capacity for 1985. Three years ago, it was expected that the Community's nuclear capacity would be only 160 gigawatt, whereas 200 gigawatt was the original figure, and forecasts now indicate only 90 gigawatts. It is quite obvious that, without an adequate nuclear sector the Community will face a serious energy gap by the middle of the next decade. This might be filled by increasing oil imports, thereby increasing the Community's vulnerability to external political events. Alternatively, some of the gap could be filled by using coal produced in the Community—mainly in the United Kingdom, in the area in which I live—or, if available, imported. Some of us have had the opportunity of discussing this in Southern Africa, where there are deposits in Wankie and Botswana, as well as in the United States of America. It is also possible that, if further reductions were to take place in estimates for nuclear capacity, the energy gap could not be completely filled. This may have severe repercussions on the Community's economic well-being, on the standard of living of its citizens and on the employment situation.

What concerns me is that so many people do not realize the significance of these words. It is vital that every effort is made by the Community, and by the governments of the Member States, to ensure the safety of nuclear installations and to keep the public fully informed, and I welcome the steps in this direction to improve public confidence. Furthermore, all possible steps must be taken to secure adequate supplies of nuclear fuels for those reactors that will be in service in the 1980's. This will require an active policy of cooperation with supplier countries. It might entail the provision of such guarantees as may be necessary to ensure that no Community Member State might in any way contribute to the proliferation of nuclear weapons. Of course, this means the capacity for processing nuclear fuels as well.

But coal is the most important indigenous source of energy in the Community, and it is therefore only logical that the fullest use should be made of it, particularly for electricity generation. A few weeks ago, the Committee visited the Saar and saw the extent to which coal there could be used for electricity, and I very much hope the committee will visit South Yorkshire and Nottingham, where great use is being made at Drax and other power-stations to use the coal for electricity generation and where there is the new coalfield at Selby. Of course, if installed nuclear capacity fails to reach the figures estimated for 1985, then it is vitally important that we use solid fuels. I welcome the fact that forecasts for Britain, published only this week, are for 300 years' supply. These solid fuels would include as far as possible Community-produced hard coal, brown coal and peat.

The Community-produced solid fuels will not be able to meet all our needs by the mid-1980's. Imported coal should be used. It would be shortsighted if the Community were not to draw up a policy for coal imports that took account of both the interests of Community coal and the requirements of coal consumers.

Whilst encouraging coal as a substitute for oil for electricity generation, care should be taken to protect our limited natural-gas resources. For instance, natural gas should not be used as a substitute for oil for electricity production. Such use would be a waste of an important energy source. The other fact is that it takes ten years from the planning stage before a nuclear power-station becomes operational, sometimes more. The time-scale is the same for opening up a new coal mine, and energy planning must therefore be long-term. It is of the utmost importance, therefore, that the Commission draw up as soon as possible energy objectives, not only for 1990 but projections to the year 2000. This should be done in consultation with the International Energy Agency and the OECD.

Future energy developments will require considerable financing, and I would refer to paragraph 28, on page 18 of my report, referring to expenditure on investment in the energy sector, where I state that the forecast for overall expenditure in the nine Member States on investment in energy has decreased considerably. This retrogressive trend is particularly noticeable in the nuclear sector. I would very much like the Commission's views on this. Similarly, on page 17 of my report, I have referred to other sources of energy—solar, geothermal, wind—but above all tidal power. It is vital that the Commission consider, as soon as possible, means by which new energy sources can be developed, bearing in mind that energy sources will probably be unprofitable during the early stages of their development. Assistance will almost certainly be needed, both from the Community's financial institutions— including the European Investment Bank— and from the governments of the Member States.

Finally, I would call for the creation of a full Common Market energy policy, with unrestricted intra-Community trade in energy sources and the removal of technical obstacles. For instance, I have a question on a canal in Yorkshire to facilitate the transport of coal to the centre of the Community, and an extension of the grid system between Britain and the Community—these are examples of what I mean. This would enable more effective use to be made of our energy resources.

I would remind the House of the urgency of the situation, because experts believe that the present gluts in coal and crude oil are only temporary, and that oil prices will almost certainly rise during the 1980's and

**Osborn**

beyond that. The 1985 guidelines constitute a step in the right direction. I call therefore on this House to approve the resolution contained in my report.

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

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

**Mr Flämig.** — *(D)* Mr President, ladies and gentlemen, the Socialist Group welcomes and approves of the efforts recorded in the Commission's document. It is almost exactly four years to the day that the shock waves from the energy crisis convulsed the world, and we are bound to say — I must begin by saying this — that we are somewhat appalled to observe that the world and the countries of the European Community, too, have clearly failed to draw the right conclusions from this crisis of 1973. However, the Commission thinks it necessary to adjust the objectives of the energy policy to the changed circumstances. That is right. We welcome it, even though we are not very pleased, of course, to observe that the original plan to reduce dependence on energy imports to 40 % by 1985 has been abandoned and that the target now is to reduce it to 50 %. For — and I should like to say this to the rapporteur — whether Mr Sadat's praiseworthy endeavours are successful or not, whether OPEC fixes new prices or not, these are not the crucial issues. The crucial issue is the reduction of the Community's dependence on oil imports. We hear in this report of the need to diversify the sources and nature of energy imports. This is right, too, and it is what we have been saying for years. I should like to conclude this part of my remarks by saying both to the Commission and to the governments of the Member States that it is not enough to keep on promising to reduce the proportion of imported oil consumed in the Community; it is time to turn these words into deeds. A limit has been fixed: 500 million metric tons of imported oil in 1985 and no more. That is a figure produced by the OECD; let us hope this promise will be finally transformed into reality. We Social Democrats have constantly pointed out that the basic principle of any modern energy policy must be energy saving, or, as it is called here, the rational use of energy. This is a permanent appeal not only to the power-stations, not only to the householders and the drivers, but also to the architects; I must just say here that even the architects of our government buildings do not always set a good example as far as energy saving is concerned, and they really ought to think seriously about this.

The rapporteur has gone into the question of alternative sources of energy in his introduction. We Social

Democrats have repeatedly discussed this matter in our committee and group meetings, and we can say that some of the proposals presented here are sensible, but there are others that are less so. For instance, we can quite well imagine that it will be possible eventually to replace oil and petrol by a more extensive use of methanol or developments in hydrogen technology; it has been shown lately that this is no longer a dream. Hydrogen-driven test cars are already being driven in the Community. We are also firmly convinced that energy from the sun can be harnessed, even in these northerly latitudes, for heating houses or swimming-pools to produce some savings in energy. We do not, indeed, consider that too much brain-power should be wasted on the question of producing oil substitutes from plants. Harnessing the wind's energy, Mr Osborn, also has its drawbacks. The wind is not always blowing, unfortunately, when the power is needed and power cannot be stored in great quantities. The feasibility of using tidal power has also been studied by experts in public and private undertakings concerned with energy supplies, and they have ascertained that on Europe's coasts the tidal range is insufficient to make this worthwhile. All the same — this is all I intend to say on this question — close attention must be paid to the development of alternative sources of energy.

Now for a word on nuclear energy. This is not altogether a simple matter for us Social Democrats. We have among us a great many people, whose views deserve to be heard, who are worried about whether nuclear energy needs to be used at all, since as the rapporteur has just said, we have enough coal to last for four or five hundred years. This objection cannot be dismissed lightly. On the other hand, there are also in the group people, whose views equally deserve attention, who have been looking into the mathematics of this; and the majority of those whom we represent — as political party meetings in many places have shown — take the view today that nuclear energy is essential. And we have Mr Osborn saying in his report that the Community must aim at an adequate development of its nuclear sector. This is quite right. One has to look ahead; and we, as Social Democrats, have deliberately extended the scope of Mr Osborn's original proposal in order to place greater emphasis on security of supply; an old dictum of our group 'safety before economy' has been incorporated with our supplementary amendment, and we are glad about that.

The report draws attention to the difficulties that may well face the Community's nuclear industry in the 1980's unless secure supplies of nuclear fuel can be ensured. On a superficial reading it might not be clear what is meant here; one needs to look more closely at events in recent months to see that two major

## Flämig

suppliers of natural uranium and at least one major supplier of enriched uranium have toyed with the idea recently of violating the terms of existing agreements and failing to guarantee the Community the nuclear fuel which it requires. We should like to sound a warning here: this was a show of strength, and we do not like it. If, at the last minute, the news goes abroad that the parties concerned on the other side of the Atlantic are prepared to resume deliveries and so respect the terms of the agreements, we shall be only too glad; but, at the same time, we agree with the rapporteur that security of supply is an essential precondition for further expansion of this major form of energy.

The rapporteur indicated in his introduction that this report on the objectives to be achieved up to 1985 is not the end of the matter: we must look beyond that. We agree with you, Mr Osborn, we take the view, in fact, that the targets laid down by the Commission for the period up to 1985 are not to be treated as medium-term aims, but as immediate aims, and even that is hardly soon enough. You must consider that it takes between eight and ten years to build a power-station, whether a nuclear power-station or one of a conventional kind, from design to completion. This is also true when it comes to opening up a new coal-mine, as the rapporteur has said. So a report dealing with the years up to 1985 is dealing with extremely urgent matters.

A very important point which we of the Socialist Group have also brought up is the use of natural gas. We have stressed the need to include in the report the idea — and we ask the Commission to support us in this — that natural gas should, if possible, not be used as a substitute for oil in the production of electricity. We are not talking nonsense here, but being perfectly realistic, as can be seen from the fact that gas consumption in power-stations between 1973 and 1977 increased quite considerably in several Community countries and sometimes even doubled. This cannot continue.

Now about coal: we are in favour of stepping up the use of coal; we have made this clear in the last few months, not least in the Federal Republic. Nevertheless, we have no wish to deny — we have just been speaking about this in our group meeting today — that coal, too, of course, creates its own environmental problems: pollution and also — we should not forget this — fatal accidents in the coal-mines, which unfortunately continue to occur and are unavoidable with this process. All this must be borne in mind. Therefore we maintain that it is wrong to assume that coal can take the place of everything else. Coal has an important rôle to play and one which will become increasingly important in future, but other sources of energy must continue to be used and developed in parallel to it.

In the report, the Commission and the Council are requested to give practical encouragement to the production and consumption of Community coal,

while not excluding the coal imported from third countries, and in the next paragraph the Commission is called upon to develop a policy for coal imports consistent with both the requirements of Community coal consumers and the interests of Community coal producers. We must admit that there is a trap here, because these are conflicting interests. In some countries — the coal-producing countries — what people are concerned about is finding a market, and they would prefer to have the market sealed off, as in the case of the agricultural market, whereas in the consumer countries the main concern is, of course, to obtain coal as cheaply as possible and it is no secret — we can say this quite openly here — that these days imported coal, even when it has been shipped across the Atlantic, free-port, is generally considerably cheaper than the coal produced in the EEC. Nevertheless, we cannot simply say: in that case, let's shut down our mines. That is impossible. Security of supply must be assured, and we Social Democrats are quite explicitly in favour of encouraging and supporting the Community's indigenous mining. It will be the Commission's task to steer a course between Scylla and Charybdis and do justice to both sides.

Next, Mr President — I am saying this now to save time — we are asking for point 10 to be deleted. This point 'deplores the tendency, on the part of the governments of the Member States, to reduce investment in energy, and most noticeably in nuclear energy, for the period up to 1985'. We want this deleted, not because we are in favour of any reduction in investments in energy, on the contrary. But we do not feel it justifiable to address this reproach to the national governments. Speaking of my own country, the Federal Republic of Germany, I can report that plans to invest about 15 milliard German Marks are frozen because courts or citizens' action groups have brought things to a standstill. One cannot blame the governments for that sort of thing. The same thing is happening in other countries. If investments have shown a downward trend over the last two years, this is not because the governments have decided that we do not need to expand investments; rather, it is a result of the international economic situation. The recession has left its mark here. Besides, if I may just say this in connection with point 10, in my own country investments in alternative sources of energy have not only *not* been reduced, they have been considerably increased.

Now, I must bring my remarks to a close; speaking-time is limited. I should like briefly to make the following observation: the Commission is asked here to consider, in conjunction with Community financial institutions, the financial means by which new and initially unprofitable sources of energy can be developed and operated. I have already said something about feasible and unfeasible, realistic and unrealistic energy sources, but, Mr Brunner, we all know, of course, that we need additional funds for this.

## Flämig

Finally, Mr President, I should like to reiterate our old pleas. I feel like a monk intoning the 'om mani padme hum'. In all the time I have been working in the European Parliament, there has never been an energy debate where we did not hear speakers pointing out the importance of creating a common energy market, allowing unimpeded trade in energy within the Community and removing technical barriers to trade. In today's debate we are intoning the same prayer. Parliament was uttering warnings about the danger of our dependence on oil even before 1973, when nobody believed us, and when the terrible situation developed in 1973 Parliament said, we told you so; and again, now, we are sounding our warning and saying, the Community must establish a common energy policy.

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

**Mr Zeyer.** — (*D*) Mr President, ladies and gentlemen, first I wish to thank Mr Osborn warmly for his comprehensive report and cooperation in the committee responsible.

The present report from the Commission relates to the national energy programmes as they stood in the middle of 1977. A great deal of care and hard work has gone into it, and it goes in the right direction. All in all, it can be endorsed.

However, I believe it must be assessed in relation to the objectives for a common energy policy approved by the Council on 14 December 1974. The picture, then, is far from pleasing or encouraging. We are unfortunately bound to note that we shall be nowhere near reaching most of the original targets by 1985.

A key target, to reduce the Community's dependence on energy imports from third countries to 40 %, if possible, by 1975, has been abandoned. The talk now is of reducing it to only 50 %. Even that seems scarcely realistic. Nevertheless, the report does not make it clear how the obviously very optimistic figure of 51-52 % could be reduced any further. What is more, the Commission is treating nuclear energy as indigenous energy. In actual fact the Community will be dependent on imports from third countries for about 80 % of its uranium supplies up to 1985. Recently, as has already been pointed out, considerable difficulties have arisen in regard to these supplies, and these are causing serious concern. In my view, the position could be described in even more drastic terms. I shall return to this later.

Another major object is a marked reduction in the proportion of oil in the total energy consumed. This object has our wholehearted support. My group agrees with the Commission that the Community's dependence on imported oil must be reduced, for the possi-

bility of oil is once again becoming a political weapon, as in the winter of '73—74, cannot be ruled out. Again, the end of the world's petroleum stocks is now in sight. Experts speak of this happening in two generations. With this threat of shortage, one must expect prices to rise over the next years. In this connection, I might point out that the price of oil has trebled since 1972. Some countries in the Community will be faced with growing balance-of-payments problems in the coming years.

The other consequence of all this — and this must be emphasized very strongly in this debate — is that alternative energy sources must be developed to take the place of oil. Research in this area *must* be continued; it must be more closely coordinated and given greater encouragement than hitherto.

Another criticism needs to be made in this connection. The present report says nothing about the development of intra-Community trade in energy. My colleague, Mr Flämig, has already spoken of this. Such an exchange of energy is very important for a common energy policy. Trading in energy within the Community may well strengthen the solidarity of the Member States and reduce dependence on imports from third countries. It seems to me that the Commission and the Council have a responsibility here. They must address themselves to this task, even if the problems involved are, as we all know, far from easy — in fact, extremely difficult.

With regard to the development of nuclear energy, a very ambitious target was set at the end of 1974. This was for an installed nuclear capacity of at least 160 GW by 1985 and, if possible, 200 GW. Present information indicates, however, that by 1985 the installed capacity of nuclear power-stations will amount to barely half that — namely, 80-90 GW. What is more, the supply of uranium is by no means secure. The main suppliers — these are Western countries, I might emphasize — have even temporarily suspended supplies. I know that intensive negotiations are going on. Security of uranium supplies is essential for the further expansion of the nuclear sector. In the current negotiations therefore, the Commission and the Council must leave nothing to doubt, and my group will give them its full support in their efforts to solve this important question.

At the same time, I wish to comment on the Socialist Group's amendment to delete point 10 of the motion for a resolution. My group is totally opposed to this amendment.

Ladies and gentlemen, the delay in the expansion of nuclear energy means that there is an even greater need for other sources of energy in the production of electricity. This further need should not, in the opinion of my group, be met by increasing the use of oil in power-stations. This would run counter to the

**Zeyer**

common aim of reducing dependence on imported oil. Rather, my group believes that the additional capacity should, and must, be achieved by increasing the use of coal in power-stations.

Let me say something about the position with regard to coal-mining in the Community. The Commission's medium-term objectives for coal, according to which the coal mined in the Community should be kept at a level of about 250 million t.o.e. per year up to 1985, is already in jeopardy, since production at present amounts to little more than 220 million metric tons per year. Coal imports from third countries have increased considerably. In the Community itself, stocks of coal have grown very fast. In the Federal Republic alone, there are more than 30 million metric tons of coal stocked at the pithead, including the national reserves. That is about one-third of the coal produced in a year. In the other coal-producing countries of the Community, the position is similar. The removal of the coal from the pithead is a very expensive business for the mining companies. It creates liquidity problems for many companies and some are having to face the possibility of restricting coal production by pit closures.

Ladies and gentlemen, this would be the worst thing that could happen to us, since it would mean the loss of production capacity which will be urgently required in the mid '80s. It can be predicted already — and the Commission itself has pointed this out — that coal production in the Community will not be sufficient to meet the growing demand for coal. If production in the Community were cut, we should have to deal with an increased dependence on imported coal in addition to our heavy dependence on imported oil. This must be prevented at all costs. Actions must be taken to tide the industry over this period. Support for the mining companies from public funds for pithead financing seems not only justified but a matter of urgency.

The European Parliament — and I must draw attention to this here — spoke in favour of such aid in September this year, and also earlier approved the granting of financial support from Community funds to increase the use of coal in power-stations. My group appeals to the Commission and the Council to implement these measures immediately. When it comes to securing energy supplies, it is necessary to think and act on a medium- and long-term basis.

My group regrets that the Commission's report deals with very short periods. The forecasts generally apply only up to 1985. For the period after 1990, there are no adequate predictions whatsoever. The chances of influencing events much up to 1985 are very slim. If we are to exert any influence over developments in the energy sector, we ought to be making longer-term decisions now.

Ladies and gentlemen, allow me to take one last remark — and here I am again taking up Mr Flämig's remarks. Reading this report, one unfortunately gets the impression that the energy policy is disintegrating in much of the Community. On the whole, we are further away from a common energy policy today than we were at the end of 1974. There is an increasing tendency to solve the problems created by the world energy shortage on a national basis. This may seriously threaten the cohesion of the Community. The Commission and the Council should be aware of these risks and take a stand against them. It is still possible to counter them with clear political decisions.

My group, at any rate, are emphatically in favour of achieving a common energy policy.

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

**Mr Pintat** — (*F*) Mr President, the aim of this report is to face up to the energy shortage, the main problem of today. President Carter has even said that it is the most important problem of our century, since it also directly conditions those of inflation and unemployment. So I congratulate Mr Osborn and offer him our thanks for having taken stock, in his very interesting report, of Community prospects for 1985, as they now stand. We agree with his conclusions.

The situation has changed considerably since 1974, when I submitted the first report on Community objectives for 1985. Like some of my colleagues, I have just got back from the World Conference in Istanbul, which was attended by 4,500 specialists from all over the world. Conventional oil reserves were shown to be limited to 100 thousand million tons of known reserves and 200-300 thousand million tons if we include oil yet to be discovered. An energy shortage was considered inevitable, the only doubt being about the date — between 1980 and 2000; none of the experts denied the reality of the phenomenon.

Political leaders, for their part, appear to have gradually come to realize the seriousness of the situation, which cannot be hidden by the temporary and paradoxical glut of oil products we have today. This situation obviously requires action intended both to moderate demand by promoting energy-saving measures and the rational use of energy — or even the adoption of a slower rate of growth less closely linked to energy consumption — and to boost supplies by developing to the full the various energy resources available or potentially exploitable.

In this connection, we should note that, however useful and successful our efforts may be, they will not change the world situation if the American Congress does not support President Carter's position. The United States currently imports as much oil as the whole of Europe — some 500 million tons per year

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— and the pricing system in force there scarcely encourages energy-saving. According to the information we obtained at the very interesting symposium organized by the EEC in Brussels, there is every reason to fear that the USSR will soon become a major buyer on the world market. Think of the extra problems this will cause!

In the current scramble some countries might be tempted to use the threat of medium- or short-term shortages to justify an immediate and substantial new rise in the price of crude oil. This argument does not stand up to analysis. Current prices of crude oil are in fact high enough both to discourage excessive consumption and to offer an incentive for increased production. Two-thirds of the oil remaining to be discovered is in one region — the Middle East, where production costs are among the lowest in the world.

The revenue accruing to these states by virtue of their geographical situation provides them with a veritable cushion, more than enough to allow for investments in production. This does not, however, mean that particular methods of financing, such as grants and various forms of state aid for the technical and preparatory studies required for the development of non-conventional sources of oil — heavy crude, deep-sea crude and bituminous shale and sand — should not be applied now with an eye to the future.

Obviously, as far as Europe is concerned, the shortage may come from inadequate investment in research, which, in turn, is the result of an inappropriate pricing policy for petroleum products. We must stress that current prices do not permit the European oil-refining industry to generate the necessary cash-flow for investment and research. Mr Osborn is right to emphasize in paragraph 17 (Section V) of his report the long time which elapses before energy investments bear fruit. It should also be stressed that, as in the case of nuclear power-stations and new coal-mines, exploitation of an oil-field also takes ten years from the time of discovery. Consequently, in view of the rôle oil will have to play over the next ten years in our energy policy, we must immediately start searching for the oil which will be needed alongside the other sources of energy, since, despite the threat of an oil shortage, all reports are categorical in stating that oil will still be required to cover 40 % of our needs at the end of the century.

Obviously, the same also applies to natural gas. Our programme is a realistic and ambitious one, but we must be careful not to fall behind schedule. In my view, much greater effort should be made than is the case at the moment to purchase natural gas.

This is also true of coal. We must, of course, stabilize our national production of coal, or at the very least avoid reducing it — for at one time there *was* talk of

reducing it — but, as my colleagues have already remarked, we must above all think of importing much more coal from abroad, particularly for electricity production.

We must, of course, speed up our nuclear programme. It is the only way of really decreasing our dependency on outside sources. I stress the word 'decrease', since there can be no question of our achieving total independence, even if we speed up our nuclear programme. We are already considerably behind schedule, and this is very regrettable; we must do everything in our power to catch up. Safety measures are, of course, required and every effort must be made to ensure that they are taken, but they sometimes lead to considerable expenditure and delay. The time will come when we shall have to ask ourselves if the money spent on all these extra safety precautions would not be better employed in building new schools and hospitals, which are desperately needed, or in the fight against the terrible scourge of cancer.

In this field, we should congratulate the Community on the initiative it took a few days ago. It held a vast public debate on the need for nuclear energy, presided over by Mr Brunner, which was highly successful and conclusive. This experience must be repeated and decentralized. The nuclear question must be considered coolly and objectively and not in an atmosphere of religious warfare. It is not a question of being for or against nuclear energy, but of drawing up a balance-sheet of our energy requirements and available resources and studying how the dizzy and widening gap between the two can be filled.

We are, of course, also in favour of new sources of energy, but these should not be allowed to hide the fact that recourse to nuclear energy is absolutely essential. It emerged in Istanbul that there was not a single expert from any country in the world who thought that the new sources of energy could cover more than 3 % of our needs by the end of the century and that not even those countries in which research is most advanced can improve on this figure.

We also approve the Commission document and commend our rapporteur, Mr Osborn, for not mentioning the possibility of using fusion power. The Istanbul symposium showed that there is as yet no scientific evidence that fusion power can be harnessed: the best we can hope for is that this source of power will become available by the year 2020, which is obviously outside the time-scale covered by this report.

We now arrive at our conclusion. Energy problems are long-term problems — of at least ten years, as we saw earlier. So it is already too late to think in terms of 1985, and we are advancing backwards, so to speak. The wine we shall drink in 1985 has already been drawn and we are, in a manner of speaking, already in

**Pintat**

1987 and even almost in 1988. We therefore hope that the Commission will draw up for us very quickly the only document which can guide us in our action in years to come — that specifying the Commission's aims for the 1990's.

Like my Christian-Democratic colleague, Mr Zeyer, the Liberal Group requests that you keep paragraph 10. It appreciates the arguments put forward by Mr Flämig, whose comments are certainly valuable, but the fact is that investments are totally inadequate to solve the energy crisis and public opinion is not at the moment aware of this fact. Mr Zeyer said that the European energy policy gave the public an impression that it was on the retreat. This is true and we must not demobilize public opinion but make it aware of the seriousness of the energy problem: we are dancing on the edge of a volcano and the crisis is on our very doorsteps. With these reservations, the Liberal Group, as it did in the case of the first report in 1974, will vote for Mr Osborn's new report, which it finds satisfactory.

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

**Mr Jansen.** — (DK) Mr President, as responsible politicians we are called upon to deal with this grave energy problem with courage and determination. For one of the most important tasks facing us today — one which will affect the future of our civilization — is to ensure the European Community's energy supplies in the years to come. The Group of European Progressive Democrats therefore emphatically reasserts the need both to reduce Community dependence on imported energy and to develop alternative energy sources.

We are greatly concerned about the new energy policy objectives for 1985 since, in comparison with the original goals, they represent a considerable step backwards. Objectives are being lowered from year to year. Nor is there any sign that things will improve. We therefore regret that the goal of reducing Community dependence on imported energy to 40 % by 1985 has been abandoned, and hope that the new proposals will at least enable the goal of 50 % to be achieved. At the same time, we believe that unless the situation with regard to nuclear energy is improved, even this goal will be unattainable. We have already had occasion in the past to criticize the Commission's excessively passive attitude. We still look to the Commission to speak but clearly in favour of nuclear energy and to translate its words into deeds.

Finally, the Community's uranium supplies should not be neglected. Uranium prospecting in the Community must, therefore, be stepped up and, at the same time, satisfactory agreements must be concluded with third country exporters. We also emphasize the danger of the tendency shown by governments of the

Member States to cut back investment in the energy sector, especially in the area of nuclear power. This tendency is both extremely serious and deeply disturbing: it is either an indication of unwarranted optimism or a highly dangerous gamble on the future — more probably the latter. We cannot, therefore, support the Socialist Group's proposed amendment.

The importance of coal as the chief source of Community-produced energy is daily becoming clearer. Moreover, if installed nuclear capacity falls short of the goals set for 1985, solid fuels must, where possible, be used to make up for shortages caused by delays in the nuclear programmes. Therefore greater use must be made of coal for generating electricity.

The imperatives facing us are both clear and difficult to reconcile: expanding Community coal production, which means encouraging the greater use of Community coal, and importing coal, particularly in the near future. For the demand for coal will inevitably increase after 1980 and the Community will scarcely be able to cover its own needs. However, the problem facing us at the moment is that Community coal stocks are very large and that consequently there is a need to stimulate demand. In this situation it is regrettable that there is such a great difference between the price of coal produced in the Community and the world market price. I am not referring directly to the political dumping of Polish coal. I should like to take this opportunity to point out that, by concentrating on the use of coal as solid fuel, we all too often forget that it is a raw material which one day will be vital to the chemical industry. This is something which we cannot afford to ignore and it is a topic which deserves our attention.

Finally, I should like to reaffirm the need for effective measures to save energy and the need to continue vigorous action in this area. In conclusion, Mr President, I should like to thank our rapporteur, Mr Osborn, and to express the hope that the new objectives will be achieved.

(Applause)

**President.** — I call Lord Bessborough, who tabled a question on this subject for *Question-Time*, to speak on behalf of the European Conservative Group.

**Lord Bessborough.** — I would like to congratulate Mr Osborn on his most important report. The debate which arises from it concerns, I believe, the determination of the Community to provide the necessary energy to make normal economic activity possible. Since the start of industrialization, normal economic activity has meant wealth-creation by the addition of value to raw materials and a reduction of the number of people engaged in agriculture. Normal economic activity has made secure employment possible for an ever-increasing number of the population.

### Lord Bessborough

These are lessons to which the leaders of the developing countries are giving effect. It would be selfish to deny the right of other people, poorer than ourselves, to participate in the good life. Within a decade, countries which were developing have invested their oil revenues to become industrial powers. How long will it take other developing countries, not endowed with natural resources? On the South Korean example, not long.

How, then, are the people of Europe to survive in an era of increased competition for access to the available sources of energy? I do not think that we in this Parliament would accept the responsibility for minimal or no economic growth. I do not think that European society would suffer the eventual political and economic conditions of long-term dependence on imported energy. It is worth contemplating the worst possible eventuality, however grim, in order to clear our minds about the action to be taken.

In 1976, when the Community imported 58 % of its energy needs, the Arab member states of OPEC earned oil revenues of 110 to 120 billion dollars. The Arab oil producers' annual surplus was 40 to 50 billion dollars. This makes the Community's budget appear minuscule. A 5 % increase in oil-prices represents half the Community's annual budget. The Community has access to oil supplies only through its ability to pay with goods and services. It is a measure of the goodwill of Europe's friends in the Arab world that substantial credits have been available to finance oil purchases. But ours is an inflationary world, Mr President. Suppose Europe's oil suppliers decided to examine their income, their loans to Member States and their reserves. Suppose, too, that there were changes of regime in some of these states. How many OPEC countries would then be friendly to Europe? Delivery schedules might be restricted and, thus, torpedo Europe's industries. Make no mistake: the corporate planners of Europe's industries are taking this possibility into account in advising firms about future investment. It is certainly a factor accounting for the lack of confidence by industry in the future.

Suppose, too, that Europe's oil suppliers decided to acquire systematically material assets rather than build-up reserves. Fiat, Daimler-Benz and Krupp are examples of the use of oil reserves to purchase a proportion of the equity of European firms. There is nothing to prevent increasing equity participation in these and other firms until their products, investments and market policies are decided by their new owners. What future would there be for a Community whose major firms, and perhaps minor firms, too, were subject to policy direction by the shareholding of governments whose interests and objectives are not European? The same might be said about the acquisition of land and property.

These investments are not a two-way process, because the process of creeping appropriation has reduced the

investments of Community oil firms in the oil-producing countries. The prospect of the creeping appropriation of Community assets is grotesque. But it is real, because the process has already started. As Members of this Parliament, we must say to the people of the Community: 'Support us in our decision to preserve the political and economic integrity of our Community'. It would not be in keeping with European justice to expropriate that which the Arabs have acquired through the prudent use of oil earnings. Nationalization of their assets — or the threat of their nationalization — would incur rapid retribution, poverty and social strife, for there would be no oil supplies from the Middle East. Our currencies would lose such value as they possess. The injury to Europe's self-respect would require decades to heal.

Therefore, when debating the Community's energy objectives, we are testing the self-respect that comes from a determination to fulfil our basic duty to preserve the safety of the family and of the nation, in the first instance, their economic safety. Are the people of the Community aware that the economic safety of each family is endangered now, and for generations to come, by the decisions taken this year and next year to secure an increasing proportion of energy supplies indigenously? I have down for tomorrow Question No 14 on this subject, and I hope that the Commission will be able to answer it this evening. Are the people of the Community aware, therefore, of these dangers?

I go further. There are Member States whose geography and climate result in an extra and fundamental need for energy. The events in the North-eastern United States last winter should never be forgotten, when industry was put out of action for months and families were frozen in their homes. The availability of heat, in some Member States, will always be a matter of life.

The years 1950-72 were the years of increasing material progress for the world, accompanied by steadily rising numbers of people in employment: during this period the annual increase in primary energy consumption was 4.4 % for the world outside the Communist bloc. In the period 1960-72, the annual growth of gross national product was 4.9 % for the industrialized nations. This was the age of falling unemployment, the age when the common man came into his own. There have been brutal changes since. Are today's increasing unemployed to become the human slagheap of our lives? Are we decided to use our influence to create one of the conditions for confidence, by employee, by employer, for the family, for the nation, for this Community? Are we prepared to take the political and consequent financial decisions to take the people of Europe out of the bondage of having insufficient energy?

## Lord Bessborough

I spoke of the right of developing countries to have access to energy, particularly oil. According to the Workshop on Alternative Energy Strategies, the developing countries accounted for 15% of total non-Communist energy consumption in 1972; and the Workshop is predicting that 25% of the total energy consumed outside the Communist bloc will be used by these nations in the year 2000. Well, President Carter is to be praised for the efforts he has made. All the factors to which I have referred point to the need to invest substantially — this matter has been discussed now, and I would like to support the previous speaker in this — in those sources of energy which can make a major contribution to the Community's energy independence now. The relevant committee of the British Trades Union Congress has called for action; it is convinced that a substantial nuclear programme is needed; it supports the construction of full-scale fast-breeder reactors, and further declares its support for the development of reprocessing facilities at Windscale, both as an integral part of the United Kingdom's nuclear programme and as a significant export of advanced technology. That is what a British TUC committee concerned has said; listen, too, to the conclusion of the United States-EEC Businessmen's Council last November in Brussels. They said that a solution to the energy problem is fundamental to the future economic development and political stability of the free world. What could be more definite than that? If the people of Europe through their trade unions, employment and professional organizations are calling for greater purpose in energy policy — namely, ambitious nuclear programmes with safeguards — are we, as Members of this Parliament, to be deaf to their call? Is the Council, which certainly will never account for its decisions to coming generations, prepared to listen? Their absence is conspicuous, as often is the case, in this Chamber.

Mr President, my group warmly supports Mr Osborn's report. He is to be congratulated on preparing the way for this most important debate, which goes to the heart of the world's political and economic problems. I hope that it will find — and I think it has found — champions throughout this House, and that it may stir the Council — that absent Council — to take the great decisions which Europe expects.

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

**Mr Veronesi.** — (1) Mr President, ladies and gentlemen, Parliament cannot be accused of devoting insufficient attention to energy problems. At every part-session some aspect of this vital question is included on the agenda and Parliament is required to state its position on the matter. This is confirmed by the two important documents before us today — the

Commission document and Mr Osborn's excellent report. As regards our opinion of these documents, I can say straight away that we shall vote in favour. The Commission document must be seen as part of the generality of existing or proposed measures in the energy sector, and is intended more as a general stock-taking than as a proposal for specific measures. Certain specific measures have already been approved during this and previous years; one will be considered immediately after this debate, while others are currently being considered by the Committee on Energy and Research of the European Parliament. They represent the various aspects of the Commission's overall effort in the energy field.

While favouring the nuclear sector, in particular for electricity generation, the Commission's measures have taken account of other possibilities of supplies or integration in the energy sector and acknowledged the importance of an effective energy-saving policy. I therefore don't intend to dwell on the Commission's proposal and the explanation of it contained in Mr Osborn's report, since that would involve repeating what has been excellently expressed in the two documents and already mentioned by other speakers. What I am anxious to point out is the great difficulty encountered by the Commission in this sector. The lack of information, the length of time taken by the Member States to provide information and the government's indecision inevitably affect the Commission's activities. This emerges clearly in some of the proposals put forward in the Commission document, for example in point 2 of the introduction to the report and subparagraphs a, b, and c.

Strictly speaking, all these shortcomings could even justify voting against the Commission's document or at least expressing criticism by abstaining. This possibility was considered by our group and during the discussion within the committee responsible and during the group's recent study-days in Rome. Our criticism is directed towards the governments of the Member States and the Council. Nevertheless, we wanted to take account of the practical difficulties facing any political measures in this sector, and above all we wanted to support the Commission's action. As I have said, we shall vote in favour, in a spirit of active cooperation and despite our criticisms since we must face up to our responsibilities while maintaining a critical, watchful attitude. These are the implications of our vote.

Having said that, we believe that the discussion should be more wide-ranging, not to the extent of becoming purely a general discussion but with a view to tackling a number of basic questions which, though not new, are of continual political significance. For us, the particular importance of today's debate is in providing an initial stock-taking four years after the petrol crisis which affected the entire world.

## Veronesi

Politicians should clearly have been thinking seriously about this whole matter, regardless of the developments on the oil market between 1973 and 1974. In the event, the enormous increase in the price of crude oil merely made people think seriously about anticipating the conflict between economic development and the availability of energy supplies. This perhaps is the only positive feature that can be discerned in the whole dramatic and unfortunate series of events.

No one can deny that there were clear warnings and numerous opportunities of assessing, reasonably and objectively, energy prospects throughout the world. I will just mention two such warnings. The first, the earlier and hence the more significant was the 1956 Suez crisis. At that time the Six appointed a committee, afterwards known as the 'Three Wise Men', to study in depth the question of oil supplies. In its report, the committee recommended the Six to take immediate steps to ensure supplies and to begin urgently-needed research into alternative sources, above all nuclear energy. All this happened exactly 20 years ago. What was the outcome of this initiative? It brought forward the founding of Euratom, later officially ratified in the Treaties of Rome of 25 March 1957. However, it must be honestly recognized that Euratom now appears more as a great opportunity lost than a valid initiative. The institution is now little more than a name and has been unable to achieve the objects for which it was set up.

The second warning came with the series of forecasts drawn up by the Club of Rome, in particular those relating to the limits on our development. On the basis of debatable philosophical attitudes and an oversimplified categorization of the examples chosen — which was inevitable in view of the complex nature of the system under consideration — but using correct methodology, the Club of Rome urgently called the attention of governments, parties, producers and trade-union organizations in the scientific and cultural sectors to the unacceptable effects of a course of development — above all, raw material and energy consumption — dominated by exponential growth.

Attention was drawn most urgently to the fact that non-renewable raw materials, in particular the traditional sources of fossil-fuel energy, are running out. Many aspects of the proposals put forward by the Club of Rome were so ambiguous that they were rejected by the Third World at the Stockholm Conference. Nevertheless, it should be pointed out that the estimates of how long natural resources would last were reasonably correct and called for serious thought by everyone present — by the governments of the industrialized countries and by the Community countries, which have few energy-producing raw materials.

I mention these two events to show how, in the first case, there was a failure to achieve the unity of intent needed for effective Community action and, in the

second, we preferred to bury our heads in the sand in order to avoid facing up to reality. There is no point in making recriminations today, but these reflections are forced upon us by the seriousness of the situation.

Perhaps I have digressed somewhat, Mr President? Have I strayed pointlessly into abstractions? Have I lost sight of the theme of today's debate? Have I perhaps wasted time? In the debate which follows, I shall show that my approach has not wasted time. My aim was to open the way to critical thought, even though this may prove unpleasant for all of us; the Commission's document was indeed an implicit incitement to examine our consciences! From the outset in 1974 to the first signs of disappointment in the 1976 report and the uncertain prospects for 1985, there has been a whole series of documents revealing how far we are from achieving an effective Community energy policy and how imperative the need is to pursue such a policy. The opinion of the Committee on Economic and Monetary Affairs, which has not been mentioned by any other speaker today, rightly emphasizes this aspect. The opinion was drawn up by Mr Horst Haase and gives a lucid, unsentimental analysis of the situation. It is characterized by extreme pessimism, or perhaps we should say realism. We must base our policy on reality and on the political, economic and scientific aspects of recent events in the energy sector. I hope that the Council will devote proper attention to the documents drawn up by Parliament. There must be no more delays in implementing the plans proposed and in achieving the object we have set ourselves.

There is no point in denying that there are political and practical difficulties, opposition — whether reasonable or otherwise — and great confusion amongst the general public. The debate on these matters is marred by considerations which are irrelevant to the actual problems and are closely linked to partisan economic interests. There are also strong political pressures exerted by countries outside the Community — for example, by those which supply uranium.

This is the background to the energy situation of the Nine, a situation which is full of unknown factors and gives serious cause for alarm. On this occasion we should like a vigorous appeal to be made to all the governments of the Community, to all political, productive and trade-union forces, to make a joint effort to find common solutions. If, as has already been stated with some authority, the Nine have a common destiny, then they must have a common determination to overcome the crisis. We can no longer pursue the old policies of isolationism and nationalism!

It is by no means our intention to moralize or preach. By voting in favour of these documents — subject to the reservations I have mentioned — we wish to show our readiness to take effective political action and to face up to our own responsibilities.

**President.** — I call Mrs Walz.

**Mrs Walz, Chairman of the Committee on Energy and Research.** — (D) Mr President, ladies and gentlemen, I would like to state my position on the fundamental points of both reports, so that they can be dealt with more quickly.

We asked for the reports to be discussed this evening because the Council of Energy Ministers is meeting tomorrow and these are amongst the documents they are to discuss; at the same time we have in the President of this Council of Ministers a president who is very sympathetic to the aims of our committee. A key position in all this is occupied by Mr Osborn's excellent report, giving Parliament's opinion on the progress made in achieving the aims of the Common Energy Policy up to 1985 — unfortunately only up to 1985: indeed, complaints have already been made in the House that it should run at least to 1990 and preferably beyond. The year 1985 is only seven years hence; 1985 is just around the corner, and we all know that it takes ten to fifteen years to develop new kinds of energy for general use.

Although the document before us today represents a revision of our original energy programme, it is not impossible that we shall in a year's time be considering a further revision, a new cutting back of the objectives, and as Mr Zeyer has explained to us, the nuclear energy programme has already been cut down by half. This is why it is so important that the Council should be reminded of its responsibilities by this Assembly today.

The Veronesi report deals with only part of the problem. Whether we completely accept nuclear energy or look on it with misgiving, the present state of knowledge indicates that we shall simply not be able to do without it. To operate nuclear reactors we shall need uranium. It would seem that we are open to pressure here by friendly as well as unfriendly powers. Mr Brunner has told us that he believes there are good prospects that an energy experts committee will be able to work out a contract to be presented to the two parties, Canada and Europe. We can only hope that negotiations on a contract will then not last as long as the negotiations we have had so far. At all events, we should point out to our friends that we are dependent on them and that we have also had certain pledges from them.

It is a logical step from this situation of almost complete dependence for uranium supplies to the need for a EURATOM research and development programme in the sphere of uranium exploration and extraction, and this is given a favourable reception in the excellent report by Mr Veronesi. We must see to it that we find as much as possible of the uranium we need on our own territory, although the prospects, as

we know, are not particularly promising; and if there is not enough uranium available, nuclear energy utilization will have to be limited to the minimum.

We could have been satisfied with making recommendations and then waiting to see what the Council did. But we can do more.

At a press conference given immediately after an exchange of views in our committee on 3 November, Minister Claes pointed out how important it was to achieve the political objectives which the Community had set itself for 1985, particularly with regard to energy policy. He also stressed the necessity of retaining the rôle of nuclear power in future energy supplies and even intimated that he was conversant with the idea of a certain island in the sea as the site for the establishment of a nuclear energy centre.

Further clarification is due at tomorrow's Council meeting, and these reports are therefore very timely. I have no doubt that Minister Claes will follow up his good intentions, but he is, after all, at present only the *primus inter pares*, and the whole Council must decide whether nuclear energy can in fact play its proper part in contributing to energy supplies and ensuring our partial independence in this area.

The Council President did, however, also set priorities. The second report on the achievement of Community energy policy objectives for 1985 must now simply be translated into action, although, if we are to believe what we read in the press, the Council is once again not particularly willing to make binding decisions; perhaps it will see the light by tomorrow and be able to make decisions after all. This applies both to energy conservation and to the reduction of the Community's dependence on crude-oil imports.

I agree with the President of the Council that a new oil crisis might erupt at any time, even though Saudi Arabia is determined to hold down the price of its crude oil and Iran at the moment also tends towards this viewpoint. We must be prepared to meet such a crisis; and that means that we must develop our alternative energy sources accordingly and maintain those sources of energy which we already have — in particular coal, to which Mr Zeyer referred most emphatically in his speech.

The Council is to decide tomorrow on the question of using coal in power-stations and on the financing of pithead-stocks. Here, too, press reports are not exactly encouraging. The next move is up to the Council, and it must make a positive decision. If it does not, the decisions will be made not by the Community but for the Community by third countries. And the fact that the OECD's International Energy Agency is to decide on large parts of an energy policy embracing several continents will in no way affect this. Here there are two comments to be made.

Walz

Firstly, one major Member State of the Community is not a member of the Agency. Secondly, agreement by the Member States of the Agency depends basically on the willingness of the United States to help out with its own energy and reserves if necessary. If, however, we remember that the United States is the world's largest energy consumer and — as Lord Bessborough has explained to us — that Russia will be entering this market in the foreseeable future as a purchaser, we have to ask ourselves whether Mr Carter will be able to implement his energy programme at all, especially as — as has often been said — the American people are not at all aware of the real situation and simply do not believe that they are extravagant users of energy. We are therefore almost certainly dependent on our own resources.

Given the limited powers of the European Parliament, which fall well short of those of national parliaments, it has done everything it can in this connection, and we shall continue to do everything we can in the future. The Commission, to which we have given our support, has not allowed itself to be disturbed by setbacks. In our committee, we have for this reason always tried to give the Commission the necessary backing. Now, however, the next move is up to the Council, and, given the present situation, it is the body which bears the responsibility. Let us hope that it makes some useful decisions tomorrow.

I would ask the House to adopt our two resolutions.

**President.** — I call Mr Dewulf.

**Mr Dewulf.** — (NL) Mr President, various speakers have described the international climate in which the energy plan must be implemented. I have a short, but, in my view, important question on this subject for the Commission. Central to this debate is the question of how and where international discussions on energy will be resumed after the partial breakdown of the North-South Dialogue in Paris. What is the Commission's view on the multilateral forum in which the world-wide debate on energy can be resumed outside the North-South Dialogue?

**President.** — I call Mr Noé.

**Mr Noé.** — (I) Mr President, Mr Brunner, ladies and gentlemen, I should simply like to add a few words to what Mr Osborn has already said in his presentation of the report from the Commission to the Council on the achievement of energy-policy objectives for 1985.

I should like to emphasize one point which I feel to be of particular importance. The Commission quite rightly mentions certain sectors in which the Member States are taking inadequate measures: that of energy savings, which Mr Flämig also stressed, and that of trade within the Community, which Mr Zeyer dealt with in detail and in which, at least, the linking up of the electricity supply grid operates smoothly;

nevertheless, there are still some shortcomings in this sector. Now, with the introduction of larger power-stations, it is essential to carry out further research into the transmission of energy and ways of improving services in order to ensure this vital trade. However, what drew my attention most was the complaint that larger-term prospects — up to 1990 — are not being adequately investigated and appropriate measures are not being taken. This is the crucial point.

I shall deal only with three themes: firstly, a report dated 10 December by UNICE on the policy adopted by President Carter, which opposes any suspension of the studies which are still needed and of the subsequent commercialization of fast-breeder reactors. It points out in this connection that by the end of the century there will be serious shortages of oil and natural gas, which will scarcely be compensated by the greater use of coal — which was what the Commission suggested — or of thermal or solar energy. This will result in a dangerous stagnation of the world economy, and the report adds — in my view, fairly accurately — that in such a situation the dangers of war resulting from attempts to appropriate the remaining reserves of fossil fuels will be just as great as in a plutonium civilization. I believe there is some foundation to this argument.

Furthermore, I should like to emphasize the fact, already stressed by other speakers, that oil supplies are indeed running out. In France, the Commissariat à l'Energie Atomique (CEA) has devised four different theories, one of which — the most extreme, which will not become reality — forecasts that, if annual consumption continues to increase at the present rate, by the year 2000 known deposits and those which may reasonably be discovered by means of new research will be exhausted. Then there is a whole series of other theories, of which only one is acceptable: this predicts a net decrease in annual consumption after the year 2000.

Given this situation, I feel that it is worth considering some of the valuable research carried out by the Commission's services. Forecasts have been prepared up to 1990 and I congratulate Mr Brunner on this work, since in due course it will form a basis on which we can seriously discuss and develop forecasts up to the year 2000. This type of research reveals that the Community's annual oil consumption is an extremely important factor; at present it totals around 500 million tonnes, and it may alter in future depending on the development of nuclear energy and of the Community's economy. However, we are certain that it cannot increase appreciably, because the availability and price of oil will prevent it from doing so. All these forecasts show that it will be impossible to resolve this situation without substantial supplies of nuclear energy, and, because of the difficulties in obtaining uranium supplies, this means that recourse

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must be had to breeder reactors. Together with Mr Scott-Hopkins and Mr Mitchell, I recently visited Canada for two days of discussions; we realized that the agreement which Mr Brunner, who has also visited Canada, is currently preparing presents supply difficulties which can only be resolved by means of breeder reactors.

The forecasts to which I referred earlier indicate that, if in 1985 annual oil imports amount to 450 million tonnes — that is, slightly less than at present — and if we fail to develop the nuclear sector, there will be a serious crisis throughout the economy. Mr Flämig remarked that 'in a choice between safety and productivity, we would choose safety'. That would be the choice of all of us. However, quite apart from the question of safety and productivity, we are facing a full-scale crisis, which few people have yet attempted to tackle.

The head of the CEA programmes admitted in a conversation that the energy shortage may well lead to serious social tension and a whole range of other problems.

Mr President, the Commission rightly points out that the most disturbing aspect is the lack of projects for the future. Unless measures are taken immediately, there will be no long-term solution. Of course, these measures must form part of an organic plan and be introduced in a clearly-defined chronological sequence.

**President.** — I call Mr Ellis.

**Mr Ellis.** — Mr President, I would like first of all to congratulate Mr Osborn on his report. I think it is a good report and it was deserving of congratulations. But I am afraid I cannot say the same thing about the motion for a resolution, because it is not a good motion for a resolution. I do not criticize Mr Osborn for that, because, quite frankly, he was not present in the committee when a final compromise was reached. I, amongst other Members, have had as much as anybody to do with getting this rather unsatisfactory resolution. Of course, it is not satisfactory because it is very much a compromise, and it is so much of a compromise that it is logically almost incoherent.

To that extent I cannot really see that it can be of much use to the Council of Ministers tomorrow, and I feel it is a great pity that we have missed this chance to come out clearly one way or the other on what is really the fundamental issue at stake here, which is the issue of nuclear power. This is the basic issue, and it seems to me that in the resolution we have really avoided tackling this fundamental issue of nuclear power.

It is really because my group wants to make its mind up more clearly that it has put forward this particular amendment to delete paragraph 10. I think it is fair to say that delays are understandable, that time is needed

on this very important, very difficult and very portentous issue. We have had a great deal of delay, not just in my group in this Parliament and in the Committee on Energy and Research, but by governments all over Europe. Even in the matter of such a simple thing as the rational use of energy there has been delay, and it is only now I see, from newspaper speculation, that my country, apparently, is preparing to spend very substantial sums — 500 million units of account — on the rational use of energy.

Therefore, if we have a delay in that field, one can understand delay in this other, much more difficult, field of nuclear power. The Minister in my country says — as I am sure Ministers do in other countries — that he is not going to make his mind up on the nuclear question until he is satisfied about all the various pros and cons and the advantages and disadvantages. But I must say that it seems that the delay now is getting so long, so unconscionably long, that it is beginning to look a little like neglect, like culpable neglect, because we have been talking about the problems, the dangers of nuclear power, for an awfully long time.

As a matter of fact, the whole question of proliferation was raised in the United Nations in 1953. There were the American bi-polar negotiations; there was a proposal as far back as 1945 in the United Nations on on-site crude inspection. So we have had an awfully long delay, and we seem nowhere nearer accepting the basic issues involved in the whole question of energy, which essentially, as I say, is this nuclear issue and I would therefore like to say a brief word about it.

I know the report deals with the situation up to 1985, although the Commission admits that even that is far too short a time-scale, and they accept it should be extended further. But I am inclined to agree with Mr Noè that it is not a question of a long-term policy and a medium-term policy and a short-term policy, it is a continuum. Whatever we do today is going to have an effect in 10 years, 20 years, 40 years, and even 50 years from now, so I make no apologies for talking about the issue of nuclear power, despite the fact that this is a report concerned with the situation up to 1985.

Incidentally, there is a direct relationship between the development of nuclear power and the situation as we now find it and as we are likely to find it up to 1985. In what I might call the conventional nuclear power-stations with the advanced gas-cooled reactor, the pressurized-water reactor and so on, we have now, it seems to me, a very direct relationship between American policy and what happens in Europe, in the Community in particular, because, of course, the American policy comes not from some environmental pressure-group or some ecological lobby but from the heart of the American Administration. It comes from the President himself, and that policy is, in part at least, designed to reflect the Administration's concern about

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the possibility of what is the real, fundamental danger, which is, of course, the proliferation of nuclear bombs. I know there are other kinds of dangers, which the environmentalists raise, and rightly so, but the fundamental danger, and we all know it, is that of the proliferation of nuclear bombs. Therefore I think it is important that we begin considering these problems seriously. We have had this problem since 1945 and we do not seem to be very much further on with any real serious thinking about it.

If I may at this point, I would like to congratulate the Commission on holding its first public symposium a couple of weeks ago. I was sorry myself that I could not be present, but it could do nothing but good, and I see increasingly, in various countries, this kind of thing taking place. Perhaps, at long last, we may get some kind of policy, some kind of resolution here, which is not just so many platitudes, neither flesh, fowl nor good red herring. We may get somewhere if we start to understand in a better, and more imaginative way, and on a larger scale, the issues involved.

On the subject of proliferation, one cannot help but notice that countries like India have succeeded — and India was the great shock, of course — in producing a nuclear bomb, and one thinks of countries like Israel and Egypt, South Africa and so on. So clearly the issue is very important indeed. In point of fact, I am very apprehensive and anxious about the working of the Non-Proliferation Treaty, and in our present nuclear programme and the production of electricity from our existing nuclear power-stations, there is a great deal directly connected with the whole question of the Non-Proliferation Treaty — the inspection system, the various safeguards agreements, the facility attachments and so on, and the rôle of Euratom.

Having in recent weeks taken a somewhat closer interest than I normally would have done in the Treaty, I have come to realize that we have decided, as politicians, that the issue is political up to a point and that, when the politicians have sorted the politics out, there is a clear-cut interface beyond which the matter becomes technical and we hand the problem over to the technologists. Well, it is quite clear to me — and, I think, to an increasing number of people — that there is no clear interface, that it is a big smudged area and that the politics extend deep into the technological side.

I must say — I am quite frank about it — that I am very unhappy about the power of the Non-Proliferation Treaty to prevent proliferation. In point of fact, it is designed only to ensure that the agencies who conduct the inspections under the Treaty are notified with regard to the diversion of nuclear materials. As for the sanctions and technical criteria, these seem to me to go absolutely unremarked. From one or two quite authoritative sources, I have gathered that the Vienna agency, with the staff available to it, can under-

take only one-third of its proper workload, and that it even works to a technical criterion which comes down to something like one bomb per country; it cannot work any closer than that. The technical criterion for measuring plutonium in a reprocessing plant can establish the quantity only to within  $\pm 1\%$ , so that, in a 1,000-tonne plant, a country might produce up to 10 bombs without technically coming within the sanctions of the Treaty, and here the question arises whether, if for 10 bombs one can actually prove that there has been some diversion of material, this means that a country that manufactures 9 bombs is in order while one that manufactures 10 bombs is not.

All these issues seem far removed from the report on the 1985 energy-policy objectives which we are now debating, but in my view they are very closely connected with the present position. Therefore, just to close, I would ask the Commissioner, when he comes to reply, whether he can tell us anything about the present state of the negotiations that have been taking place between the Community and Canada, particularly in relation to the problems about the supply of uranium, which, I understand, spring in the first instance from the rôle of Euratom within the Non-Proliferation Treaty — i.e., whether Euratom should be an agent or not. This is a very important point which might seem far removed from the subject we are discussing, but it is, I believe, very closely related to it.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, I have to apologize for being out for a fleeting moment because the Scottish BBC are interested in the very subject that we are debating, and the lines from Strasbourg to Edinburgh have to stick to special times.

I had better make it clear that, with my strident and aggressively pro-nuclear views, I speak in a personal capacity and not on behalf of my group.

I would like to ask the Commissioner if he feels as angry and agitated as I do when he hears people who ought to know better — like Mr Osborn — talk about windpower with the implication that the most delicate options of nuclear policy can somehow be evaded. I put it in question form: does the Commissioner challenge my figures when I say that the wind equivalent of one average nuclear power-station, let us say of 800 megawatts, would in fact involve, depending on size, between 400 and 3 000 windmills, which, for aerodynamic reasons, would occupy a space in the Community of 1 000 square kilometres of wind-swept territory? I put it to those politicians who talk about windpower, with the implication that it is some kind of alternative to nuclear energy, that it really is a disservice to pretend that in any way windpower can circumvent the difficult nuclear options that we are all faced with.

## Dalyell

To a certain extent, the same goes for solar energy. I would say to Senator Noè that good work is being done at Ispra, but does the Commission not feel something of an obligation to put this in perspective and make it clear to our people that solar energy cannot be any kind of substitute for nuclear power?

I would ask the Commission to say to our Danish and Dutch friends that, really, their anti-nuclear stance is a piece of nonsense. Particularly, Mr President, to the government of Holland, if I may say so. It is all very well to argue that natural gas should be used for the production of electricity: some of us think that that is a deeply mistaken policy and that natural gas ought to be reserved as a valuable chemical feedstock.

So again I put it in question form to Mr Brunner: what is the policy and thinking of the Commission on the uses of natural gas? If anybody talks about pollution — and it has been said in this Chamber this afternoon that natural gas is non-pollutant — and if the alternative is coal, I represent some 1 500 miners and the price of coal is the price of pneumoconiosis, emphysema and chronic bronchitis and, too often, the price of life itself. If we are talking about pollution, do not ask people to go down a coal-mine rather than use nuclear power. I must say I have not yet met an official of a miners' union who recommended his son to earn his living going down a coal-mine.

Having said that, I ask the Commission whether in fact they have interested themselves in the changing of coal into oil, and whether in fact this coal can be won by means that do not involve at any rate so many miners as previously.

Secondly, about the availability of natural uranium: does the result of the Australian elections make things any easier, and is the Commissioner prepared to make a statement on his recent visit to Turkey and on what he learned about the possibilities of Black Sea uranium?

In this connection, I had better say that the one committee I have ever in my life been sacked from for expressing heretical views is the EEC-Greece Joint Parliamentary Committee; and I do think it is about time we had a much better relation with the Turks. Otherwise, apart from many other matters and it stands on its own merits, I can foresee the day when we are going to go crawling to the Turkish Government to let us have a share of Black Sea uranium.

Thirdly, an issue which I have raised with the Commissioner before but which is an ongoing issue concerns the refusal of my fellow-countrymen in the island of Orkney to allow uranium prospecting there. Have the Commission thought about the issue involved, because if everybody in the Community says: Ah! we must have uranium from the Community but don't touch my patch, don't touch my backyard, this raises very serious questions. Could there

not be some clear, solemn undertaking to anyone who is sitting on top of uranium, that after the uranium mining is finished the site is restored to its pristine state?

Bluntly, I urge strongly, as other speakers have done, the fast-breeder option. In the Committee on Budgets we went into this in detail, and I must say to parliamentary colleagues, in Mrs Walz's presence, that I cannot for the life of me understand why this report has been postponed and why the Committee on Energy and Research has taken so long about it, because all the information was available.

Many of us are bothered by the attitude of the Americans. There is a feeling that there would not be these American objections if the fast-breeder technology in the United States were anything like as advanced as it is in the Community, and I am fortified in this view by a report of Mr Benn's appearance in Paris before the Committee on Energy and Research — Mrs Walz will remember the occasion. On page 9 of PE 50 477, Mr Benn is reported as having said — and I quote — that

It was also true that the USA had run into difficulties with the fast-breeder reactor, and this might be one factor in determining the pace at which it wished to proceed.

That is a very factual way of putting it, but that is the problem, and I think that the Community has to face up to this. If we believe in nuclear power, my plea — as Mr Jensen's plea was — is that we should say so, that we should speak out: the Commissioner and his colleagues and indeed the President of the Commission have an obligation to speak out in favour of nuclear power. They have an obligation to expose nonsense from do-good organizations; they have, in fact, an obligation not to mince their words. If you want to see how a country should not do it, look at my country and that expensive on-going Windscale enquiry, where, quite frankly, the objectors to nuclear power were playing intellectual games. If people are going to play intellectual games with important industries, they should be told very bluntly that the result of their actions will be that their sons and grandchildren can do without electricity. That is the logical conclusion of objections of this kind to nuclear power. So I ask the Commission to call a spade a spade and not to pander to craven politicians who know the nuclear industry's excellent track-record in safety but somehow want the votes from the do-good lobbies, who do not want to be told the facts. I think that the Commission has to show leadership in this sphere.

One final question in a rather gentler vein. At the meeting of Heads of Government, it was quite clear from James Callaghan's replies in the House of Commons and elsewhere that a great deal of discussion centred on the Community's rôle in providing more public-service employment. To those of us who think it is very difficult to solve our employment

**Dalyell**

problems by increasing the manufacturing industry — because the manufacturing industry is becoming more and more capital-intensive — with the employment problems that are facing us there appears to be a very distinct rôle in creating more public-service employment, and it should be done on a Community basis. My question to the Commissioner is this: as in his portfolio, could he think of ways in which public-service employment could be augmented by energy-saving techniques along the lines that Mr Pintat spoke of? That is my question.

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission.** — (D) Mr President, I would like to start by thanking you for taking this debate today. I know that time has been short. We asked you to hold the debate today since we hope that the Council of Ministers will be taking certain decisions tomorrow.

I will reply briefly in a few minutes to the questions which have been put, but first of all I would like to make the following point. A comparison has been made here between the Community's energy policy today and the position in 1974, and Mr Zeyer found that the situation is now worse than it was in 1974. I am unable to support this view. It is a good thing for us to goad the Council and to be critical; nor do I exclude criticism of the Commission as a way of stimulating its activity; but let us not make the mistake of measuring everything against a Utopian criterion and in doing this underestimating the real progress which has been made in specific areas of our European Community.

Above all we should avoid making this mistake in the energy sector, where, for the moment, interests are apparently divergent. In the course of this year, we have had three Energy Council meetings; the fourth is due to take place tomorrow. In the course of this year we have decided on a Euratom loan of 500 million u.a. We have succeeded in adopting a comprehensive crisis strategy to be implemented in the event of disturbances in Community energy supplies. This plan is more ambitious and more precise than the Energy Agency's plan. We have succeeded this year in extending the system of aid for coking-coal to 1981. We have succeeded in taking the first steps, with our three recommendations, towards rationalizing the use of energy. We are now busy pursuing and substantiating these efforts.

Let us not make the mistake of saying that this is nothing! That would not be correct. If you compare the situation with 1974, when we had just experienced the 1973 crisis, these measures all represent considerable progress. In 1974, the Member States were all moving away from each other. It proved impossible to develop a common policy at the Washington Conference. Eight Member States decided to join the Energy Agency in Paris: France did not.

We are far from that kind of situation today. If you add to this our efforts in the energy research field and the decisions which have been taken, including the four-year research programme at the Joint Research Centre, with an appropriation of 346 million u.a., and the JET programme, with 150 million u.a., you will see that these efforts are backed up by a wide-ranging programme of energy research and that both things belong together. Here, too, there has been practical progress, and it would be false to say that we have achieved nothing.

Why have we been so insistent? We have been so insistent because the revision of these objectives for 1985 is an expression of the political volition of the Member States and in a certain sense the unifying political bond of the Community's energy policy. We want this debate to take place tomorrow in the Council of Ministers because the objectives which we have set ourselves must be based on realistic foundations. If we ascertain, as now, that a number of these objectives cannot be attained because certain basic conditions no longer apply, it is important to review these objectives and work out new configurations. Let no one say that this will only confuse public opinion. I am not confusing public opinion. I am attempting to stick to the facts and, by doing this, to lend credibility to the aims which I have set myself. If we were to accept the objectives set in 1974 for all eternity then we should, in fact, be making the greatest mistake of all. This is why I would like to compel Member States to come to terms with concrete facts today.

What are these concrete facts? We should distinguish between the situation within the Community and the situation of the Community *vis-à-vis* non-member countries. Inside the Community we have registered a certain decline in oil imports, which since 1973 have dropped by 20%. Is this a cause for self-congratulation? No, far from it! Oil imports have dropped because we are experiencing an economic recession. Our economic growth in this year of 1977 will be far below that which we hoped for. At one time it was our aim to achieve a growth of about 4.5%; in reality, we shall record a figure of only 2.5%. This largely explains the decline in oil consumption. This is far from the desirable trend towards diversification and reduction of our dependence on imported oil. We cannot allow ourselves to be blinded by the situation in which we temporarily find ourselves. Oil prices are even going down in some countries of the Community. This we can easily ascertain at any petrol station. Despite this we have a long-term situation which is as unsatisfactory as it ever was. In the final months of 1977 the ratio between economic growth and the increase in energy consumption has again reached 1:1. In brief, then, we are still nowhere near reducing this proportion. It was our objective to reach a ratio of 0.8. We are still some distance from this. In recent

**Brunner**

months the situation has even deteriorated despite declining oil imports and the recession in which we find ourselves.

Within the Community, oil is still used far too much for firing power-stations. We are still too extravagant with our oil.

*(Applause)*

If you consider that the oil used for firing power-stations in the Community represents 19 % of total Community oil imports, you can see to what extent our balance of payments is burdened by oil-fired powerstations. power-stations too, we have also failed to learn our lesson. Not enough has been done to convert power-stations. We are still using precious oil and precious gas, and the end of this extravagance is not in sight.

Although we have prevented the development of new plans for oilfired power-stations this does not mean that we have been able to prevent the building of those power-stations which were already planned. We must therefore expect this process to continue, and this means permanent dependence and the prevention of the diversification that we need. This is the reason for our proposal to the Council of Ministers: let us mine more coal and so encourage the building of new coal-fired power-stations in the Community! Let us at least devote modest resources to attempting to do this. The debate on whether and to what extent imported coal should be included in our deliberations is not the most important point. The important thing is to discourage the use of oil in power-stations in order to attempt to develop more coal-fired power-stations and more nuclear power-stations.

This brings me to the subject of coal extraction in the Community. You will have noted that we have not revised our objective, which still stands at 250 million tonnes for 1985. We cannot disregard the increase in pithead stocks in Europe. We cannot disregard the fact it is becoming increasingly expensive to extract coal in the Community. This calls for action on our part. Hence our request to you to improve coalmining technology, and you have supported this request. Hence our request that you do move for the hydrogenation of coal. I only hope that the Council will move in the same direction.

This brings me to nuclear energy. What is the situation? The fact is that today seven thousand million dollars in investments are held up in Europe in the nuclear-energy sector alone. What this all means for jobs, export possibilities and the balance of payments of this Community, I do not have to tell you. In particular smaller and medium-sized firms will be hard hit by this trend. These are not the firms that make the major components of power-stations, but the small suppliers. This investment hold-up in the Community

is a reality at the present time. The question is, how can we win the confidence of the people and get investments moving again? Our problem is that we cannot overcome this reluctance as rapidly as we should like to. Here again there is no sense in painting a picture which does not correspond to reality. That would be irresponsible. Nor would it reflect the positive results which we have obtained from the public debates which we have had in Brussels in the form of a convergence of opinions, albeit modest, between the critics and supporters of nuclear energy.

Here we have to respect the principle of honesty. We have to recognize the existence of this investment delay, but we do not have to be prepared to accept it. We intend to try and overcome it, and one thing we do not want is to become even more dependent on oil because of the lack of progress in nuclear energy. So we have to make the greatest endeavours to ensure that the extra gap which has been created is not filled by increased oil imports.

This is, I believe, a crucial point. This is where our efforts in the field of energy conservation come in. Here, too, we do not wish to conceal the real situation. Here, too, we know that appearances are good. The average European uses only half as much energy as the average American. This is, however, not the outcome of a systematic and comprehensive policy. It is partly the result of traditional patterns of behaviour and partly the result of our recession. So here, too, we have to make an effort. We have submitted to the Council proposals for demonstration projects in the field of energy conservation. Our intention is to undertake something practical in the border areas between the announcement of objectives and practical investment in the energy conservation sector. There are new technologies available, which in some cases have not been properly promoted. Here public information is needed. These are things that have to be done. We want to make progress along this path.

Here again, I address my thanks to Parliament for having supported us with regard to these demonstration projects.

The overall conclusion is ultimately that growth in Europe is too low and unemployment is too high. Anybody who refuses to accept these facts would also be incapable of assessing what the proper energy policy should be for the Community. It should be an energy policy which does not simply accept these figures, an energy policy which has as its aim progress in all these areas, an energy policy which is forward-looking — and we are already busy drawing up studies for the year 1990. Finally, it must be an energy policy which will lend Europe greater weight in its dealings with the outside world; and that is the second of my points.

**Brunner**

We do not have enough weight. We do not have enough weight with the oil-producers, we do not have enough weight with the Americans and we do not have enough weight with the uranium producers of the world. We shall only develop such weight if we deserve to be taken seriously; if we do everything which is necessary in all these sectors; if we do not all ask what we can get for our own countries. If only everyone could see the connection between these things! I am continually depressed by the short-sightedness and selfishness of some governments with regard to the energy sector; they are simply out of touch with present-day needs. If we are to gain weight in our dealings with other countries, we must find a common basis today on which to deal with the OPEC countries, who are meeting soon to discuss 1978 oil-prices. We must indicate the proper course.

Seven of the OPEC countries say that they want to hold down prices for 1978. Why can we Europeans not support these countries? They can see at the same time that inflation in Europe has reduced their purchasing-power in respect of European products and nonetheless they wish to hold down prices. Would it not be proper for the Council of Ministers to give a clear sign to these countries when it meets tomorrow? I wish that could be so. The same also applies, of course, to the United States. We say that we wish President Carter every success. We know, however, that he is in an extremely difficult situation. It will be very hard for him to push even a small part of this programme through Congress. I am not sure that he will be able to achieve very much in the way of energy conservation by February of next year. Should we simply accept this situation? Should we not join together to convince the Americans that it will not be possible for them to increase their oil imports at the same rate as in the past, and that we cannot accept the continuing collapse of the dollar — these two things are connected — and that one reason why we cannot tolerate this is our own rising unemployment figures and our own economic situation? If the trend continues and the dollar drops even further, it will not be possible for us to emerge from this recession, which is the worst Europe has seen since the 1930's. We shall not be able to reduce our figure of 6 million unemployed in the European Community. This in turn calls for a coherent internal energy policy for this Community.

We must also gain more weight *vis-à-vis* the uranium producers. You asked me about the progress of negotiations with Canada. I shall be submitting a document to the Commission on Wednesday; it is an articulate agreement for an interim period. I am convinced that, if this text is accepted by the Council of Ministers on 20 December, Canada will recommence deliveries of uranium. The legal and administrative obstacles standing in the way of these deliveries at the present time could be lifted by the end of the year. I believe

that this represents a basis for cooperation with Canada in the coming years.

But we must look even further. We must in our relations with all these countries clarify the problems connected with non-proliferation, which Mr Ellis referred to, on the basis of mutual, friendly understanding. We must be prepared to accept new forms of cooperation: but this means generating a large measure of mutual understanding; it means that each party must have complete confidence in the other. In this area, Euratom represents the most complete regional safety system in the world. Euratom has almost as many inspectors as the Vienna Agency, which is responsible for the whole world. During the last ten or fifteen years, we have shown that this system functions well. We have developed technologies which have been acknowledged as pioneering work in the United States. So let us not forget this fact at a time when this dialogue is getting off the ground and we are busy in Vienna evaluating the fuel cycle and at a time when we are implementing the control agreements completed with the Vienna Agency. Let us not forget the value of the safety system developed by Euratom! It is a system which functions and which has shown its worth. It is always open to improvement, there is much to be done, but we should not hide our light under a bushel.

All in all, our credibility for other countries will not be very great if we are unable to agree among ourselves that our objective of not more than 500 million tonnes of imported crude oil can be attained by 1985. If we fail here and are unable to meet the requirements of the hour, if each of us seeks his salvation in a policy which conflicts with the policies of the other Member States, and if we are unable to establish a medium-term convergence of interests in Europe, then we shall fail. If we fail, then in the next five to ten years we shall burn large amounts of fuel which will then no longer be available for our children and grandchildren.

That is what I wished to say to you on this point. It is perhaps now too late to reply to the individual questions. So I will discuss these points with you individually in the next few days.

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

**16. Agenda**

**President.** — I have received from Mr Lange a proposal to refer the report by Mr Pucci (Doc. 410/77) to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

Mr Pucci, rapporteur, is not present. I call Mr Ligios.

**Mr Ligios.** — (I) I don't think it is a good idea to defer consideration of this report, particularly since the Council is due to discuss this subject tomorrow. Since the report is extremely short and was approved almost unanimously by the Committee on Agriculture, and since only one amendment, involving a relatively unimportant addition, has been tabled, I feel that it should be discussed this evening.

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission.** — (D) Mr President, I have been told that it is a matter of urgency that the Council should come to a decision this week.

**President.** — I put to the vote Mr Lange's proposal to refer Mr Pucci's report to the committees concerned.

The proposal is rejected.

Ladies and gentlemen, it is now nearly 9 p.m. It was the Bureau's decision that Monday evening's sitting should in principle end at about 8.30 p.m. in view of the work-load imposed on the staff. I therefore ask for everyone's cooperation so that the remaining items on the agenda can be dealt with as rapidly as possible.

#### 17. Decision on uranium exploration and extraction

**President.** — The next item is the report (Doc. 409/77) by Mr Veronesi, on behalf of the Committee on Energy and Research, on

the proposal from the Commission to the Council for a decision adopting a programme of research and development for the European Atomic Energy Community on uranium exploration and uranium extraction (indirect action).

The rapporteur waives his right to give an oral presentation.

I call Lord Bessborough to present the opinion of the Committee on Budgets.

**Lord Bessborough, deputy draftsman of an opinion.** — Speaking on behalf of Mr Lange, draftsmen of the Committee on Budgets, I will not make the speech that I was proposing to make, but I would just like to say that the whole report of Mr Veronesi, and the Commission proposals, met very fully with the approval of the Committee on Budgets, except on the question whether the estimates should be included in the text of a decision of Council. We therefore propose an amendment which would delete any ambiguity as to the budgetary powers of the budgetary authority. You understand this point: we are jointly the budgetary authority and, therefore, I know Mr Lange and the Committee on Budgets would prefer that Article 2 be deleted. It is really only a formal matter. I hope the House will agree to this.

**President.** — I call Mrs Walz.

**Mrs Walz, Chairman of the Committee on Energy and Research.** — (D) Mr President, I believe that Lord Bessborough is not entirely correct in saying that this is only a formal matter. The question is really whether the Commission can, in fact, submit a programme budget and include the figures which will give some weight to the proposal. A financial statement on its own is of no use to us at all, and we believe that the Commission should continue to have this right. At the same time, we have come to an agreement with the chairman of the Committee on Budgets — and I presume that other committees have done this too — that we should always include a reservation in favour, as it were, of the Committee on Budgets and the current budget of any financial year. If we adopt the procedure proposed here by the Committee on Budgets, this will give that committee the right to scrutinize practically everything, and I really do not know what delays would be created if the Committee on Budgets were to have to give an opinion every time finance was even referred to. It is my view that we should not allow this to happen, since — I hope you will excuse my saying this, Lord Bessborough — it would also mean an extraordinary enlargement of the powers of the Committee on Budgets which we should all consider most carefully in view of the procedure and the length of time this might take.

**President.** — I call Lord Bessborough.

**Lord Bessborough.** — All I wanted to do, Mr President, was to refer to paragraph 8 on page 13, after Mr Veronesi's report, where we state quite clearly that the budgetary authority alone is competent to enter in the budget the annual appropriations necessary for the implementation of the programme in question. Consequently, we propose the deletion of Article 2.

It is perfectly well known from the Commission proposals what the figures are. Therefore, we have agreed to the Commission proposals and agree tacitly to the figure concerned. But this is a technical point to which the Committee on Budgets attach importance. The fact is that it is only the budgetary authority and not the Commission that can insert these appropriations.

**President.** — I call Mr Brunner.

**Mr Brunner, Member of the Commission.** — (D) Mr President, I agree with Mrs Walz in this. We have already discussed this subject several times. We agree with you that the inclusion of financial resources in a programme decision does not in any way prejudice the annual budgetary debate. For that reason we have included the appropriation as a kind of estimate. If we start to adopt a different procedure, I believe we shall end up in an *impasse* and it will become very, very difficult to make any programme decisions at all.

**Brunner**

Without wishing to interfere in your differences of opinion concerning the allocation of work among the various committees, I consider it important, with regard to the Commission's right of initiative, to proceed as we have always done so far.

**President.** — Mrs Walz, you have spoken once already. I cannot allow you to speak twice on the same amendment ...

**Mrs Walz.** — (D) ... That is not entirely correct. You allowed Lord Bessborough to speak twice, but I gladly concede the point. I would, however, like to point out that this is an extremely important matter which is being dealt with here in passing, and it is by no means simply a question of procedure.

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

18. *Regulation on the fruit and vegetable sector (debate)*

**President.** — The next item is the report (Doc. 410/77) by Mr Pucci on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1035/72 on the fruit and vegetable sector and Regulation (EEC) No 2601/69 laying down special measures to encourage the processing of certain varieties of oranges.

I call Mr Ligios.

**Mr Ligios, deputy rapporteur.** — (I) Mr President, I would refer the House to the written text, and would merely add that the aim of the proposed amendment is simply to clarify the rapporteur's comments and to ask the Commission to extend the favourable arrangements for citrus fruit to include a number of typical products of certain areas in southern Italy, in particular Calabria. These products are bergamot oranges and citrons, which are both citrus fruit but which have hitherto inexplicably been excluded from Community measures in this sector.

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

19. *Votes*

**President.** — The next item comprises the votes on motions for resolutions on which the debate is closed.

We begin with the Osborn report (Doc. 433/77):

*Community energy-policy objectives for 1985.*

I put the preamble and paragraphs 1 to 9 to the vote.

The preamble and paragraphs 1 to 9 are adopted.

On paragraph 10, I have Amendment No 1, tabled by the Socialist Group and deleting this paragraph.

I call Mr Veronesi.

**Mr Veronesi.** — (I) Mr President, I should like to state how we intend to vote. We shall abstain since, although we have criticized the governments and the Council of Ministers for their failure to act, we certainly do not criticize them for any lack of plans in the nuclear sector; the fact is that they were drawn up without providing the general public with sufficient information. So, although we join in the criticism, we do not agree with the way it is expressed in paragraph 10.

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

I put paragraphs 10 to 13 to the vote.

Paragraphs 10 to 13 are adopted.

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

The resolution is adopted.<sup>1</sup>

We now proceed to the Veronesi report (Doc. 409/77): *Decision on uranium exploration and extraction.*

On Article 2 of the proposal for a decision, I have Amendment No 1, tabled by Mr Lange and Lord Bessborough on behalf of the Committee on Budgets and deleting this article.

What is the rapporteur's view?

**Mr Veronesi, rapporteur.** — (I) I am against.

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

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

We now proceed to the Pucci report (Doc. 410/77): *Regulation on the fruit and vegetable sector.*

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

After paragraph 1, I have Amendment No 1, tabled by Mr Ligios, Mr Ripamonti and Mr Pucci and inserting the following paragraph:

2. Invites the Commission to extend the Community aid provided for citrus fruit to bergamot oranges and citrons;

What is the rapporteur's view?

**Mr Ligios, deputy rapporteur.** — (I) Mr President, this is a request for the Commission to take account of the problem of a number of typical products of certain areas in southern Italy, in particular bergamot oranges and citrons, which have all the characteristics of citrus fruit but are nevertheless excluded from the measures in this sector.

<sup>1</sup> OJ C 6 of 9. 1. 1978.

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

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

The resolution is adopted.<sup>1</sup>

*20. Agenda for the next sitting*

**President.** — The next sitting will be held tomorrow, Tuesday, 13 December 1977, at 9 a.m. and 3 p.m., with the following agenda:

*9.00 a.m. and in the afternoon:*

- decision on the urgency of two motions for resolutions.
- Cointat supplementary report on Section I of the general budget for 1978.
- Cointat supplementary report on Section II of the general budget for 1978
- Cointat supplementary report on Section V of the general budget for 1978

- Shaw report on the Financial Regulation
- Shaw interim supplementary report on the general budget for 1978
- Notenboom report on the Communities' own resources
- Bangemann report on the financial and budgetary activities of the ECSC for 1976
- Ripamonti report on ECSC levies
- Council statement on its development meeting
- Van Aerssen report on systems of company taxation

*3.00 p.m.:*

- Question-time

*3.45 p.m.:*

- vote on motions for resolutions on which the debate has closed.

The sitting is closed.

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

<sup>1</sup> OJ C 6 of 9. 1. 1978.

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## IN THE CHAIR: MR DESCHAMPS

### *Vice-President*

*(The sitting was opened at 9.10 a.m.)*

**President.** — The sitting is open.

#### 1. *Approval of the minutes*

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

I call Mr Dalyell.

**Mr Dalyell.** — There is a statement that Mr Jenkins, President of the Commission, and Mr Burke, Member of the Commission, had informed the President that they would like to meet him to discuss ways of improving the procedure: this is the report-back procedure. Pending any new solutions, the system previously applied was reintroduced. Mr President, it will be within your recollection that great dissatisfaction has been expressed on several occasions, first of all in July, on this whole procedure of report-back. I am wondering if, during this part-session, there will

be any statement from the President on his discussions with the Commission on a more satisfactory way of performing this essential function. I do not ask you to make a long statement now, but I do suggest that, sometime during this session, there really ought to be a statement from Mr Colombo as to what is happening in this matter.

**President.** — I am told that Mr Colombo has planned a meeting; I shall inform him of your wish, which is doubtless that of the Assembly as a whole, for a report on the results of this meeting.

Are there any other comments?

The minutes of proceedings are approved.

#### 2. *Decision on urgency*

**President.** — I consult Parliament on the urgency of the motion for a resolution (Doc. 423/77) tabled by Mr Bertrand on the historic meeting between Mr Anwar-El-Sadat, President of the Arab Republic of Egypt and Mr Menahem Begin, Head of the Government of the State of Israel.

**President**

Are there any objections?

The adoption of urgent procedure is agreed.

I propose that we include this motion for a resolution on the agenda for Wednesday, after the statements by the Council and the Commission on the European Council.

Are there any objections?

That is agreed.

I consult Parliament on the urgency of the motion for a resolution (Doc. 436/77) tabled by Mr Adams on the implementation of the conciliation procedure referred to in paragraph 14 of the European Parliament's resolution of 12 May 1977 on the review of the European Social Fund.

Are there any objections?

That is agreed.

### 3. Sections I, II and V of the general budget of the Communities for 1978 (debate)

**President.** — The next item is the presentation and discussion of the interim supplementary reports (Doc. 444/77, 446/77, 440/77) drawn up on behalf of the Committee on Budgets by Mr Cointat on:

- Section I (European Parliament) on the draft general budget of the European Communities for the financial year 1978;
- Annex I (Economic and Social Committee) to Section II (Council) of the draft general budget of the European Communities for the financial year 1978;
- Section V (Court of Auditors) of the draft general budget of the European Communities for the financial year 1978.

I call Mr Cointat.

**Mr Cointat, rapporteur.** — Ladies and gentlemen, we have now come to the second reading of the budget so I shall be brief even though there are quite a few reports before the House.

I shall begin with Section I (European Parliament), confining myself to three outstanding points.

The first has to do with the release of translator posts that were created in the June 1977 estimates. The intention was to settle this point on the basis of information provided by the Secretary-General during the autumn; the Committee on Budgets accepted the arguments put forward in the matter and, in view of the growing requirements in this area, proposes that the 19 posts in question be unfrozen.

The second point arises from an amendment tabled by Mr Fellermaier and other political groups for the purpose of setting up a parliamentary translation service in Brussels. We did not take a final decision

during the first reading and the Committee on Budgets now proposes a dozen extra posts, not in Brussels but in Luxembourg, in order to ensure that the translation services continue to operate as a single entity and to relieve the overworked services in Luxembourg. The Committee on Budgets therefore proposes that those twelve posts be created in Luxembourg and that a real effort be made to use the teleprinter in Luxembourg in order to speed up the flow of documents between the two locations.

The last and most important point for the European Parliament concerns two amendments on mission expenses. You will no doubt remember the circumstances in which we adopted a whole range of amendments on mission expenses both for Parliament and the other institutions. There were in fact two aspects to the question: first, an increase in mission expenses for all institutions and secondly, the question of index-linking. The Council discussed the matter on 22 November last but did not fully endorse our proposal. It took the view that mission expenses should not be increased by 30% but only by 10% and secondly, it felt that index-linking was a matter that came under the Staff Regulations and should be reviewed in terms of an amendment to those regulations. The Committee on Budgets considered that the Council's views on this second point were acceptable and therefore proposes that it should be considered in 1978 with reference to the Staff Regulations for the Community institutions as a whole.

On the question of mission expenses proper, however, the Committee feels that it would be difficult to back down from its previous position in the matter. We therefore propose to maintain an amendment under which mission expenses would be kept at the same rate as we decided on first reading, but for the European Parliament only. We shall perhaps be criticized for breaking the harmony between the various institutions, but we feel that Parliament is a special case because its officials work under different conditions and have to travel much more frequently than those of the Commission, the Court of Justice or the Council. It is therefore quite normal to apply slightly different rates.

Coming to Section II on the Council, I have nothing to say for everything is acceptable, if not perfect. The Council accepted its own budget and it would be a poor reflection on us if we did not follow suit, especially as the Council has accepted the European Parliament's budget. However — and I shall probably return to this point on behalf of my Group — I must point out that the Council accepted the appropriations for the European Parliament but that, since we had increased our estimates on second reading, it included the increases within Parliament's margin of manoeuvre, a procedure that is somewhat curious, questionable and open to criticism, involving as it does 15 m u.a.!

## Cointat

Coming to the Economic and Social Committee, we had put forward four amendments, two of which had to do with material problems. In the matter of office supplies, the Council accepted most but not all of our proposals and we shall not pursue this point. As for the canteen, the Council virtually endorsed our amendments, subject to a slight modification which we find acceptable. The two other amendments, however, were not accepted by the Council, and the Committee on Budgets calls for their reinstatement. Both of them concern staffing; the first is for four additional posts to allow the Economic and Social Committee to cope with the new tasks that have been assigned to it, particularly the right to draw up certain reports on its own initiative. It is only right that we should provide the Economic and Social Committee with a few facilities, particularly as it never asks for very much. We therefore request you to reinstate this first amendment. We are much more surprised at the Council's position on the second amendment, the purpose of which is to allow a more or less standard career structure, since in all of the institutions, the pyramid structure — not always a genuine one — often means that further career advancement is impossible. We decided that special advancement would be allowed in the other institutions in the interests of normal career progress. In order to be consistent we proposed that the same should be done for the Economic and Social Committee but the Council, without giving any reasons, did not accept our amendment. We feel that it must be reinstated, in order to meet, if only in part, the wishes of the ESC staff.

A regards the Court of Justice, no comment is called for as the budget has been approved.

This leaves us with Section V concerning the Court of Auditors. Since the Court was only set up on 25 October last, we have not yet considered its budget; it was agreed that the Court itself would submit its 1978 budget and that it should be part of the normal procedure; this explains why, during this second reading, we are required to consider the Court's budget on first reading.

The figure involved is roughly 10 m u.a. almost 55 % of which is taken up by staff salaries and expenditure. It is not a highly original budget; I would say that it is eminently provisional for no-one — neither the Counsellors nor we ourselves — can say at this stage what exactly the Court of Auditors will do, what its programme will be and how heavy the duties it will be required to perform.

Experience alone will show precisely how the Court of Auditors is to operate. We must accept that this is a transitional budget and that we shall be unable to make an accurate assessment of the funds required by this new institution until the 1979 budget is submitted.

However, while proposing that the overall figure of 10 m u.a. be accepted, the Committee on Budgets has

three comments to make: firstly, going on the information we were given by the representatives of the Court — and I must say that in this respect, an extremely friendly and useful dialogue is taking place between the Committee on Budgets and the Court — our initial conclusion was that this new institution could not be conceived in the same way as the other institutions. The fact is that it is both a control unit and a think-tank; it therefore requires a team of highly qualified, high-quality officials with a capacity for thinking. We cannot ask an institution of this kind to adopt a pyramid structure of grade and age: we must apply other rules, allowing for example that there should be more category A posts than there are in category B or C.

The Committee on Budgets also wishes to point out that this is a start-up budget, and that in-dept consideration and a period of experience will be needed before drawing up a final establishment plan. The Court has promised to begin talks in February 1978, particularly with Parliament and the Committee on Budgets, so that a final establishment plan can be laid down from 1979 onwards.

Our third comment has to do with the problems of staff advancement which have not yet been settled. The Court has proposed that its staff should be recruited at the highest level from the outset and should be drawn from the officials of the old Audit Board and the ECSC Auditors. This involves 135 persons, which is quite a high figure! The Committee on Budgets took the view that a better spread of grades was necessary, especially among the A grades, who are to be assigned to the 15 operational units, thus providing some room for advancement. A slight modification is therefore proposed in this area: 10 instead of 15 A 3 posts, but 10 A 4 instead of 6 and 7 A 5 instead of 6. But this does not take care of the problem of advancement. We feel that the Court of Auditors should not be staffed entirely with young officials straight from college or university and perhaps unfamiliar with all the facets of administration, who would be immediately given the task of controlling more experienced officials; we must also have people with more experience and a sound record, capable of training and guiding the younger staff. It might perhaps be possible, through a process of osmosis between the various institutions, to second Commission or even European Parliament officials, experienced in budgetary matters, to the Court of Auditors for a period of five or seven years to carry out control duties, but not for their entire career. I must confess to you that figures are such abstract things that people who spend their lives among them may grow dusty and become fossilized. We therefore propose to seek ways and means with the other institutions of using the various regulations to move staff between the institutions and the Court in the interests of dynamism and efficiency: I believe that some of the Counsellors at the Court also feel this way.

### Cointat

Subject to those reservations, Mr President, and also to a minor change in the spread of posts, the Committee on Budgets proposes that the Assembly approve the budget of the Court of Auditors without amending the overall figure of 9.98 m u.a.

In conclusion, Mr President, the Committee on Budgets calls on the Assembly, subject to those reservations and bearing in mind its observations, to accept its reports and adopt its motions for resolutions.

**President.** — I call Lord Bruce.

**Lord Bruce.** — Mr President, I wish to address the House briefly on the report of Mr Cointat, which deals with Section V of the Community's budget, relating to the Court of Auditors. Mr Cointat presented his report most temperately in view of the circumstances, and I would not wish to dissent very substantially from anything he said. I do think, however, that Parliament ought to be aware that the demands made, on a provisional basis, by the Court of Auditors in respect of their staff are very modest indeed, only 135. I would therefore warn the House that, when the Court of Auditors is fully established, it will need staff significantly in excess of this number.

The Court has still to communicate to Parliament the limits within which it will work. Before determining the final size and shape of the staff, Parliament will want to know the precise extent to which the Court of Auditors and its staff are to rely upon the properly qualified auditors of Member States, on the certificates of internal auditors and internal controllers, particularly within the Commission. These are matters which have still to be decided and to which Parliament will have to give a very critical eye: particularly in regard to the latter point.

It is common knowledge that for some time, and indeed quite properly, the Audit Board under Mr Gaudy, who has done such excellent work for the Communities, was forced, by sheer reason of the numbers employed by their Board, to rely very heavily on the internal audit systems of the Commission and of the component institution. Now, as I understand it, the whole purpose of the establishment of the Court of Auditors is to conduct an audit on a far wider and far more independent scale, so that the Community may be satisfied, by the utmost probing by some of the best professional brains in Europe, that the money voted by Parliament is in fact being properly spent, and that its management is being run on sound financial lines.

Therefore Parliament should be ready, when the final list is known of what staff is required, for a very much larger budget. Moreover, as Mr Cointat so correctly pointed out, the traditional pyramid structure will obviously not apply.

The permanent staff of the Court of Auditors will, of necessity, have to comprise some of the best profes-

sional accounting brains in Europe: it will be, for some time, very top heavy indeed. Subject to that qualification, Mr President, I welcome Mr Cointat's report and I hope that in due course Parliament may receive a thoroughly comprehensive review, and proposals, from the Court of Auditors for its consideration.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.**

— Mr President, ladies and gentlemen, the concern expressed by Lord Bruce, here and also in the Budget Committee, is perfectly understandable. Following on from his remarks, I feel that this House should know — and in saying this I simply wish to fulfil my duty as Chairman of the Committee — that in our talks with the Members of the Court of Auditors and subsequently with the special representatives it appointed for further negotiations, particularly Mr Gaudy, the Committee on Budgets made it perfectly clear that our first concern must be to ensure in all circumstances the independence of the Court of Auditors as guaranteed by the Treaty of 22 July 1975; as far as we were concerned, it followed that the Court of Auditors must arrange its work in line with the duties assigned to it under this Treaty, and that, as it expands and its responsibilities develop, it must itself establish what staff it requires and inform Parliament accordingly; and further, that when next year's budget came to be established, it would be assured of the readiness of the budgetary authority to accommodate the requirements that had thus come to be recognized. Had the House not been given this information, the impression might have arisen that we had some sort of reservations as far as the Court of Auditors was concerned despite the fact that this Parliament called for a European Court of Auditors at a much earlier date than the Heads of Government of the Member States; the people most closely involved sat on the Committee on Budgets — Mr Aigner who is now Chairman of the Control Subcommittee, Mr Gerlach, who is unfortunately no longer in this House, and the former President of this Committee, Mr Spénale. It would therefore be entirely illogical if Parliament gave the impression that it wished to impose any restrictions on the Court of Auditors. The Court must be made operational on the lines it itself conceives in the interests of proper budgetary control. That assurance the Court has. In addition to this, ladies and gentlemen, as regards cooperation with Parliament, which also has certain control responsibilities of a political nature under the Treaty, a clear line should be drawn between the duties of the Court of Auditors and those which fall to this Parliament as a supervisory body.

I wished to add this comment to the remarks made by the rapporteur in order to forestall any unnecessary concern over the possible efficiency and operational capability of the Court of Auditors.

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

**Mr Aigner.** — Mr President, ladies and gentlemen, I shall make only two brief comments. The concept and working methods of the Court of Auditors were discussed at length on a previous occasion and I need not repeat what was said then. I should like to repeat, in the form of a request to the Court of Auditors, what I said in committee namely that while it can assuredly afford to be top-heavy, the Court should remember that it must also offer its officials career prospects and therefore make provisions for a gradual staff build-up. So much for the Court of Auditors.

My second brief comment concerns our own budget. I do not agree with the draft amendment and would make it clear that we are against additional translator posts for the political groups in Luxembourg. We have a similar situation with the Commission and we refused them the posts. During the first reading, we found an answer in Luxembourg as far as the groups are concerned, which was to unfreeze the frozen translator posts thus providing an appropriate number of translators in Luxembourg for the group's requirements. I cannot therefore agree to this further draft amendment and I also say this on behalf of my colleague Mr Notemboom.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I would just like to ask the Commissioner one question. Can he define the relationship that he thinks should exist between the Court of Auditors and the legal authorities of our Member States? The work of some of us on the Control Subcommittee of the Committee on Budgets has really led us to think that the Court of Auditors is going to find its job very difficult, in cases of fraud or alleged fraud, if they do not have full cooperation from the legal authorities and the police of the Member States. I do not want to go on at any length, because there is a lot for this plenary sitting to do today, but I do remind colleagues that Commissioner Finn Olav Gundelach did come to this House saying that, in fact, he did not get the cooperation that the Commission could legitimately expect in one particular matter, and this does raise very deep questions as to precisely how the Court of Auditors is going to conduct its relationship with the legal authorities of the Member States. I therefore ask the Commissioner, when he winds up, if he could define this relationship as he thinks it should exist.

**President.** — I call Mr Cointat.

**Mr Cointat, rapporteur.** — Mr President, I should like to reply very briefly to my colleagues. I agree

entirely with what Mr Lange said (I always find myself in agreement with the Chairman of the Committee on Budgets). Lord Bruce's remarks actually referred to the 1979 budget and it would be better to talk about that next year. I would say to Mr Dalyell that his remark on the Court of Auditors has precisely to do with the purpose of the talks we shall be having with the Counsellors of the Court in 1978, which will be to spell out the Court's working methods and its relations with the Member States and the Audit bodies that we have in each Member State. This is an important matter which will have a bearing on the Court's establishment plan.

Finally, I would say to Mr Aigner that his interpretation of the proposed amendment is not quite accurate. The 12 posts we propose are for the translation services in Luxembourg. They are not to be held available for the political groups. With this additional staff, the translation services will of course be in a better position to meet the requirements of the political groups but I would make it clear that we wish to maintain a single translation service in Luxembourg. I simply wished to make this correction in order to avoid any misunderstanding.

**President.** — I call Mr Aigner.

**Mr Aigner.** — I am sorry. May I say very briefly that was not what my group meant; the point we were making was that we can take those posts from those that are frozen. The existing structure would naturally remain unchanged, but that is not the main point.

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Until my former colleague Mr Dalyell spoke I had not been aware that I was in fact going to wind up, but since he put a specific question to me perhaps I can answer. So far as the general question of the relationship between the Court of Auditors and the Member States is concerned, in my view — and I hope he will agree with this — it is not for the Commission to say precisely what it should be, but certainly we hope that it will be as good and as close, and as cooperative as possible, just as we hope that ours will always be as well, but it is certainly not for us to say how the Member States and the Court of Auditors — two separate institutions, as it were — should get on. So far as the particular question to which he refers is concerned, I shall, of course, be appearing in front of the Control Subcommittee in the very near future, and that time I will bring Parliament as up-to-date as I possibly can on the progress that I hope will have been made in that particular case.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — This is a very important matter. Do we take it, in fact, that the Court of Auditors is going to have to conduct its own negotiations with each national government as to precisely, what their relationship should be? Is that the correct understanding of the position?

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — My understanding of the situation is that the Court of Auditors, like Parliament and the Commission, is a separate, independent institution, standing on its own feet as it were, and it is for the Court of Auditors to determine its relationship with the Member States and *vice versa*. It is not for the Commission to pontificate on it, any more than it is for us to pontificate on what Parliament's relationships with the Member States should be, and I am not drawing any conclusions at all about the nature of those relations. I am merely saying that, in my view, the Court of Auditors is an independent institution, and has the responsibility for defining and determining these matters itself. I would not wish to give the impression that I was presuming on their independence.

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

#### 4. Financial Regulation

**President.** — The next item is the report (Doc. 434/77) drawn up on behalf of the Committee on Budgets by Mr Shaw on the conciliation meeting regarding the Financial Regulation of the Communities.

I call Mr Shaw.

**Mr Shaw, rapporteur.** — Mr President, the report that I am now presenting deals with the conciliation procedure of 7 and 22 November and 7 December. To grasp its full significance it is necessary to say just a few words about the Financial Regulation itself.

Therefore, perhaps I should describe at the outset what such a financial regulation in fact is. It is a document which is provided for in Article 209 of the EEC Treaty. It governs the preparation of the budget, its presentation, its implementation and its control. It describes in broad terms what the layout of the budget should be. It tells us about the procedure for the closing of accounts, the making of cash advances, the implementation of transfers — in fact, it conditions the whole budgetary procedure.

Since the European Parliament's main responsibility lies in the budgetary sphere, it is evident that the Financial Regulation touches a vital issue for all of us. Now that that we are responsible for finally fixing the rate of VAT, we have a special task in so far as the European taxpayers are concerned. Clearly, this House has therefore a particular interest in such a Financial Regu-

lation. It ties in with the way in which we set about drawing up the budget for the year ahead. Furthermore, it has especial significance for those of us who are involved in control and auditing responsibilities, and it is happy that this report comes immediately after the first budget of the Court of Auditors.

The Financial Regulation which applies to the budget of the European Communities was adopted in April 1973, but since then there have been many improvements, both in procedures and in the responsibilities of Parliament. The major change is of course, the bringing into force of the Treaty of 22 July 1975, which gave to Parliament additional rights in the budgetary sphere. Thus, for various reasons, it was clear that the 1973 Financial Regulation was in need of a substantial change, and I would at this stage like to thank Mr Cheysson, then in charge of budgetary affairs, who immediately accepted the suggestion that I then made, two years ago, that a study in depth of the existing regulation should be made, for it was from that start that all our work has emanated.

I will briefly summarize the steps that led up to the final conciliation procedure which is the subject of the report now before this House. After the review by the Commission, we ourselves carried out a very substantial review in depth, and virtually all of our amendments were accepted by the Commission. The revised version of the Financial Regulation was then transmitted to the Council by the Commission in March of this year. The Council looked at this revised document, and examined it through its own specialized committees, and it evolved a 'common position' with regard to it. Without going into details, I must say that that 'common position' was totally unsatisfactory so far as we were concerned, and I believe that had it gone before this House at that time and in that form, the recommendations would have been totally unacceptable.

I am bound to say that at that stage I felt very gloomy at the serious differences that seemed to confront us. However, I am glad to report to the House that, both the Council and ourselves agreed to make use of a conciliation procedure which had been agreed in 1975 but had not hitherto been operated. We decided that every item of difference should be examined, so that all the minor differences could be dealt with by myself, on behalf of the Committee on Budgets, and the Council representatives. Having reached a wide measure of agreement on these points, it enabled the remaining major differences to be resolved at the formal conciliation procedure, and here I would like to say how much I appreciate the way in which we were able to work constructively with the Council and at all times with the very helpful assistance of the Commission. The Parliament's delegation to the conciliation committee is listed in full at paragraph 27 of my explanatory statement, and I should like to thank Mr Spénale for the skilful way in which he led us. The

**Shaw**

key issues which were trashed out in three long, and at times difficult, days of debate with the Council are described in my report. We started from very different positions, but given the determination to succeed and an obviously necessary acceptance of the need for some give-and-take on both sides, in the end we were able to reach a satisfactory conclusion and at the end of the day we reached an agreement which secured a considerable number of substantial, positive results from Parliament's point of view.

I would say that the key gain for Parliament has been the granting to it henceforth of the last word in so far as transfers involving non-compulsory expenditure is concerned. This means that in the future, Parliament will have the same rights and responsibilities in regard to transfers as it has for the same headings when the budget is being adopted. This particular change of procedure will involve Parliament in quite a considerable degree of extra work, and in view of the workload that is placed before us at every part-session thus must give cause for concern, but I hope that this whole matter will be considered at an early date by the Committee on Budgets with a view to making some possible recommendation in the New Year.

We in Parliament have been unanimously of the view that commitments should be determined by the budgetary procedure. I am glad to say that we have agreed that. Furthermore, we have accepted the idea of allowing carry-forwards for one year on the budgetary line. We felt able to do this because our control of transfers was now as it should be, and not completely lacking, as it had been in the past. As far as borrowing and lending is concerned, Council accepted some of Parliament's key amendments in relation to this area, and it was agreed that there should be set out in the preliminary draft budget a detailed statement on the Community's borrowing and lending policy. This will add greater clarity to the budget for those that consider it. During the course of the discussion, however, Parliament and the Council agreed that the time was not yet ripe to proceed with this matter further and that the question merited further in-depth discussion at a later date.

Obviously, there had to be some give-and-take in arriving at our decisions and as far as research and investment amendments were concerned, we agreed to await a report from the Commission, to be considered at a later date. With regard to the 'Remarks' column, that is to say, the right-hand side of the budget, we probably had the toughest bargaining session of all. However, after much vigorous discussion, we arrived at a packet which, in all the circumstances, I consider to be the best that could have been reasonably hoped for.

There is one matter, however, that I must refer to and I would be grateful for a comment both from the Commission and from the Council on it. That is the issues that came up during the conciliation discussion concerning the question of borrowing. It is the clear

view of the Committee on Budgets that the recourses of the budget represent a guarantee of a binding nature to those lenders who look to the Commission, which is responsible for implementing the budget, as being bound to step in immediately and take the place of ultimate borrowers should these fail to honour their obligations. The changes to the Financial Regulation have altered to some extent the wording of Article 16 (c). This change in no way reduces the Community obligations: the good faith of the Community, when entering into borrowing and lending transactions, is, I am confident, above doubt. Therefore I feel I should say, as clearly as I can, that Parliament affirms that the alteration in the Financial Regulation to make payments directly out of Community funds in the case of a failure on the part of those to whom loans have been re-lent. In view of the possible eventual greater importance of borrowing activities, I would ask the Commission and indeed the Council to confirm formally the observations that I have just made. Such formal statements in this House would help to make absolutely clear the situation regarding Eximbank, Euratom, and Community loans. As I said earlier, the implementation of the budget will be discussed at a future conciliation.

There is one other item that I would like to refer to, because it relates to something which happened some years ago here in this House, and that is the matter of transfers within the EAGGF part of the budget. There we secured a bargain that will ensure that Parliament will be given the possibility of looking at certain transfers in this area before final decisions are taken if it appears likely to the Commission that the budget appropriation for a particular chapter will be substantially exceeded. This formula was evolved so as to ensure that the Commission's responsibility for implementing the budget would be safeguarded, while at the same time the situation complained about in Mr Bangemann's report on the accounts for the years 1972—74 could be avoided in future. That is to say, large sums could not in future be overspent on such projects as the subsidized sale of butter without Parliament having the opportunity of expressing an opinion.

May I just say one word about the Court of Auditors? The Court of Auditors have to be consulted about any change in the Financial Regulation. Because they were so lately set up, it was impossible for them, with all their other multifarious duties, to examine in detail the new Financial Regulation, and so we asked them if they would be prepared to submit a report as soon as they felt that they were in a position to do so, and we in return promised to examine that report and to submit the Financial Regulation to a further revision as quickly as possible should it prove to be necessary. On that gentleman's agreement, the court of Auditors, and I am grateful to them for doing so, agreed to allow the new Financial Regulation to go forward.

**Shaw**

I believe, finally, Mr President, that this House can endorse the resolution now before it, because it proves that Council and Parliament can work together in a positive manner; frank political exchange of views between them can lead to the settling of difficult problems. The conciliation procedure has enabled two widely divergent positions to be brought quite closely together, and this augurs well for the future. Furthermore, the agreed package of amendments makes the Financial Regulation a far more acceptable text. It is brought into line with the provisions of the Treaty of 22 July 1975. And so Parliament is given, within the terms of the 1975 Treaty, a whole range of new rights and responsibilities which will enhance its role in the budgetary sphere, and those are furthered by the Financial Regulation that we have before us. Therefore it is with confidence that I ask this House to endorse the report which I have the honour to present on behalf of the Committee on Budgets.

*(Applause)*

**President.** — Thank you, Mr Shaw, for this excellent report and in particular for the optimistic note on which you ended with regard to the relations between Council and this Parliament.

I call Mr Aigner on behalf of the Christian-Democratic Group.

**Mr Aigner.** — Mr President, ladies and gentlemen, on behalf of my group, I should like to proffer my sincere thanks to the rapporteur. I believe he has achieved something beyond the ordinary and his success has been remarkable. Once again, Mr Shaw, my warm thanks for a job extremely well done.

It was our task — not just the Council's but also the European Parliament's — to bring the Financial Regulation as an instrument of budget preparation and implementation into line with the new financial provisions of the Treaties. In reshaping the Financial Regulation — and here I should like to express particularly warm thanks to the President-in-Office of the Council — we were faced with a particular difficulty over one point relating to control and the provisions governing the control authority of the European Parliament. This authority was challenged by a veto on the part of one Member State. The conciliation procedure might well have come completely to grief on account of Article 29 A but for the skilful promptings of the President of the Council. We should then have been without a Financial Regulation with all that this implies. I would therefore repeat my thanks.

But above all, I should like to point out, Mr President, that for the first time — and this should be clearly brought out — Parliament in conjunction with the Council has taken legislative action and — I believe — successful action at that. We succeeded in getting our ideas through in the Council and on the one point on which no agreement was reached, we found a way out that at least did not reduce our position. I

may therefore say that this is a historic moment, Mr Shaw: for the first time, this Parliament has become active in the legislative field.

*(Applause)*

**President.** — I call Mr Spénale.

**Mr Spénale.** — Mr President, I shall not comment on the substance of this conciliation procedure, as Mr Shaw's report does this to perfection. I simply wish to stress a little more strongly than Mr Aigner the significance of this conciliation procedure.

Particularly for those who do not habitually keep watch over these matters in the House, I would recall that we have had frequent conciliation meetings over the budget; these take place at each end of the budget shuttle when a delegation from Parliament goes to the Council and puts forward Parliament's views and seeks to bring Council closer to our position as regards budgetary appropriations. But this was a legislative conciliation procedure and it was the first one.

The situation is quite different when it comes to conciliation in the legislative field, in that it is not the Assembly which goes to the Council. Together we form a conciliation committee in which the Council on the one hand and the parliamentary delegation on the other, actively assisted by the Commission, are called on to seek a closer alignment between views on a text to be drawn up, a text which does not necessarily have budgetary implications. It is thus a first step by Parliament in influencing legislative decisions which formally remain within the province of the Council.

It will be readily understood that a step of this kind, raises countless problems and that, in taking it for the first time, we were all somewhat uncertain as to the outcome. I must say that thanks to the extremely open-minded attitude we found in the Council of Ministers — and here we pay special tribute to Mr Eyskens — thanks to the sustained cooperation of the Commission, for which we pay tribute to Mr Tugendhat, and thanks too, I believe, to the extremely careful work done by our own delegation — and here I have pleasure in paying tribute to our rapporteur, Mr Shaw, the Chairman of the Committee on Budgets, Mr Lange, the Chairman of the Control Subcommittee and all those who were present — we finally got off to the best of starts.

And that was not all; implicitly, without anything being specifically discussed, we not only applied the legislative conciliation procedure in a proper manner but we also, in a way, enlarged its scope, for the legislative conciliation procedure consists in discussing a piece of legislation to be passed in order to narrow the distance between Parliament and Council. But our basic text made no provision for settling any differences — not on a piece of future legislation but on, say, the interpretation of a piece of existing legislation

**Spénale**

and even perhaps of basic regulations — by applying to this interpretation the legislative conciliation procedure. But this is what we have done. The Council wanted us to discuss the differences of opinion between the two institutions, particularly as regards Article 203 of the EEG Treaty to see if we could bring our views closer together. I have to say that we did not see completely eye to eye but we did make progress and I can see no better way of seeking the most constructive form of coexistence possible within the Communities. The fact is that the Communities have an institutional structure of their own, to be found nowhere else, and I feel that if it is applied with goodwill, this conciliation procedure is also, in the last analysis, a formula that is perfectly patched to the institutional structure of the Communities.

And so we made the attempt right from the start and to me this is even more important than what was achieved. But what was achieved was in itself highly important for we started with some 30 points of disagreement on the Financial Regulation. After two meetings at which a good deal of serious and careful thinking was done, we dealt with about 25 of those points and, on the five others, we agreed to look at them again following reports either from the Court of Auditors on the Commission. Major progress has therefore been made and beyond that, we seem to have found a procedure that is genuinely tailored to our requirements.

As Mr Aigner said, this initial step by Parliament in a legislative conciliation procedure has certain a historic significance as far as Parliament's powers are concerned and this deserves to be emphasized. In doing so, I wish to thank once more all those who helped to lend genuine significance to this procedure: as we all know, there are already new texts that we shall discuss together in a bid to harmonize the various points of view. I therefore repeat my thank to the Council, to the Commission and to all those who helped this conciliation procedure which, as a working method, is original to the Community, to a start that augurs well for the future.

*(Applause)*

**IN THE CHAIR : MR COLOMBO**

*President*

**President.** — I call Mr Bangemann on behalf of the Liberal and Democratic Group.

**Mr Bangemann.** — Mr President, on behalf of my Group I should first like to express my sincere thanks to the rapporteur. We have all seen for ourselves how much time he spent — to mention time alone — in bringing this major conciliation procedure to satisfactory conclusion for Parliament. If we add the commit-

ment he brought to the task and the results achieved then our thanks must assuredly go beyond the normal measure for a rapporteur.

But I should also like to express my warm thanks to the Council and particularly the President-in-Office. The very fact that I do so perhaps carries special weight for I have so far had little opportunity in the normal course of events to address thanks to the Council. Most of the time I have been — and have had to be — critical but in this case we can say to the Council and especially to you, Sir, as President-in-Office, that we have had an extremely helpful discussion and have achieved reasonable results. This shows that, with a constructive approach on both sides, discussions of this sort can effectively further the Community's purposes. With an eye to the budget discussions and decisions now before us I would again hold up this constructive attitude on the Council's part before my fellow members so that we ourselves may be similarly constructive in the decisions we shall be taking.

Following these introductory remarks, I should like to make three comments on the topic before us. Firstly, I believe that the Financial Regulation, on important areas of which we have now decided, should not be regarded as something unchanging and unchangeable. The situation with regard to budgetary powers over the next few years will tend to be blurred, forming a mixture, if I may put it that way, from which the future division of authority between Council and Parliament and the National Parliaments must first emerge. We must therefore take great care to ensure that this sector remains open to dynamic development. We should therefore look on the Financial Regulation as something that must always reflect whatever is done to reallocate responsibilities. This can be seen particularly clearly from the areas in which development is not yet complete — in lending and borrowing, for example, which we must bring completely under the budget, or perhaps in the implementation of the European unit of account where there are still many unsolved problems, especially from the point of view of control. Here we must find answers that allow scope for control but also make the most of the opportunities inherent in the designation 'European unit of account', for it provides us not simply with a new method of accounting but, in the last analysis, with the nucleus of a common currency. A common currency can of course be defined in a number of ways, from a standard of accounting to a means of payment. The standard of accounting we already have and there are undoubtedly opportunities enough within the budget context to develop this standard of accounting into a means of payment.

This of course applies equally to the research and investment sector on which Mr Shaw has already spoken at sufficient length.

### Bangemann

Secondly, I should like to point out that there is also a dynamic aspect to the relationship between Parliament and the Court of Auditors, the Court of Auditors and the Commission, the Court of Auditors and the Council and the Court of Auditors and the National Audit Offices. Whether or not the Court of Auditors is an independent institution as a result of the decision that has been taken is a point that lends itself readily to argument. From a constitutional point of view it will assuredly be unable to make that claim for itself in the same way as Parliament, the Commission, the Council and the Court of Justice. That decision has been taken. But what its actual relations will be, particularly with Parliament, only the future can tell. I should like to say in this connection that we for our part should set great store by good relations and cooperation with the Court of Auditors for our own form of control which will be more political in nature than that of the Court of Auditors requires the control of accounts as a natural foundation.

My third point — and this, I feel, is the real pointer to the future in the outcome of this conciliation procedure and properly justifies our saying that for the first time we have been involved in a sort of legislative conciliation — my third point then is that we should realize that this Remarks Column opens a door which we must now enter, together with the Council of course, but encouraging the Council forward a bit more strongly than they do us into the corridor of legislative power. We know that this matter has not been finally settled, not even with this latest conciliation procedure, but it has at least been taken up. The formula we have found for the Remarks Column is undoubtedly the starting point for in-depth discussions.

Where does the problem lie, Mr President? I may perhaps be allowed to elaborate a little since I believe that we shall be concerned with it in the years ahead. The sole authority originally vested in the Council, comprising undivided legislative and budgetary powers that, for this reason, were not separately dealt with in the Treaties, have now, as a result of the growth of Parliament's budgetary powers, been divided into the two traditional fields of responsibility: legislative powers on one side and budgetary powers on the other.

We have therefore reached for the first time the normal situation as it exists at national level between parliament and government — although the example does not quite fit our case — there is an authority with legislative powers, there is another authority with legislative and other powers. When they lie with an authority within parliament, a clear distinction is made between legislative and budgetary powers. How should that be brought about in our own case?

We have received budgetary powers deriving from the sole competence of the Council and now form the budgetary authority together with the Council. There are two alternatives: either a clear line is drawn in

future between legislative and budgetary powers in which case the legislative powers would remain with the Council and the budgetary powers would be exercised jointly by Council and Parliament, or the general competence so far vested in the Council is reallocated on an overall basis. That means that the artificial distinction between legislative and budgetary powers would not be made but that Parliament would share the overall powers.

I believe that the second alternative is the right one and politically better and simpler than the first. With the first, we should be forced to stipulate in a quasi abstract and theoretical manner what legislative powers and budgetary powers are. That will not always be at all possible for many things are closely interwoven. What, for example, is the budgetary part and what the legislative part of an agricultural regulation issued by the Council? If it is wished to make this artificial distinction, the legislative part might be regarded as that part which specifies what agricultural market and what products are meant, what the organization should look like, who should buy and who should supervise and similar matters. But when it comes to prices, which of course have direct budgetary implications, I doubt, Mr President, whether they would fall within the legislative province for there is no doubt that fixing a price with budget repercussions is a measure that can only be properly assessed with reference to the whole. If we wished to keep those two aspects separate, then we should have to agree that the Council would set a price but that the decision on whether it would subsequently be supported by budget appropriations would be taken under the budgetary procedure between Council and Parliament.

This example shows that in the European Community, no abstract, theoretical dividing line can be drawn between budgetary powers and legislative powers. In that case, Mr President, the granting of budgetary powers to Parliament must naturally and automatically go hand in hand with involvement in the legislative process. It is nonsense to claim that Parliament should be forced onto the sidelines as it were and that the Council should, as before, enjoy full legislative powers. That can no longer be maintained, not at any rate in the areas of which I have spoken. There can consequently be no doubt that we have had a conciliation procedure in the legislative field, and this in two ways or rather in a more specific way. What we discussed was the Remarks Column and the part of the budget which includes the remarks is by nature quasi-legislative. When therefore we decide on these remarks jointly with the Council, we must also stress that in the specific sector formed by the budget, this also amounts to an involvement in the Community's legislative process.

It cannot be anything else. We are perfectly well aware that we cannot do this on our own and for this reason we have agreed that in cases of conflict, the conciliation procedure should be adopted in those matters.

**Bangemann**

I have made those points, Mr President, because I wished to draw attention to two things. The first is that the whole process is a dynamic one. This means amongst other things that the results of this conciliation procedure are interim results which set out what we must jointly strive for today and in the months ahead but not for ever and a day.

The second thing I wished to make clear that what is involved in conciliation is legislation, in other words that Parliament has in practice not maintained the artificial distinction between legislative powers on the one hand and budgetary powers on the other and that, by its action, the Council has had the good sense to follow us. To my mind, this is a pointer to the future which we should all emphasize and welcome in the strongest terms.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, like other speakers, I would like to pay tribute to the work done by my friend and political opponent, Micheal Shaw. I am sure that all his colleagues on the Committee on Budgets are indebted for the way in which he has set about his task. I would also like, as a member of the Committee on Budgets, to say that, in my experience over the last years, Mr Bangemann is confronting a very important issue when he talks about the distinctions between legislative and budgetary powers. Many of us in our work on the Budget Committee have come to see that this is precisely the unreal kind of distinction that he says it is. I think Mr Bangemann has made a very important speech.

I wish to refer to page 6 of Doc. 434/77, item (f) of the preamble. This says :

accepting that certain matters concerning the differences of inter-institutional views on implementing the budget (including borrowing and lending operations), control aspects and research and investment provisions will need to be gone into again in the future by the Conciliation Committee.

I want to stick to one issue, and that is the issue of borrowing. I put it in the form of a rather long and detailed question to Mr Eyskens, who is with us. This is a subject that I have raised with Mr Kenneth Critofas, Mr de Thomas and Mr Meuleman on previous occasions, so the Council do not exactly come cold to it.

I refer again, for the sake of coherence, to Mr Shaw's report — paragraph 14 on page 12, this time — on borrowing and lending. This says :

Broad general agreement was reached on this issue. It was agreed that there should be set out in the preliminary draft budget 'a detailed statement on the borrowings and loans policy' and that a document showing all the borrowing and lending operations referred to in Article 16 (3) shall be annexed to the budget. It was the consensus view that the time was not yet ripe to go further with this, at the moment, but it was agreed that

the question merited further discussion in the framework of a future Conciliation Committee meeting on the subject of the problems related to the implementation of the budget.

It is about this future meeting that I really want to ask my question, because the general issue here is the whole way in which we set about deficit borrowing in the Community. I mention also, as a background, the understanding at the recent meeting of the Heads of Government in Brussels. There was a discussion on how the Community could provide employment in the public sector.

It is no good the Council officials on the front bench shaking their heads, because I have the text here of precisely what was said. I quote from column 1390 of the Hansard, the House of Commons report, of 7 December Mr Callaghan's answer to the Leader of the Opposition. What Mr Callaghan said was this :

It has been a standing view of the Germans that they do not wish to be pushed into reflation if it is likely to endanger their monetary stability. At the same time, I think that the German Government, like other governments, are becoming increasingly concerned about the rise in unemployment in their countries and the failure of their economies to grow, despite a low inflation level. I think that there was perhaps more of a meeting of minds on this occasion than on others.

He then went on :

One of the interesting ideas which came forward, and which I think will meet with a lot of support from my honourable Friends ...

At this moment, for the sake of the record, I had better say that he was interrupted by my colleague Mr Skinner, the member for Bolsover, who said : 'Does that include us?' The Prime Minister went on to say :

On this occasion, yes. While we all want to see growth in the manufacturing sector and in the service sector, there is more that we may have to do in the public employment field in order to provide both services and work. We have not heard this view expressed quite so clearly before among a number of those who were present.

Later, at column 1397, I questioned him on this, and asked him if it was premature to ask him to enlarge upon what he said about some European role in the public services employment sector. Whereupon the British Prime Minister replied :

I cannot enlarge on that. It was one of the ideas which emerged from the discussion, but it was not made more concrete.

Now I understand that this did take up a good deal of the time at the recent meeting in Brussels, and that the whole idea of providing employment in the public services sector got a great deal of support, with the provision from the Head of the German Government that it should be done by borrowing and not by printing money. This is the classic German response, which I completely understand. The issue is that, if — and some of us think that providing employment in

**Dalyell**

the public services is perhaps the only way to overcome the problems of unemployment in all the areas we represent, because the manufacturing industry is becoming more capital-intensive — if borrowing is to be this important, my question to the Council is this: What is their philosophy on the whole issue of deficit borrowing, in the light of recital (f) of the motion and paragraph 14 of the explanatory statement that we are now discussing?

These things may not be very concrete, but it seems a very important question to some of us for this Parliament to know precisely how borrowing should be conducted, and in particular what the problems are of having, shall we say, the kind of thing that Mr Shaw's report asks for in relation to borrowing. I can see that there are two sides to the argument here, and that we have to be careful about not allowing ourselves to open the way to deficit borrowing on a huge scale, even for worthy ends such as employment in the public sector. What I am asking for is some preliminary expression of views from Mr Eyskens on this problem, in the light of what we read and what we know happened at the recent summit meeting. I would leave it at that for the present.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — Mr President, ladies and gentlemen, the work done by our rapporteur, the efforts made by the President of the Council and the contribution made by the leader of the European Parliament delegation on the Conciliation Committee, Mr Spénale, have been widely recognized and praised by previous speakers and no words of mine could cap what has already been said. I shall simply add my praise to theirs in full appreciation of what has been achieved by all concerned. But perhaps I might add a few words to what has already been said in order to make it clear what lies ahead of us.

Our approach to this Financial Regulation was based on the Treaty provisions of 22 July 1975 as were the conclusions we reached. In December of last year we closed our own discussions on the Financial Regulation in the expectation that the Council would follow our example at the earliest possible juncture. We entertained the bold hope that the Financial Regulation would serve as the legal basis for the 1977 budget; as matters stand, it will now certainly provide the legal basis for the 1978 budget. In the course of the conciliation procedure and also on other occasions we made it clear that although the Treaty of 22 July 1975 provides for the unanimous adoption of a Financial Regulation by the Council, we could, if need be, quite well do without a Financial Regulation for a certain period as the Treaty provisions were in themselves sufficient. It has been made quite clear in this House today — and I am in full agreement with what was

said — that this is a beginning and, I would stress, the beginning of a process of further development. We have agreed — and this will allow us to approve without amendment the motion for a resolution tabled by Mr Shaw — that we shall meet again to discuss all matters that are still outstanding or have not been finally settled. This is the proviso subject to which we can agree to the report by Mr Shaw as rapporteur for the Committee on Budgets. The discussions we are to have will be about what can be further done in the interests of budgetary reality and clarity, with special reference to Community lending and borrowing. But we shall also have to talk about the ECSC Budget, in other words the operating budget of the European Coal and Steel Community.

Especially in view of what needs to be done for the coal and steel sectors in the present stage of development, we shall have no alternative but to consider how the Community as a whole and not only the ECSC can help to overcome the structural difficulties facing those sectors, how, in other words, the full strength of the Communities and not simply the strength of one Community can be brought to bear on the problem. This makes it even more pertinent to ask how the operational budget of the ECSC should be dealt with in future and whether it could not be transformed into a normal budget so that here too we can proceed with due regard for budgetary reality and clarity. This of course includes the proper handling of lending and borrowing, at least from the point of view of budget policy and budget legislation and also, if you like, from the point of view of budget accounting. It has also been pointed out in this debate — and here my thanks go to Mr Spénale as leader of the delegation to the Conciliation Committee — that in the last analysis, we have embarked on a new phase in the relationship between Council and Parliament as the two institutions constituting the budgetary authority. Mr Spénale pointed out that Parliament is actually involved here in a legislative procedure and legislative tasks although officially, legislative authority does not fall to Parliament but is vested under the Treaty in the Council and the Council alone. Mr Bangemann took up this idea expressed by Mr Spénale and it must be said at this point that we made it very clear in the Council that we had no intention whatsoever of encroaching on the legislative powers of the Council but that there could also be no question of challenging or cutting back Council's legislative powers. In other words, this means that there is a certain type of legislation in which Parliament must logically be involved. Why is it that the Committee on Budgets always proposes that all figures laid down in regulations and also in directives should be regarded merely as indicative and not as binding? The answer is that binding figures, which subsequently determine expenditure and commitment authorizations, can only be laid down in the course of the budgetary procedure. This means that, whether we like it or not, we are all involved together in what is part of a legislative process. In other words, the logic of our budgetary

## Lange

powers requires us to ensure that no decisions prejudging a future budget are taken outside the budgetary procedure. This is one of the crucial points which Council and Parliament will have to continue discussing until such time as a settlement that satisfies all parties is found and an appropriate procedure introduced.

I would stress once more, as we did in the Conciliation Committee, that we have no inclination whatsoever to challenge the legislative powers vested in the Council by the Treaty. On the other hand, however, the Council itself should not take the risky step of using these same legislative powers to question Parliament's task as a budgetary authority or make it more difficult. This point will obviously be added to those, still outstanding, listed in Mr Shaw's motion, on the agenda for the dialogue or, I will again say, for the 'trialogue' since we want to see and must have the Commission involved. 'Control' as regards the Court of Auditors and as regards Parliament will be a further point on the agenda. We shall have to see what results are achieved by the protocol note, which is intended to be of a political nature and, as it itself states, is politically binding on all parties, and also whether in practice, Parliament receives for the exercise of its control powers all the necessary background material and information from those sources whose duty it is to supply such information.

These were the terms on which we agreed to a protocol note. But, as has already been said, the situation has to be reviewed in due course along with the intire Financial Regulation. This is all the more necessary in that one institution, the Court of Auditors, was understandably unable, for lack of time, to scrutinize the Financial Regulation in its entirety. The Court must also express its view on the matter just as Parliament did. But if the Court had done so, we might well have found ourselves on 1 January 1978 without a legally binding basis for the 1978 budget. The Council can now take a decision with the approval of Parliament and, if you like, subject to futher discussion of all those points which are still or have been kept pending and have not yet been finally settled. Next year — the President of the Council hinted at a date in the early spring, i.e. towards March or April — we shall therefore meet again to discuss once more a number of questions that are of decisive importance to the subsequent structure of the budget and for budget reality and clarity and will also raise further points relating to control as far as the Court of Auditors and Parliament are concerned.

It should be stressed, as Mr Shaw said, that we have come quite some way from our starting point. That point was that the draft Financial Regulation contained provisions which we were convinced were in no way consonant with those of the Treaty of 22 July 1977. We doubt whether some of the provisions still to be found in the Regulation are fully in line with the Treaty provisions. But that should not prevent us from agreeing to Mr Shaw's and hence the

Committee on Budgets' proposal bearing in mind the background circumstances, the conditions made and the agreements reached, thus paving the way for the introduction of the Financial Regulation and providing a legal basis for the 1978 budget on which we shall be voting on Thursday. This means that following our decision, we should like the Council to approve and introduce the Financial Regulation, thus removing any possible legal obstacles to the implementation of the 1978 budget, but without prejudging any differences of opinion between Council and Parliament on the 1978 budget itself. What is involved here is the legal basis and nothing else.

Mr President, I wished to make those additional comments in the hope of securing the unanimous approval of this House for Mr Shaw's motion.

**Mr Tugendhat, Member of the Commission.** — Mr President, it is a pleasure to be dealing with an issue that receives plaudits from all sides of the House and which appears now to be beyond the realms of controversy. From what has been said by the other speakers in the debate, it is quite clear that Parliament, like ourselves, takes this new Financial Regulation extremely seriously and regards the work that has been done as being of the first importance.

The Financial Regulation is, of course, the text which lays down the detail of how the budget should be implemented, and as such it touches on the powers of the institutions responsible for the budget, whether the Parliament and Council as budgetary authority, the Court of Auditors as controller or the Commission as the executor. It was necessary to revise the Financial Regulation to bring it into line with the new budgetary powers of Parliament as laid down in the 1975 Treaty, as well as the creation of the Court of Auditors in the same Treaty. The opportunity was taken by the Commission to propose not only the changes needed for this purpose, but also modifications designed to bring the regulation into line with the best practice suited to the budget of a developing Community, and I think the word 'developing' is particularly important here. We are not a static institution, we are a Community that is continuing to evolve, and therefore changes of this sort are certainly necessary from time to time and will be required in the future. The result, however, is, as we all know, a major legislative effort, and I am glad to say, as a number of honourable Members have already indicated, there was a large measure of agreement between the Commission and Parliament from the outset.

Nonetheless, the extent of the effort can be seen from the fact that when, exactly a year ago, Parliament adapted a resolution with its comments on the Commission proposal, it approved the amendment of 89 of the 120 articles of the Financial Regulation. Not all of these modifications have been adopted in detail, but the broad principles the Commission proposed, and the Parliament endorsed, have been successfully defended.

## Tugendhat

The result was due in part to the satisfactory outcome of the first conciliation meeting between Parliament and the Council in which you, Mr President, and Mr Spénale played very notable rôles. Indeed, I think one of the most important aspects of this whole experience in which we have shared in the development of the Financial Regulation has been the way in which the conciliation procedure on what is essentially a legislative matter has worked so very well and this, I think, provides a very good omen for the future. It is a sign that future coöperation between the two halves of the budgetary authority really can work. But having paid a tribute to the very notable contributions made from the Parliament's side, it would also be right to say that I doubt very much whether we would have achieved quite so much success quite so quickly had it not been for the very considerable personal contribution of Mr Eyskens in his capacity as President-in-Office of the Council, and he too, I feel, deserves some of the plaudits that are being passed out today ;

The regulation is also important because it will come into force soon after the creation of the Court of Auditors, which, as a number of Members have said, is in itself a matter of historical importance. The Court was, of course, consulted on the regulation, but, understandably, did not have time to examine it properly. It is agreed that when its full advice is received, it may be necessary for the Commission to propose some further changes. In any case, and especially in a Community which, as I said before, is constantly developing, a Financial Regulation is something which should be regularly reviewed, and I think Parliament has been wise in insisting that this review should be carried out every three years, I hope that in a major effort of this scale it is also not out of place for me to mention the contribution made by the officials of the Council, and of the two presidencies concerned, not just the one that is at present in office and to which I have referred, but also to the previous presidency as well.

In Parliament, apart from the Members who participated in the conciliation meetings, it is, I think, right to pay a special tribute to Mr Lange, as chairman of the Committee on Budgets, and to his staff, and I hope we are in position when I shall be able to say it again during the course of the week. I would also like to pay a particular tribute to Mr Shaw now that this particular item of business has been brought to a successful conclusion. Not only did he present Parliament, and indeed everybody else concerned, with an excellent report, but it was he personally who provided the driving force over many months which played a fundamental rôle in bringing the matter to a successful conclusion.

Before sitting down, I would like to take up one point which Mr Shaw particularly asked me to refer to, and it is very simple for me to reply. I very much share

the views which he put forward in his public statement that the change in the nature of the 'Remarks' column in no way lessens the obligations of the Communities towards the lenders of Community loans. It is very important for the credit-rating of the Communities that this should be clear, and I confirm entirely Mr Shaw's statement. In fact the Commission intends to go further and to propose legislation which will put the question beyond doubt. I am sure Parliament will support the Commission when this regulation comes before it, because, as he said, it is a matter of very considerable importance.

Before we get on to other more difficult and uncertain fields, I would like to end by saying that in my view this Financial Regulation is not simply a document in itself, but it is a very good dowry that this Parliament will be handing on to its directly-elected successor, which, we all hope, will be in operation by this time next year.

**President.** — I call Mr Eyskens.

**Mr Eyskens, President-in-Office of the Council.** — Mr President, ladies and gentlemen, I share Parliament's satisfaction at the fact that the Council will very shortly be able to give its final approval to the new Financial Regulation. It is my sincere belief that this Financial Regulation reflects the shares views of the Council and Parliament. The review of the Regulation got off to a slow start. The Commission's proposal dates from May 1976 and the previous review took place in 1973. It is therefore all the more significant that the review procedure was eventually speeded up and that highly constructive cooperation was establishing between the Parliament and Council.

I want first of all to pay tribute to Mr Shaw who, in his capacity as rapporteur, has devoted himself to this particularly difficult task since the beginning of September and made a significant contribution to the *rapprochement* of the positions of Parliament and Council which to begin with differed widely. The meeting of the conciliation committee was prepared with great thoroughness. It was thus possible to solve a number of secondary problems and clarify certain misunderstandings which were the result of a lack of communication between our two institutions.

Once the essential on which agreement was essential had been clearly defined, each institution really spared no effort to find a solution. I personally tried as far as possible to iron out the difficulties and come up with proposals which had a chance of being accepted by both branches of the budgetary authority.

In confidence I can tell you that it was no easy task to reconcile the positions of the nine countries in the Council and reach agreement on the compromise proposals which I had submitted. But in the last resort things went better than we had feared and expected. I am quite satisfied with the result we achieved. The

**Eyskens**

Financial Regulation which should now be approved before the end of the year embodies all the changes which were in fact necessary and had been proposed in the first instance by the Commission: adjustments to the exercise of the budgetary powers of the institutions, adaptation, modernization and simplification of the budgetary procedures and the financial autonomy of the Community.

I agree with Mr Lange that a number of problems were not fully solved, partly because we are dealing with a dynamic, evolving situation which may in due course give rise to a further review of the Financial Regulation, allowing for the fact that the Court of Auditors will be required to give its opinion on a number of points. I want to stress in fact that this Financial Regulation is a dynamic policy instrument. Before the conciliation procedure was brought to a successful conclusion many people felt that there was a kind of dialectical relationship involving a built-in conflict — a thesis and antithesis. However, we now conclude that the dialectical relationship has been overcome and convergence achieved which fits in perfectly with the dynamic evolution of the Regulation which needs to be adjusted to the new conditions.

Previous speakers have put a number of questions and made various observations. Some of those questions belong more properly in the budget debate which will be starting shortly and in which, with the permission of the President, I shall also be speaking. I do, however, want to make one comment on Mr Dalyell's remarks regarding loans. There seems to be a misunderstanding here. The European Council has taken a decision at two levels.

Firstly it has called on the Member States to pursue a national budgetary policy aimed at expansion of the economy. For this purpose they must make use of loans, by calling on savers instead of financing public expenditure through monetary channels. However, this is a matter of agreement between the nine countries on their national policy in the course of which allowance will have to be made for the actual situation of the public finances and economies of each of the nine countries.

It is of course possible to float a Community loan. Certain figures are also being widely mentioned. If my information is correct, the amount suggested is in the order of 1 thousand million units of account. This could bring about a considerable strengthening of Community policy. As regards the practical arrangements, the European Council requested the Commission to submit proposals on which Parliament will be consulted.

The finalization of the Financial Regulation was a test and I believe that the test has in large measure been passed. I therefore look to the future with some opti-

mism. Our experience in the first three meetings of the conciliation committee augured well for the future and also for the new situation which will be created after direct elections to the European Parliament.

I have already paid tribute to Mr Shaw in his capacity as rapporteur, diplomat and negotiator, May I also express my recognition of the work done by the Parliament's representatives on the committee of conciliation: first Mr Colombo, then Mr Spénale and all the other members who did such useful work. My thanks are also due to the Commission for its important contribution not only at the technical level but also in political terms, to the attainment of this agreement. In conclusion, may I stress that the agreement reached represents a breakthrough. When I come to speak later in the budget debate I shall also explain how a breakthrough was reached on a number of other points. I have the impression that the past few months have been particularly fruitful in achieving convergence between the two branches of the budgetary authority. I have great pleasure in joining all those who have expressed their satisfaction with the work we have done and hope that the spirit which enabled these results to be achieved will remain with us and continue to inspire us in the future. The future will very soon be with us and we have more preparatory work still to do today.

*(Applause)*

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — I would like to thank Mr Eyskens for answering the question, but, to put this as carefully as I can, and referring to columns 1390 and 1391 of the House of Commons report, I think that some of my colleagues may have been misled, doubtless unintentionally, by the Prime Minister's statement. I think there is no question of Mr Callaghan's intentionally trying to mislead anyone, but certainly the impression came across in the House of Commons that the creation of jobs in the public employment sector, in the public services, was to be done on a Community basis. As I understand Mr Eyskens' answer, the position is rather different — namely, that there was general agreement that it should be done by the coming together of governments rather than on a Community basis as such.

But I intervened really to ask just one further question of clarification. Mr Eyskens said that the Commission had been asked to put forward proposals in relation to this matter. Could I ask Mr Tugendhat whether the Commission regards it as part of its job, even if it is at an early stage, to formulate proposals for the Community, for Heads of Government, on this question of creating employment in the public sector? Is this a task that the Commission has undertaken? I think the answer to that is probably yes or no.

**President.** — I call Mr Shaw.

**Mr Shaw, rapporteur.** — Mr President, I think we have had a wide measure of agreement this morning, therefore I limit my remarks to a very few. First of all, I would like to thank all those who played such a part in achieving this new regulation, and particularly to thank Mr Eyskens and his team, who form the other half in the negotiations that took place. Again, I would like to thank Mr Tugendhat and his team for being always there to help us in all that we were doing. Clearly, the more we discussed things, the more it became evident that there would be a need for further discussion, and problems like control, raised by Mr Aigner, and all the ideas put forward in such an interesting way by Mr Bangemann, all these must form the subject of future meetings. But, above all, I think the item that we all must look at very carefully is the true meaning of the implementation of the budget, because here, on all sides, there are differences in outlook. So I say quite simply, we knew that there was this need for continuing revision, and we built into the new Financial Regulation the need for it to be reviewed at least every three years. So I think we have done all that we can do for the moment, but it is clear that we shall be returning to the subject some time in the future. I would like to thank everyone who has played a part in carrying on what has been rather a long performance.

**President.** — Does anyone else wish to speak?

I call Mr Dalyell.

**Mr Dalyell.** — Mr President, could we have an answer from the Commission on the point I raised before?

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, unhappily, of course, the Commission, by its own unaided efforts — or indeed perhaps even by its aided effort — would not be able to solve the problems of European unemployment, as Mr Dalyell would, I am sure, agree. They are much more deep seated than that, but certainly within the areas of policy for which we are responsible, it has been, it is and it will continue to be our policy to put forward proposals to the Council suggesting ways forward. This, it seems to me, is an integral part of our activities; it is one of the things which we are very much there to do.

**Mr Dalyell.** — Has the Commission actually been asked by the Heads of Government for proposals for creating employment in the public sector?

**Mr Tugendhat, Member of the Commission.** — Mr President, I am in a slight quandary because, as Mr Dalyell knows, I personally was not at the meeting of Heads of Government, and I would prefer it if he could address those questions to President Jenkins or

Vice-President Ortoli. For my part, I am not aware of a request couched in that absolutely specific way in which he put it. But, given the ongoing interest of the Heads of State or Government on the one hand, and the Commission on the other, in tackling this problem, and given the fact that many of our policies are quite specifically pointed in that direction, I am not sure that aetieration in such specific terms as that would be necessary. But so far as what actually happened at the meeting is concerned, I would refer him to those of my colleagues who were present.

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

In winding up this debate I should like to thank Mr Shaw, the chairman of the Committee on Budgets Mr Lange, and Mr Spénale who directed the conciliation procedure. Today we have had the opportunity of discussion with the Council represented by the President-in-Office, Mr Eyskens, with the participation of the Commission represented by Mr Tugendhat. We all recognize that the work has been profitable and let us hope that it will be neither the first nor the last time the Institutions will work together constructively.

##### 5. General budget of the Communities for 1978

**President.** — The next item is the interim supplementary report drawn up on behalf of the Committee on Budgets by Mr Shaw on

the draft general budget of the European Communities for the financial year 1978 modified by the Council, and on the adoption of the budget.

At this final stage in the consideration of the draft general budget, Parliament can decide only on the Council's modifications to the amendments adopted by Parliament during the initial stage. Parliament's amendments to these modifications will be examined today during the consideration of the supplementary reports, and put to the vote on Thursday. Since, to be adopted, these amendments require the votes of the majority of the current Members of Parliament and three-fifths of the votes cast, I would strongly urge the political groups to do their best to ensure that there is a quorum on Thursday for the final vote.

**Mr Shaw, rapporteur.** — Mr President, I am sorry to be on my feet so many times this morning, but this is, of course, another very important occasion, as we reach the end of our budgetary process.

For many reasons, that I shall refer to during the course of my speech, the 1978 budget is one of considerable significance to the Community. It is right, therefore that I should at the outset stress the fact that all the Institutions have worked hard to ensure that the new procedure envisaged in the 1975 Treaty succeeds. Not only is success important for this year, it is also important to establish that the new partnership between Council and Parliament as the budgetary authority can be a reality in the future.

Shaw

Our budgetary process began with the production of our policy guidelines in May. After full discussion between ourselves and the other Institutions, the Commission produced its preliminary draft budget in June. Parliament felt that the Commission had provided an overall budgetary package that would enable us to pursue the Community policies that we have been endeavouring to establish and develop. It was therefore with great disappointment that when we met in September, we were presented by the Council with a very much revised draft budget. We understood the great pressures on the national governments for restraint that must have been present in their minds as the draft budget was being drawn up, but we did feel that the extent of their cutback was bound to be harmful do the political patterns of developing Community projects that were envisaged in the preliminary draft. As I said at the time, I felt that the Council had given priority to economic stringency at the expense of economic coherence.

Mr President, you will recall that the House left the Council in no doubt as to its dismay. Through the amendments that we later adopted in October, we sought to restore the budgetary pattern that had been lost. I am glad to say that the Council itself has now taken account of the changed economic circumstances of the last few months, and the result has been that they have moved a very long way towards us.

May I remind the House, as indeed I shall again at the end of my speech, that this year Parliament, together with Council, constitutes the budgetary authority: together, we have full control over Community expenditure and revenue. Thus, Parliament's position has become much stronger and at the same time its responsibilities have become greater, not only in the spending of money but in the raising of it. This must mean on our part the exercise of a critical moderation and a willingness to understand the problems of our budgetary partner. Equally, of course, the Council must accept these same conditions—and here I must tell the House that I believe both Council and Parliament have shown in the earlier stages that they can work together as the budgetary authority. Of course, there have been differences. At times I felt the situation was almost explosive, but nonetheless I did feel that there was determination on both sides to make conciliation work and allow a jointly-agreed outcome to emerge. But let it be quite clear there are still one or two substantial differences to be resolved.

The structures by which we tackle the budget have been undergoing very great change. When I spoke in October, there was uncertainty about the Financial Regulation, which provides the legal basis for carrying out the budget, uncertainty as to whether the new European Unit of Account would be agreed, and uncertainty about Value-Added Tax. In all these spheres, our work has been completed or carried so far that the budget can be adopted in its new form. So as regards the budgetary structures, I believe that the

promise of 1978 as a landmark has been fulfilled. Right the way through, the committees have shown themselves anxious to discuss seriously their particular sectors of the budget and to reach in total an independent analysis of the financial needs of the Community. I doing this, the committees have had to select priorities, and I hope that they will feel that the disciplined way in which they carried out their tasks has in general been rewarded by the final result.

I mentioned earlier that Council has now clearly recognized that there is need for a certain controlled expansion of expenditure, to stimulate investment in our economies and to fight unemployment. This is witnessed by the fact that the Council accepted far more of our amendments and far larger sums during its second reading of the budget than in any previous year. I would remind the House that in October we voted amendments for a total of 636 million units of account in commitments and 408 million units of account in payments. The whole Regional Fund question was left in abeyance at the time of the second reading, and of the remaining amendments of Parliament, totalling 275 million units of account in payments and 284 million units of account in commitments, Council accepted 171 million units of account in payments and 87 in commitments. So by the time of the meeting of 22 November, when we went to meet Council, the gap between the two Institutions had narrowed itself down to two issues—the Regional Fund, about which a decision was taken at the European Council on 6 December, and to which I shall return later, and the overall level of spending in other sectors, where the gap in payments was something in the order of 100 million units of account.

This figure is a very small proportion indeed of the total budget. I believe that the remaining differences between us can be resolved, given continued common sense and a willingness to move closer on both sides. I, for my part, shall certainly continue to work towards that end.

Before I go into the sectors in detail, I think I should just say one word about agriculture. I know that in the main we are talking today about non-compulsory expenditure, but agriculture plays such a large part in our budgetary affairs that no debate can take place, in my view, without reminding ourselves of its shadow over the whole cost of running the Community. Let us never forget that at the moment it is costing us about three-quarters of the total budget. Whilst too much is spent on guarantee and not enough on restructuring, whilst the present system too easily generates continuing surplus, yet no one can deny the need for an efficient CAP, and now that we have our new responsibilities for the raising of revenue, it is more than ever necessary that we continue to press for its thorough overhaul. All this has been discussed in earlier debates; my views are summarized in the resolution on the draft budget adopted by this House, on 26 October last, and in view of the time factor, I do not propose to go over that ground again.

## Shaw

What are the priorities and the guidelines that we have sought to achieve during this budget? Firstly, a new emphasis on social policy and the need to fight unemployment, which currently totals over 6 millions throughout the Community; next the development of a Community energy policy to cope with the threat of penury in energy which might cripple the Community's industries later in the century; a more comprehensive policy of aid to the developing countries and a greater development of resources to help those not associated with the Community; the starting up of an industrial policy for the Community to help certain industries in crisis, to restructure ageing industries, to help small and medium-sized enterprises, to coordinate certain national industries to face the competitive challenge outside the Community; the strengthening of the administrative structures of the Commission so that its staff can carry out effectively the tasks we assigned to them; a renewal and strengthening of the Regional Fund.

These have been our targets. So far as the social policy is concerned, as I shall explain, we have now reached agreement between the Institutions, and the aims of Parliament have been reached. With regard to energy policy, aid to the Third World and industrial policy, we have had partial success, with the two Institutions moving closer together to give considerably greater financial support. As regards staff and administrative policy, our demands were not agreed to by Council, and I shall be suggesting means of tackling this problem later. Finally, it is on the Regional Fund that the main point of divergence remains. I shall voice my deep dissatisfaction at how Council has dealt with this at the end of my speech.

With regard to social policy, I consider that we have as a Parliament made a breakthrough, and a great breakthrough, with the Council on the Social Fund this year. Council has in fact agreed to all Parliament's amendments concerning the Fund. An increase of 136 million EUA in payments as well as the transfer of a further 100 million EUA within the budget means that in 1978 the Social Fund will be able to play a far greater rôle in combating unemployment than in previous years. It means that we shall be spending in payments nearly three times as much as we spent in 1977. This will be welcomed by the whole House, and I think it is appropriate that we should welcome the great advance that has been achieved by the Council in moving towards us in this sector. I might add that the other amendments that we had in this field, too, were also accepted by Council.

The procedure as regards energy policy is more patchy. The Council agreed to the most important items in the energy package, particularly as regards hydrocarbons. It also agreed to some appropriations being included for the Community's energy-saving programme. But in general it did not approve finance

for new measures aimed at making Community energy policy more comprehensive. I propose that a considerable part of the increase which Parliament decides to put back in this final stage should be devoted to energy, which seems to me the remaining priority, apart from the Regional Fund, that is open to us. Upon adequate energy supplies will depend the future of our industries in Europe, and economies here can easily be false ones. The Committee on Budgets has not simply tabled the amendments that we voted for in October; we have critically examined all the decisions and have taken account of the state of preparation of the programme.

As regards industrial policy, again, we see that there has been some movement, particularly as regards data-processing and an aid to industries undergoing crisis. What we have to do is to select amongst those amendments from Parliament which did not find favour with Council and indicate our priorities. Certainly, the Committee on Budgets' view is that such aid as aerospace and the strengthening of the transport industry's infrastructure and industrial reorganization and research must be given our priority and backing.

On aid to developing countries, I think there has been real progress. In particular, I welcome the move that Council has made to step up support for financial cooperation with non-associated developing countries. Although most of our modifications on food were not accepted, the Council meeting on 28 November 1977 did accept higher figures for skimmed-milk powder and for cereals in accordance with parliamentary amendments.

With regard to the question of staff, let me briefly recall the history of our attitude to amendments on staff and administrative spending. I know that this is not a popular field for parliamentarians. In the preliminary draft, the Commission sought some 500 extra staff and justified these requests on a post-by-post basis. Council, when drawing up the draft, cut this figure to 100, and in my view did not adequately explain why. On behalf of the Committee on Budgets I carried out a thorough review of staff needs, and we concluded that it was necessary to strengthen the Commission's staff in three vital areas if it was to be able to carry out the tasks assigned to it. These areas were; security at the nuclear installations; agriculture, in all its various aspects; and basic administrative services within the Commission. At the same time, we proposed to cut back on language staff to compensate for the increase and to take account of the large number of unfilled posts. Finally, we opened up a few extra opportunities for career development for long-service officials who had remained blocked in their careers for many years. These three amendments were rejected by Council, with no additional justification. I have proposed — and the Committee on Budgets accepts — that we should retable our amendments in full.

**Shaw**

Now I come to our meeting of last night, when the Committee on Budgets met to review the amendment and to discuss to report from the Committee on Regional Policy. At this meeting, the Committee on Budgets, as it agreed on 6 December, re-examined its amendments tabled provisionally at that time and considered the question of the Regional Fund. After an extremely lengthy exchange of views, it was decided by 19 votes to 5 to retable all the amendments that had been put forward on 6 December and to table an amendment for the Regional Fund restoring the amounts — that is to say, 750 million European units of account in payments — voted by Parliament in its October part-session. A clear majority of the committee did not feel prepared to carry out any further reductions in the amounts and felt that Parliament should not accept the decisions of the European Council on the Regional Fund. It would not, in the view of the majority, represent a sufficiently substantial increase in the activities of the Fund. A minority of the committee believed that such a decision, the restoring of all Parliament's amendments and the voting of these extra sums for the Regional Fund might produce a conflict with Council, although I think it fair to say that it was the agreed view of the committee that such a conflict would not be Parliament's responsibility. I feel that the lateness of the decision made by the Council on the Regional Fund, together with the way in which that decision was taken, denied to us, as a Parliament, the proper time for consideration and also seemed to be trying to deny to us any say in what is, after all, a non-compulsory item. It has put us all in a very difficult position and I am not surprised at the Committee on Budgets' response last night. At the outset of my speech, I stressed the importance of the need for partnership within the budgetary authority. The attitude of Council in the matter of the Regional Fund has shown little or no understanding of this.

May I say in conclusion, Mr President, that later today, in furtherance of the hopes that I expressed earlier in my speech, Parliament's delegation will again meet with the President-in-Office of the Council to discuss the new situation created by the firm position adopted by the Committee on Budgets. On Thursday morning I, as rapporteur, will report to you on the outcome of that meeting and I hope that in the debate that takes place today and in the deliberations that will follow it, we shall be able to make the progress that we all desire.

*(Applause)*

**IN THE CHAIR : MR BERKHOUWER**

**President.** — I call Mr Eyskens.

**Mr Eyskens, President-in-Office of the Council.** — Mr President, ladies and gentlemen, I welcome the opportunity to speak in this budget debate. I shall

begin by reminding you that a great deal of progress has been made in a number of areas and on a number of problems which seemed insoluble only three or four months ago.

Mr Aigner has already spoken of a historical breakthrough on the Financial Regulation and I believe the same can be said of a number of other outstanding points. Firstly, we now have the conditions necessary for making the transition from the old unit of account to the new European unit of account. I promised you earlier on that I would try to make the transition definitive by 31 October. That proved impossible and I must say, in all frankness, that I began to doubt increasingly during the month of November whether we would in fact be able to introduce the new unit at all. The Belgian presidency left no stone unturned in its efforts to find the best formula for enabling the transition from the old IMF unit to the new European budgetary unit of account to be made. During the joint meeting of the Ministers of Foreign Affairs, Finance and Budgets on 21 November the Belgian presidency finally tabled a formula under which the nine Member States will apply the method of calculation most favourable to each one of them in determining their contributions to the 1978 budget. This meant that there would be a deficit, a negative balance. The European summit meeting also applied the formula of choosing the most favourable method of calculation to this negative balance, thus reducing the problem very considerably; in fact there may now be no deficit at all in 1978. This means not only that the problem of effecting the transition to the European unit of account has been solved but also that the problem of the influence of this transition on the contributions of the nine countries has been greatly alleviated; I see this as a very great step forward. The second important achievement is the definitive introduction of the system of own resources which there is no need for me to discuss further here. Thirdly, the European Court of Auditors has now begun its work and offers new possibilities for control. Fourthly, we have an agreement between the two branches of the budgetary authority on Article 203 with the distinction between appropriations for commitment and payment and the application of maximum percentage rates to both partners. Fifthly we have the new Financial Regulation which we discussed just now. There is one last point that I would like to stress: the spirit in which all this was achieved, a spirit of frank and open cooperation between the Parliament and the Council of Ministers.

I now come to the central subject of our debate: the budget. The draft budget submitted by the Council of Ministers in July was based on the principle of selective restraint. We have since seen no recovery whatever in the European economic situation so that a more expansionary expenditure policy is needed. That consideration certainly had a favourable influence on the attitude of the Council of Ministers, especially at our meeting of 22 November, as is apparent from a

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few figures which I shall now recall. The numerical difference between the respective positions of the Council and Parliament amounted initially to 630 000 000 EUA in commitment appropriations. Parliament's position was therefore 630 000 000 EUA higher on the commitments side and 400 000 000 EUA higher in payment appropriations. In the case of compulsory expenditure, the difference between the respective positions of the Council and Parliament was 30 000 000 EUA in commitment appropriations and 200 000 000 EUA in payments.

On 22 November 1977 the Council reached a decision on Parliament's amendments and proposed modifications.

What were the amounts involved? Mr President, ladies and gentlemen, you have seen all the figures.

At the Council meeting of 22 November an increase of 170 million EUA in payment appropriations and of 86 million in commitment appropriations was accepted for non-compulsory expenditure.

On 7 December the Council added a further 70 million in payment appropriations following the decision of the European summit on the Regional Fund and 182 million in commitment appropriations, again in the context of the summit decision on the European Fund for Regional Development. Together that makes 240 million. The Council added 182 million in commitment appropriations for the Regional Fund plus 86 million on 22 November, making a total of 268 million EUA.

The situation is therefore now as follows: in the sector of non-compulsory expenditure the Council has accepted 60 %, I repeat 60 %, of the payment appropriations proposed by Parliament, and 42 % of its proposed appropriations for commitment. I do not think we have ever seen this situation before.

Let us now look at the details, firstly as regards the Social Fund which is one of the major instruments of Community policy. In the case of the Social Fund, as Mr Shaw just reminded us, the Council of Ministers accepted all — I repeat, all — the Parliament's proposals in both commitment and payment appropriations. On the payments side a credit of 136 million EUA has been added. On energy policy — Chapter 32 — some 25 % of Parliament's amendments were adopted, corresponding to an increase of 20 million EUA in commitment appropriations and 6 million in payments. For financial cooperation with the non-associated developing countries the commitment appropriations have been increased from about 40 million EUA to 60 million. The situation regarding industrial and research policy remains unchanged in relation to the draft budget because the Council had made an important concession of 15 million EUA for industrial policy in a letter of amendment to the draft budget while a considerable effort had already been

made for research in compiling the draft budget itself. Out of a total of 170 million EUA in commitments and 207 million in payments, only some 20 million EUA have not been included.

I now come to a very important subject: the Regional Fund and the appropriations entered for it. The European Council laid down an envelope of 1850 million EUA for the years 1978, 1979 and 1980, of which 580 million were to be entered as commitment appropriations for the financial year 1978. I do not know whether the European Council was aware of the distinction that we make here between compulsory and non-compulsory expenditure but I do know, like you, that the European Council's decision was of a political nature; it was the outcome of very difficult efforts to strike a compromise between the nine countries. That compromise is a political factor of the greatest importance. When Mr Simonet comes to address you shortly in his capacity as President of the Council you will be able, if you consider this necessary, to put supplementary questions on the political significance of the agreement reached at the summit conference, on the appropriations earmarked for the European Fund for Regional Development.

I now want to put forward a number of other remarks for your consideration.

Firstly, the European Council took no decision on payment appropriations for the Regional Fund. The European Council simply pronounced on the commitment appropriations: 580 million for 1978. The Council of Budget Ministers considers that a margin is still open for payment appropriations depending on the technical and physical possibilities which the Commission must judge before the payments can be made in 1978.

I want to stress quite clearly that the European Council's decision applied to commitment appropriations only and not to appropriations for payment.

Secondly, we must now take a decision on the commitment appropriations for 1978. My view and that of the Council is that, unless we want to run the risk of a serious conflict between the Parliament and Council, we must stick to an amount of 580 million in commitment appropriations for 1978. I would add that for the two subsequent years, 1979 and 1980, despite the European Council's decision of principle, contacts, negotiations and amendments will always be possible. I have already said on another occasion that I do not consider it illogical for the 1979 and 1980 instalments of 620 million and 650 million respectively as decided by the European Council, to be concentrated on a shorter period. That seems to me to be a working assumption which will require further discussion from 1978 onwards.

Let us then stick to the first instalment in 1978, otherwise we shall have great political difficulties — which does not mean that certain aspects cannot be reviewed

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for 1979 and 1980 perhaps enabling improvements to be made.

My third point is that we must not simply confine all our attention to the absolute level of the commitment appropriations. If you commit 580 million for 1978 that does not automatically mean payments of 580 million in the same year. A situation in which commitment appropriations are limited to 580 million and expenditure actually effected by the Commission represents 90 % of that amount is better than a situation in which there are overall commitment appropriations of 750 million, only 50 or 60 % of which are in fact earmarked for spending. Let us not forget that point. Commitment appropriations create a possibility but we must then effectively implement our programmes and take specific decisions, sector by sector. If you increase the commitment appropriations, you have no guarantee that actual commitments will be made. I therefore propose that, if we hold to a figure of 580 million in commitment appropriations for 1978, we should urge the Commission with the utmost insistence to accelerate as far possible the rate of commitments and thus of expenditure and payments, so that the favourable effect of this policy can be felt in 1978 and 1979 and not just in 1981, 1982 or 1983.

Once again, we have here a political compromise achieved with great difficulty between the nine Member States. If we make any radical changes to it the result may well be a serious conflict between the Council and Parliament.

As regards compulsory expenditure the main point of contention between our two institutions was food aid. On 7 September the Council agreed to enter an appropriation for the delivery of skimmed-milk powder corresponding to a volume of 150 000 tonnes. This answers a proposal made by the Commission in the preliminary draft budget and in a later communication which formed the basis of subsequent discussions. The Council and Commission thus made an important step in the direction of the Parliament's position. For the supply of cereals as food aid the Council decided to maintain the status quo. It approved the quantity of 720 500 tonnes fixed in the draft budget after the Commission had withdrawn its proposal to increase the volume of cereals deliveries as food aid.

I therefore consider that the main difficulties have been smoothed out on the point of compulsory expenditure.

As regards non-compulsory expenditure I would like to remind you of the different phases of consultation. The draft budget of 20 July provided for an increase of 3.77 % in commitments. The Regional Fund was increased by 182 million in commitment appropriations to 580 million, representing an increase of 9.56 %. This brings the level of non-compulsory

expenditure in commitments to 13.38 %. Through the amendments accepted by it on 22 November the Council added a further 86 million, representing an increase of 4.55 %. For commitment appropriations we have therefore fixed a rate of increase of 17.88 % while for payment appropriations we have reached a rate of increase of 48.95 %. These two percentages show quite clearly that the Council has taken an important step towards the views of the European Parliament.

I do not want to discuss in detail the subject of the margin for manoeuvre, otherwise we shall all too easily fall into an argument about the way in which this margin is calculated. At any event, given the rates of increase, we have reached a point at which a joint decision by the Council and Parliament on a number of key points has become essential. We shall therefore try to reach agreement.

I now come to my conclusions. As regards the Regional Fund, we should not at this stage try to anticipate what will happen in 1979 and 1980. Let us rather see to it that the commitment appropriations are converted into practical programmes as efficiently and smoothly as possible. To avoid a political conflict which might arise at the eleventh hour, let us stick to the 580 million EUA in commitments for 1978; that does not rule out the possibility of an increase in payment appropriations in consultation with the Commission.

If my calculations are correct, your other amendments represent an increase of 140 million in commitment appropriations. If you approve those 140 million and we reach agreement on them, we shall have a rate of increase of 25.27 % in commitment appropriations. That is of course a great deal. I believe that we shall be able to pass a judgment of Solomon on those 140 million but I shall not quote any figures at this stage. I believe that both partners must move closer together.

According to the Council's calculations, the Parliament's margin for manoeuvre should be in the order of 40 million. The Council has authorized me to say that it is willing to let you exceed that margin, but not to the tune of 140 million. If we can reach our compromise on those 140 million you will have the necessary appropriations to introduce substantial additional programmes for energy policy and industrial policy.

You are asking for an increase of 53 million in payment appropriations. The Council has authorized me to say that here too it is willing to make a considerable step in your direction. I therefore believe that we shall be able to reach an agreement on the amendments amounting to 140 million in commitments and 53.4 million in payments. The one important point is the commitment appropriations for the Regional Fund.

## Eyskens

Let me repeat that there is still a margin for payment appropriations. We should see to it that the commitment appropriations are earmarked and used as quickly as possible. But Parliament must in the last resort decide for itself whether it wishes to run the risk of a major clash with the Council. If that happens, this year which has been the best in the history of the EEC as far as relations between our two institutions are concerned could yet turn out to be the worst. It would be the worst year if the budgetary procedure were to become bogged down, leaving us with a situation of having no budget at all. We should then be in a state of deadlock, in a cul-de-sac where we should have to resort to the system of provisional twelfths making any form of real policy impossible in 1978, the year of European elections, and completely undermining the credibility of both our institutions. I think that risk is too great to be worth taking. Let us face the facts and see to it that the good results achieved this year are not simply thrown away. Mr Président, ladies and gentlemen, I am making this appeal to you without unnecessary pathos. You know what your responsibility is. I know where the responsibility of the Council lies too. We must play the cards that we have in our hands. I want to stress with all the insistence at my command that we must not take the risk of turning the best year in our history into the worst.

(Applause)

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, we are now into the final stage of the discussion of the general budget of the European Communities for 1978. There is a saying that the last mile home is often the longest, and I imagine that those of us who have been most directly concerned with this year's budget may feel, perhaps, that the last mile is a rather longer mile even in terms of yards — or in metres as we now measure a mile — than any of the others put together.

There are, as the President-in-Office said, important problems still to be solved, important difficulties still to be overcome. Nonetheless, as I said when I spoke to the Committee on Budgets last night, the 1978 budget seems to me of especial importance, not simply because it is the first with which I have been connected, but because even people who have had the length and depth of the experience of the chairman of your Committee on Budgets, Mr Lange, and the other distinguished members of that committee all agree, I think, we have seen this year a number of very important new developments, a number of very important new institutional changes. Already this morning, we have discussed for the final time, I hope, the Financial Regulation. We have the introduction of the Community's own resources in full, and we have, too, the very

important adoption of the new European unit of account. The continued use of units based on parities now seven or more years old led to some substantial distortions and inequities in the way in which the Community's receipts and payments were organized, and these changes are all, I think, major triumphs, so much so that it would be a tragedy if they were now placed in jeopardy.

Nonetheless, we still have to face a number of important problems relating to the figures in the budget, and it is on these that interest at the moment turns. Since the Commission first put forward its preliminary draft budget many months ago, it has—and I would like to express my appreciation personally as well as in a corporate sense for this—received a great deal of encouragement from Members of the European Parliament and from Parliament as a body, and therefore we appreciate the difficulties that Parliament now faces at this final stage of the budgetary procedure.

Those problems are—as the President-in-Office has said—made more difficult by the complications surrounding the renewal of the Regional Fund. The President of the Commission, at the time of the meeting of Heads of Government, declared his disappointment, at the decisions on the Regional Fund and that the fund was not larger. While the increase in monetary terms for 1978 is certainly significant, and though too—and this I think is a point we must remember—the prospects for the future remain open, it is clearly understood that this is non-obligatory expenditure. It is clearly understood that Parliament's margin of manoeuvre can be brought to bear upon it. And I think there is a view shared by all those concerned with this matter that the fund should not again be allowed to lag so far behind inflation that its renewal causes the sort of problems that are now facing us.

The future, therefore, seems to me to be relatively bright, and we can look forward with a certain amount of confidence. For that reason too, we need to be very cautious about placing at risk the possibilities that lie ahead of us in order to overcome what, I think, is a temporary difficulty. All of us who were concerned in the meeting last night—and the same spirit clearly manifests itself in this full meeting of the Parliament today—are anxious to find ways through the present difficulty. All of us understand that the Council does not have the right, does not have the power, to face Parliament with a *fait accompli*. All of us accept too, I think, that Parliament, as a co-equal member of the budgetary authority, does not have any greater right or any greater power to face the Council with a *fait accompli*. All of us recognize that over the last few months there has been a good deal of movement, of progress, that this has not been a case of one part of the budgetary authority standing pat and the other

## Tugendhat

being dragged towards it like iron filings towards a magnet. It has been a case where, I think, there have been two magnets of considerable force and their fields have overlapped to a great degree. There has been a considerable movement on both sides towards the common object of reaching an agreement, an agreement which, I think, all of us recognize is very much in the interests of our Community.

Having said that, I would like to say a word about the link between commitment appropriations and payment appropriations. It is a subject that has dogged this year's budget procedures. In plenary sessions of Parliament, in meetings of the Council, at private conciliation meetings between the President and myself and Members of Parliament, it has been a recurring and constant theme.

When one sees a difference of view over a particular figure there is a very strong temptation to say, 'Let us leave one column the same and make up the difference on the other'. I have endeavoured to be quite frank with both the Council and Parliament over this particular matter. We cannot get away from the fact that payment appropriations in the end are determined by the level of commitments. There is no getting away from that fact. We cannot undertake payments unless the commitments are there. That is clear. There is, as I have said, some scope. There is always some scope for either hastening public expenditure programmes or for slowing them up. And all of us who have had experience in national politics know that from time to time it is necessary for a government either to speed up or slow down the rate of spending.

But we are operating at the margin. And that is perhaps, particularly true of Community expenditure of the type of the Regional Fund. At least the British Government, the French Government or the Belgian Government—or whatever government it may be—is in control, inasmuch as any government is ever in control, of the rate of public expenditure within its own country. But the Regional Fund is based on reimbursements that we are not able to pay out until the Member States have themselves paid out. I do not hide from you, in any case I am sure you all know, the fact that some Member States are rather quicker and more efficacious in these matters than others. The Commission will certainly use its best efforts—as I have said at the Council and at private meetings of Members of this Parliament and of the Council—to facilitate a political settlement by trying to increase the rate of spending. I have given some indication of the scope that exists for that. But we are in the end limited by the commitments that we have, and we are limited by the rate of spending in the Member States.

If—and I mean this in all seriousness—we were to seek the advice of the Emperor Bokassa, I daresay that we could have a dramatic increase in the annual rate of spending in some parts of our Community. The

extent to which the Central African Empire has demonstrated an ability to spend immediately a very high proportion of its national income is something which should give us all pause for thought and opens up some exciting possibilities. But I do not think that we have it in mind to use the Regional Fund for quite such exhilarating purposes as that. If we are going to foreclose such options as that, it really is very difficult to have a dramatic rate of increase in Southern Italy, Western Ireland, Northern Scotland or any other part of the Community in which the Fund does such good work. If we go too far and too fast in bringing forward next year's commitments to this year, we may well find ourselves creating disappointments and disillusionment in the future. One of the great merits of the Regional Fund is that, in general, its rate of spending has kept up very well with the rate of commitments. It has avoided the kind of problems which have dogged the Social Fund and of which we are all aware.

Let me make one thing clear, Mr President: I am very anxious that the Commission should do all it can to facilitate compromises and bring about a meeting of minds. But we must bear in mind that there are practical limitations, and although we are all of us here to make political judgements, although we have reached a stage in the budgetary procedure where politics is taking over from economics, there is the danger that politics can sometimes be the enemy of sound economics. I do not think we want to go too far in that direction. Political economy is, as Adam Smith said, both politics and economics, and sometimes the one can be the enemy of the other. Our purpose here, it seems to me, is to try to reconcile the interests of the two, and it is in that spirit that I am putting forward my proposals. I do not think there is any need for me, at this stage, to repeat at great length what I said yesterday in the Committee on Budgets. I said then that I thought there had been great progress, that there were a variety of very important programmes which stood to be sustained and improved by the increases now on the table. I think—and my words are addressed equally, if I may say so, to both arms of the budgetary authority—it would be a great tragedy if at this stage those increases, which could do so much good in energy and industry, in overseas development, in improving the efficiency of our own institutions on the staff side, were put at risk along with the institutional innovations by seeking to precipitate a crisis. It takes two to do that, I quite agree. But, if a crisis occurs, the Community itself would be the loser and many of these programmes would suffer. The one-twelfth rule would certainly hamper everything we were trying to do. A great deal is at stake and the gap between the two sides seems to me sufficiently narrow to make it very difficult indeed to believe that it would be right to place all those things at risk. The Commission, as I said earlier, has stood by its proposals, and I hope very much that we shall now see this matter brought to a successful conclusion.

### Tugendhat

I will now turn to some other matters that face us. First of all, the amendments intended to freeze appropriations entered under certain headings. Such freezing—I must say this—is not authorized under the Treaty or under the Financial Regulation—either the present one or the one agreed for 1978. It is, moreover, quite unnecessary, since Chapter 100 exists precisely for this purpose. As you know, under the new Financial Regulation, Parliament will have the last word on transfers from Chapter 100 to non-obligatory expenditure, and will be consulted about such transfers of obligatory expenditure. It is, therefore, I feel, inconsistent on the part of Parliament to criticize the Commission for failing to carry out its responsibilities under the Treaty for the execution of the budget, and at the same time seek to impose non-Treaty barriers to the correct execution of these same responsibilities. I hope, therefore, that these amendments will not be accepted, particularly those relating to the opening of offices in Madrid and Lisbon, all the more so as I am ready to undertake to send to Parliament early next year a report on the Commission's policy on external offices.

This leads me to the final section of my remarks, which include some short comments on the budgetary procedure now that I am approaching the end of my first experience of the total procedures. First of all, allow me to repeat the position of the Commission. We believe that the preliminary draft budget which we put forward in June and which we presented to Parliament at that stage represented, and still represents, a serious attempt to provide for a range of Community policies which could meet the needs of the Community as a whole in the present difficult economic circumstances. We have maintained our proposals throughout, and the only changes we have countenanced have been for technical reasons or because delay in the Council has made the earlier estimate unsound. We continue to believe that a more balanced budget is needed as the expression of a Community which is developing a range of actions outside the agricultural field to tackle those urgent common problems which can be better resolved by action at Community level than at national level.

Given the political effort and judgement and a Commission devoted to its preliminary draft budget, we can only regret the attitude of the Council, particularly at its first reading in July, when it cut non-obligatory commitments proposed by the Commission below those of the previous year. Let me make it clear that I do not criticize any one particular Member State or any group of Member States for this attitude, certainly not the presidency, which has played an imaginative and constructive rôle throughout this process and played it with great skill. It is rather the general approach—an abandonment, if I may say so, of responsibility—which is shown by the Council as a body. Excessive cuts were made to the budget in the

summer when a majority was needed to approve. Then, when Parliament reacted by seeking to restore the consequences of this excess, the Council accepted some of Parliament's amendments. However, it did so not by a considered exercise of its responsibilities to define the needs of the Community, but by the sometimes haphazard play of the inverted voting system, by which a majority at this stage is needed to oppose. Parliament's attitude is, I think, a contrast to this and represents a more serious attempt to exercise its budgetary responsibilities.

I should here like to pay tribute to the work of the many parliamentary committees which have spent so much time examining the draft budget and proposing amendments. This is exacting work and is, I know, often carried out under pressure of time. None of the committee, however, deserves more praise than the Committee on Budgets itself, and I would like particularly to mention Mr Lange, the chairman, and Mr Shaw, the rapporteur, both of whose contributions have been extremely great. Parliament and the Council are jointly the budgetary authority of the Community, but clearly problems have arisen and will continue to arise if the approach of each to the Community budget is so very different and that gap is, in my view, likely to increase rather than diminish if nothing is done. A directly-elected Parliament, building on the sure foundations which you, Mr President, and your colleagues and predecessors have laid, with the greater authority which their status will confirm, will no doubt further develop and refine the objectivity and seriousness of Parliament's procedures.

I believe that the Council must try in parallel to adopt a more constructive approach. Without such an approach, conflict between the two halves of the budgetary authority is the more likely. If the Council established at its first reading a responsible draft budget which met at least the minimum needs of the expanding Community, if we had a more careful analysis of the needs of the Community at the first reading, the question of the margin of manoeuvre which is now bothering us so much would be much less important. But if, as we have seen this year, the Council simply cuts everything right away at the beginning, clearly the interpretation of the margin of manoeuvre becomes a very serious and difficult question. My own view is that it is very important that we should not produce a situation in which the Council used up the whole of Parliament's margin of manoeuvre at its second reading in November, without giving Parliament the chance to exercise any of the influence clearly intended to be its own under the 1975 Treaty. That is not acceptable. Parliament's margin of manoeuvre could be wholly or nearly used up by the Council's own selection from whichever of Parliament's amendments it particularly prefers. That could leave Parliament with a very much smaller influence than was envisaged under the 1975 Treaty. The

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definition of the margin of manoeuvre is clearly going to have to be examined, and it will have to be worked out once again between now and this time next year.

But my own view, speaking now at the end of my first experience of a complete budgetary year, is that one place where we could substantially improve the budgetary procedure is the examination of the main elements of the budget that is undertaken in the spring at the Joint Council of Foreign and Finance Ministers. This examination lies outside the budgetary procedure and is clearly not an appropriate occasion to discuss figures. But when we begin in the spring with the Joint Council of Foreign and Finance Ministers, and then separately with Parliament, I think it would be an advantage to all concerned if the main options were more clearly brought out—and responsibility lies on the Commission to do that—and if a clearer indication was given by both arms of the budgetary authority and more especially, if I may say so, by the Council, as to where the priorities are, where the emphasis should be, so that when we bring forward our budget—our preliminary draft budget—we know that we are operating within a framework which has had, broadly speaking, a favourable opinion from those who are going to have to exercise the responsibility of defining and deciding what the final budget should be. Responsibility certainly lies with us to try to bring forward a clearer and more improved budgetary assessment setting out all the various options. A great responsibility, I think, also lies with the Council and with Parliament to ensure that a clearer choice of options is made at an earlier stage, a clearer indication of where the emphases should be, so that the kind of across-the-board cuts and restitutions that have been a feature of this year are rendered unnecessary in the future. That is looking ahead, Mr President, to next year, looking ahead beyond Christmas and indeed, on this occasion, beyond Easter as well. For the moment we have more immediate problems to tackle.

I conclude where I began, by saying that, as representative of the third of the institutions involved, it has seemed to me that great good will has been shown on both sides, that great efforts have been made to reach a compromise. We all of us know what it is that would precipitate a crisis and how much there is to lose. We all of us recognize that the two arms of the budgetary authority have thus far in the proceedings treated each other as equals, and that on a basis of equality a compromise can be found which will enable the Community as a whole to gain, because if the budget is left in a state of suspense, if we are reduced to the one-twelfth rule, it will be the Community as a whole that will lose.

*(Applause)*

**President.** — I call Lord Bruce of Donington to speak on behalf of the Socialist Group.

**Lord Bruce of Donington.** — Mr President, on behalf of my group I would first of all like to offer our congratulations to Mr Shaw, the rapporteur for the current year's budget. Very few people know the degree of thoroughness which he has brought to his task, the total amount of labour that has been involved in it, or the frustrations which he must have endured, partly at my own hands. We do indeed congratulate him.

As I listened to Tugendhat just now, I called to mind his reaction when the Council took some 700 million off this preliminary draft budget. He described it then as 'death by a thousand cuts'. Today, in very gracious words, he has acknowledged that the cuts have probably been reduced from 1 000 to about 250, but he has not succeeded in reviving the corpse. Today, very colourful language has been used to describe the existing position. It has been said that the budget of 1978 is somehow unique: it has been said that during the budgetary process a number of breakthroughs—whatever that may mean—have been made, and finally, it is said that, unless some agreement is arrived at between Parliament and Council, some crisis will arise. Let it be said immediately that there is nothing at all unique about the 1978 budget: it is exactly the same in the broad essential elements as the budgets of 1976 and 1977. In 1978, as in the previous years, the budget is dominated, to the extent of 75% of the proposed expenditure. It is compulsory, and it is dealt with compulsively. The expenditure on the common agricultural policy—this juggernaut which neither Council or Commission can ride, this policy which has been so often derided now, from all sections of the House, that it appears almost unkind to go into any further detail—this remains unchanged.

Moreover, the Council's attitude towards it is ambivalent. The Council gives the impression to Parliament of an organization composed of representatives of the Member States who are engaged on a meticulous financial operation, where everything is given the most detailed scrutiny in the public interest, in conformity with a political policy. In the field of agriculture, representing 75% of the budget, this impression does not apply at all. Put forward proposals for the expenditure of another 200 million on agriculture and the Council of Ministers will not even bother to wink at it! In fact, I doubt whether they would ever see the paper. It is when it comes to the non-agricultural section of the Community's budget that the eagle eyes of the Council immediately begin to focus on the minutiae and when, every now and again, they are inclined towards developments on the most modest possible scale—and it is modest—towards some constructive Community policy in the non-agricultural sector—as, for example, this year with the Social Fund—it is described as a breakthrough: it is but a thimbleful out of the ocean, and they ought to know this! Every time there is even the slightest sign of movement towards the development of a Community policy in the field of energy research, or in the industrial field, or in aid

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to developing countries, or in the social field, or in regional problems, involving minor sums compared with the vast expenditure on the common agricultural policy, this is then described as a breakthrough. It is nothing of the kind! All it really amounts to is a defensive reaction to the political pressure that is progressively being exercised on both Commission and Council by the European Parliament and by public opinion outside. This is all it amounts to, and nothing more.

The item currently in dispute between Parliament and Council amounts to 222 million units of account. That is a ridiculously small sum to bother about. In fact, it amounts to one fiftieth of the total expenditure on the common agriculture policy. And this is the item about which we are told there is going to be a crisis. What?—for one fiftieth of the current and uncontrollable expenditure on the common agricultural policy? Are the Council going to create a crisis over that, while they are spending twice as much on storing rotting butter and deteriorating skimmed milk? Are they really going to lay at Parliament's door the responsibility for causing a crisis because they refuse to be even modestly constructive in meeting Parliament's legitimate demands? These matters should be discussed in proportion, and in common-sense terms. The amounts involved are so trivial that to talk about a crisis is really quite beside the point.

Now, I want to deal with the two main items upon which the Committee on Budgets decided last night, by an overwhelming majority, to sustain Parliament's position. The first series of amendments, covering the fields of energy, industry, and aid to developing countries, amounted in total to some 129 million u.a. in commitments, and some 52 million in payments.

My group, Mr President, will sustain the Committee on Budgets and will seek to sustain the parliamentary delegation in its insistence that these items be retained.

I now pass to the Regional Fund. I really must confess my astonishment that so much should have been made of the very marginal concessions that have been 'granted' by Council. The purpose of the Regional Fund was, of course, to help reduce the disparities between the less-favoured regions of the Community and those that were more favoured: those areas of the southern part of France and Italy, northern England and other parts of the Community that were disadvantaged. Parliament would be interested to learn that, as a result so far of the Community's endeavours in the Regional Fund, and according to the Commission's own papers laying down the guidelines for future policy and reporting on the operations for 1975 and 1976, the total operations of the Regional Fund saved, or restored, 60 000 jobs in the year 1975 and 55 000 in the year 1976. According to Commissioner

Thompson, when he was speaking last year — and the position still obtains — in spite of all the operations of the Regional Fund, the richer parts of the Community are getting richer and the poorer parts of the Community are getting poorer, and we are still living with unemployment affecting between 5 and 6 million people in Europe.

This is the background against which we are discussing the Regional Fund. That instrument was supposed to play some significant part in redressing the balance in Europe. We are not now talking of goodwill between Council and Parliament. We are not even talking of conciliation and matters of that kind. We are talking about people in Europe, people outside this Chamber, people who have been told in their national press, and by the European press, that one of the reasons why the nine nations of Europe should combine together was that Member States acting on their own could not hope within the world economic context to solve their own problems nationally. They were told in ringing terms that by banding together as the Nine in Europe, there would be a far greater chance for these deep and personal problems to be alleviated. This was the prospect that was offered to the people of Europe.

Now, nobody expects miracles. Nobody, expects, within a matter of months, or even years, that the institutions of Europe, working together will come speedily to an agreement as to what arrangements ought to be applied on a Community scale. That would be unreasonable. There are different traditions; there are different political systems; there are even different ways of thinking. These problems take an enormous time to solve, and progress is essentially slow. You cannot, in an organization like the Community, hope to make gigantic steps forward. The very nature of the Community does not encourage that. But what Europe is entitled to expect is progress year by year, resolute progress in that direction, so that some part of the vista that was shown to the people of Europe can, at any rate, be seen to come into focus, the plant can be seen to grow just a little, instead of being bogged down this year, as it was last year and the year before, in the same old dead, dull formula. This is what Europe is entitled to expect — that there shall be some visible sign of a political will developing amongst the Nine which, if only for a moment, for five minutes, extends beyond a consideration of affairs connected with the common agricultural policy. These are the things for which Europe is looking.

Europe expects the same purposeful, intellectual endeavour to be made in bringing some help to industry and to the various deprived geographical regions of Europe as has evidently been made in connection with the common agricultural policy, which covers only 8 % of the employed population of

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Europe. These are the things that the people of Europe will be looking for, and these are the things for which my own group is now looking.

My group has loyally, year by year, in spite of its critical analysis — and often in conjunction with other groups — said: 'Well we must in the end arrive at an agreement with Council; after all, it is the agreement itself that is important'. This time, it is not the case. This time, my group is prepared to stand up and be counted, and to say that there should be no tampering with Parliament's will in connection with the establishment of the Regional Development Fund, as unanimously agreed by the Committee on Regional Policy. My group are prepared to stand on that and the rest of its amendments.

There may well be scope, as President Eyskens was kind enough to indicate at the conclusion of his remarks, for compromise. I am also in favour of compromise, but let the initial position of Parliament and of the Socialist Group on this matter be unmistakably clear. It will need some convincing to shift its position, and one does hope that, in the conciliation procedure that will follow, Mr Eyskens will be able to bring forward some fresh ideas, in addition to those that he has been kind enough to propound today, to enable the parliamentary delegation, with the support of my group, to arrive at a final agreement.

We do not want a crisis, Mr President, whatever that may mean, but we decline to take the view that if there is one, we ourselves, as a Parliament, will be solely responsible. Council have a responsibility. We ourselves, as a Parliament, are trying to face up to our political responsibilities as we see them, in the light of past events and within the flow of events. We now call upon Council to take their political responsibilities seriously and meet the express will of Parliament.

**President.** — I call Mr Aigner on behalf of the Christian Democratic Group.

**Mr Aigner.** — Mr President of the Council, ladies and gentlemen, I want to begin by expressing the warm thanks of my group to the rapporteur. You have received a great deal of praise today, Mr Shaw, and I simply hope that with your sense of diplomacy, energy and incredible sense of duty you will be able to bring these discussions to a successful conclusion; that is something we all want, Mr Shaw, because this may be a round chamber but it is certainly not a bull-fighting arena. We are condemned to succeed and both sides must do everything to achieve success — I say both sides advisedly, not just one of us.

To enable this final agreement to be reached I would, however, ask you, Mr Shaw, on behalf of my group on no account to throw away as bait to the Council any of the matters which this Parliament has placed at the head of its list of priorities. The key sectors are uranium prospecting, coal-fired power stations, energy

saving, coal gasification, geothermal energy, nuclear fuel supplies, primary raw materials, documentation research, aviation research, transport infrastructures and interest rebates in the industrial sector. Those are priorities which this House has set for many years in many budget debates. They cannot be sacrificed. You yourself made proposals yesterday for disaster aid and aid to non-associated countries. Those are points which remain open to discussion. Mr President of the Council, we have always opposed the principle of supplementary budgets and if the Council now says that we are prepared to pay if disasters occur so that it does not matter what amount we enter — 5 or 50 million EUA — because nobody knows how much will be needed in the event of a disaster actually happening, we would answer that experience of previous years shows that the existence of an appropriation for this particular purpose can always help to reduce the risk of supplementary budgets. My group and I are therefore reluctant to subscribe to the Council's view, but if there is no other solution we shall have to work on these lines.

A word now on the state of the budgetary procedure. I am grateful to you, Mr President of the Council, for putting your own position so clearly. May I just point out again that the rates of increase which we have now reached amount to close on 18 % for commitment appropriations and 49 % for payment appropriations. This means that we have moved beyond the first phase of Article 203. Of course there are many possible interpretations but in reality we always come back to the same formula: we have to reach agreement on the level of expenditure and everything else will then follow. I repeat we are both condemned to succeed.

This is very important because there is also the legalistic view that the Council may simply leave Parliament a margin for manoeuvre in the Committee on Budgets but it is dangerous because it means that the Council would then in practice still have the last word: in fixing its figures it would simply allow for Parliament's margin for manoeuvre and reduce its own margin for manoeuvre in full. Consequently the legal position is quite clear and I believe the Commission, Council and Parliament are in agreement on it. If the statistical maximum rate is exceeded by the Council and Parliament there is only one possible solution — that of reaching joint agreement. This is very important because it points the way to an increase in our budgetary powers.

On the subject of parliamentary powers I would also appeal to Lord Bruce, whose combative spirit I greatly appreciate to do all he can to persuade his party in Britain to support our position: there are certain difficulties in Britain, one of them being direct elections. We still have no fixed date and you know what is involved in those elections. I do not share Lord

## Aigner

Bruce's pessimistic view of the situation but share that of the Council President who has said that a great breakthrough has been achieved with these budget negotiations. I must say that I was astonished at the sums earmarked by the nine Heads of State for the Regional Fund. I was even more surprised that the European unit of account is actually to be introduced. I think the President-in-Office of the Council deserves our special thanks here because it took little short of a stroke of genius to reconcile the different views on the European unit of account by leaving each country to choose its own instrument and assuming that some way or other would be found of closing the financing gap. We shall see how this turns out in practice but the European unit of account — a categorical demand on the part of this Parliament — forms the basis of the budget and that is a great success which cannot be played down.

I have expressed my surprise at the amount entered for the Regional Fund. What then are the implications of this decision by the nine Heads of State to provide 1800 million EUA for the Community over three years? The result is that all the underdeveloped regions are now guiding their expectations by this figure 1800 million over three years. It should therefore not come as a surprise to you, Mr President of the Council, that we now want to achieve this aim. The whole conflict we are discussing simply concerns the question as to how this decision of the Heads of State is to be implemented. I can imagine that the nine Finance Ministers, faced with the decision taken by the Heads of State on their Olympian heights, are now trying to interpret it in the way which best suits their purposes. I understand that position but cannot agree to it. On the subject of the 750 million commitment appropriations I think Mr Tugendhat was right when he said that we have entered 525 million in payment appropriations and 750 million in commitments and that a high figure on the commitment side is essential to enable payment authorizations to be made smoothly. If we need such a high commitment level to achieve payments of 525 million it is easy to understand why Parliament is now saying saying a still higher commitment figure should be entered if we are to approach the first instalment of 580 million set by the Heads of State. The Finance Ministers say that these are commitment appropriations and not payment appropriations. But we have never yet seen 1 850 million made available for three years with only commitments for the first year; what is usually done is to enter payment appropriations of an appropriate amount for the first year and then commitment appropriations for the second and third years. That has been the normal practice in this House. The trick now seems to be to string out the first amount of 580 million fixed by the Heads of State. Mr President of the Council, we are afraid that the three-year period will become six years and that the whole thing will be strung out like a piece of chewing gum so that our hopes will not materialize. That is why I said yesterday — and specifically asked for my remark to

be recorded in the minutes — and now repeat in public on behalf of my group that I personally am willing to leave the commitment appropriations at the figure of 580 million if we are able to at least approximately reach the figure of 525 million in payment appropriations for the first year — after all our original decision was for 750 million in commitments and 525 million in payment appropriations. I am well acquainted with the situation. The nine Finance Ministers could scarcely sit down and fix a new set of figures going beyond the decision taken by the Heads of State. That might easily precipitate a crisis because the ministers lack the necessary authority and their position is directly dependent on the Heads of State. Their very political existence depends on the Heads of State. Consequently our aim must be — and here, I believe, we all agree, including Lord Bruce — to get as close as possible to our original figure in the region of 525 million. Mr President of the Council, you can quite easily enter 580 million as the first instalment because all nine Finance Ministers are covered by the summit decision; that will be the commitment figure and we know it cannot be used in full. I would be pleased if we could spend 500 million. But there is now a new factor. We adopted today the new Financial Regulation. For non-compulsory expenditure Parliament is entitled to effect transfers under its own responsibility, using its right to the last word. That means, Mr Tugendhat, that whatever the amount actually spent you will still have as payment appropriations in 1979 the amounts carried forward from 1978. Ultimately that will result in a faster outflow of funds and a more rapid implementation of our regional policy; we should also be broadening the basis of our solidarity to an extent which would make for further progress in other sectors of Community policy.

A word now on the other problems. I am pleasantly surprised — because we were not all expecting this development — that the Council has evidenced its good will to achieve complete financial autonomy for the Community, even if the way in which this is to be done does not fully reflect our own views. We do not know how this will turn out in practice but we now have proof of the resolve to achieve complete financial autonomy for the EEC. The one condition which we laid down in adopting last year's budget — namely that there would only be another budget if financial autonomy were achieved in 1978 — has thus been almost fully met. I hope that we shall in fact achieve our aim of complete financial autonomy in this budget year.

We are also particularly pleased to note that all our ideas on social policy — I am surprised how little attention this has been given in the debate — have been accepted in full by the Council. Mr President of the Council, I hope too that the conciliation procedure on the reform of the Social Fund will soon be opened so that the aims in that sector can be achieved on the basis of the joint political resolve of the Council and Parliament.

**Aigner**

One last word on European agricultural policy which has been touched on both by the rapporteur and by Lord Bruce. Mr President, ladies and gentlemen, I never cease to be astonished at the ignorance which surrounds our discussion of agricultural policy — although I am not referring here to the rapporteur. Everyone knows that there is a great deal of room for improvement and that discussions are very difficult both in connection with the budget and at the meetings of the Council of Ministers of Agriculture. But the fact remains that this system is cheaper than others. Look at the subsidies paid in the United States and the input and output figures in the Soviet Union. Despite all the criticisms we still have the best system to be found anywhere in the world. Our consumers are assured of reasonable prices which can no longer be taken for granted elsewhere. And we have a production capacity which is surely the envy of all other systems. Mr Bangemann, I wonder whether you would really like to see European consumers exposed even for a couple of years to the speculative waves of world market prices. The consumer would then realize quickly enough the value of secure food supplies and secure agricultural production. A few years ago we saw — and I am sorry Lord Bruce is not here to listen to me — how sugar prices shot up by two or three hundred per cent when output fell by only a few per cent. I think Lord Bruce and his fellow-countrymen were very pleasantly surprised to see the financial aid provided by the Community. I know it is human nature but I really think we should not always try to pull the sultanas out of the cake; let us rather distribute what we have fairly and evenly among ourselves.

I will end with the hope that the Council will take up our suggestions so that we can arrive at a compromise acceptable to both sides and making for further progress in the Community on the matter of the relationship between payment and commitment appropriations for the Regional Fund.

*(Applause)*

**President.** — The proceedings will now be suspended until 3.00 p.m. The House will rise.

*(The sitting was suspended at 1.05 p.m. and resumed at 3.10 p.m.)*

**IN THE CHAIR : MR COLOMBO**

*President*

**6. Petitions**

**President.** — At its meeting of 27 October 1977, the Committee on the Rules of Procedure and Petitions examined and found admissible Petition No 2/77 by

Mr Merschorf and others and Petition No 6/77 by Mr Adel and others, and pursuant to Rule 48 (4) of the Rules of Procedure decided to forward them to the Council.

**7. Question Time**

**President.** — The next item is the questions to the Commission, the Council and the Foreign Ministers meeting in political cooperation (Doc. 437/77), in accordance with the provisions of Rule 47a of the Rules of Procedure. I would ask Members to put their questions in strict conformity with these rules. We shall begin with the questions addressed to the Commission of the European Communities. The representative of the Commission is requested to answer these questions and any supplementary questions.

Since its author is absent, Question No 1 by Mr Bettiza will receive a written reply.<sup>1</sup>

I call Question No 2 by Mr Corrie, for whom Lord Bessborough is deputizing:

In January of this year the President of the Commission gave us to understand that he would be treating this House as if it were a directly elected Parliament. Will the President tell the House how this has worked out in practice?

**Mr Jenkins, President of the Commission.** — I stand fully by my statements earlier this year. I believe that a close relationship between Parliament and the Commission is indispensable to the proper working of the Community. I also believe that all Community institutions should seek to enhance Parliament's political and public impact in the period before direct elections. The Commission has taken steps to improve its procedures in three areas of critical importance to Parliament. First, it has proposed the use of the concertation procedure more frequently than ever before. It has been used seven times this year, compared with three in 1976. Second, it has intensified its efforts to ensure that the proposals it puts to the Council shall meet with Parliament's approval. Third, in following up Parliament's opinion, the Commission has paid greater attention than in the past to the amendments put forward by this House. Finally, the Commission has recently discussed a number of proposals designed to reinforce its relationship with Parliament and to enable it to play its part in the efforts which Parliament itself is making to give the proceedings of Parliament greater public impact. Earlier today, together with the Commissioner responsible for relations with Parliament, Mr Burke, I communicated the gist of these proposals to you, Mr President, and I am confident that, as a result, the relationship between our two institutions can become still closer in the future than it has been in the past.

<sup>1</sup> See Annex.

**Lord Bessborough.** — Could the President of the Commission say how many of Parliament's amendments have in fact been accepted recently — that is to say, over a reasonable period — by the Commission, and could he say whether these amendments have been passed by a substantial majority?

**Mr Jenkins.** — Let me give two sets of figures which are, I think, relevant. Last month, for example, Parliament put forward 21 opinions. In 20 cases, the Council will be deciding on a text on which the Commission and Parliament are in agreement. There was only one case out of 21 on which there was disagreement between us, and that on a fairly minor point.

Secondly, regarding parliamentary amendments to proposals from the Commission, which was the precise question, the proportion of acceptances in the first 11 months of 1977 was 86 %, compared with 52 % in 1976. I think this represents a very considerable change indeed. I have not got figures before me which would show exactly what account we took of the size of the majorities. I suppose it could be argued that a majority is a majority; there is a famous phrase about that, which will be familiar to Members of the British Parliament at any rate. But I think that we should have, at any rate, in the back of our minds, if not in the forefront of our minds, the extent to which Parliament is near to a strong consensus of opinion. But I can assure you, as I think the figures I have given indicate, that we are taking increasing notice, and wish to take the fullest possible notice compatible with preserving our own responsibilities for what we think is right, of the views put forward by Parliament.

**Mr Dalyell.** — Yesterday, I raised with you the issue of how the Commission proposed to report to Parliament on Monday afternoon, since Commissioner Burke agreed that it was not a very satisfactory procedure, and many colleagues have been complaining about this ever since July. I wondered if the President would say anything about how he thinks the report to Parliament should be given on the first day of the session?

**Mr Jenkins.** — Well, this is an issue which we have been discussing in the meeting which I have just held with the President of Parliament. It is a slightly complicated issue. I think it is felt that all Commissioners should be here — so far as is compatible with responsibilities outside the Community — for a substantial part of each part-session. That is certainly a rule which I follow myself, and so, I think, do my colleagues. But I do not think it is considered possible for every Commissioner to be here from Monday afternoon to Friday, lunch-time or Friday afternoon. We have this situation on Monday evening in which a wide range of questions can be raised, and it is very difficult for any one Commissioner to give a useful

answer on technical matters, detailed matters covering the whole range of Commission responsibilities. I am sure it would be accepted by all parliamentarians here that that would be impossible in any national government. What we have to try and do is to strike a balance between taking into account what Parliament says on the Monday afternoon and ensuring that under the 'action taken' procedure, Parliament has the benefit of a considered answer from somebody who knows the details. This is precisely one of the questions which, following our meeting today, we wish to consider a little further. We take a very flexible view about whether we should revert to the previous procedure or can now work out a better one, but the two objects we have in view are, first, that when people raise issues on Monday, they should feel that notice is taken by the Commission of what they say, but, secondly, that issues should be raised at a time which enables somebody in the Commission who knows the matter in detail to be able to respond, if necessary, to Parliament.

**Mr Fellermaier.** — The President of the Commission has just quoted two impressive figures which were that in 1976 the Commission took account of 52 % of Parliament's observations by submitting amended proposals to the Council of Ministers while the figure rose to 86 % in 1977. The following political conclusion must be drawn from that: how did the Commission take over the views of Parliament on decisive political issues? We cannot work here with simple percentages even if the percentage figure for a thousand proposals suggests a high level of agreement: what we need to know is whether the Commission took account of Parliament's objections on decisive political matters relating to the further development of the Community and its internal cohesion. If you could illustrate this by a few examples, Mr Jenkins, the figure of 86 % might look even more impressive.

**Mr Seefeld.** — Quite right.

**Mr Jenkins.** — I would not like to give a list of a substantial number of issues. May I say that one object we have in mind is to be able to put forward proposals which will command the support of Parliament without amendments being necessary. I have indicated that while we cannot always be bound by this — because sometimes we must all take our responsibilities as institutions in the Community — the Commission should have a view as to what proposals are likely to command support in Parliament. I cannot, in dealing with a large number of issues, give a list, but I would mention again the figures I gave. At the moment, dealing with last month, we have only one issue where we have a difference of view on the proposal to be put before the Council, and this, I understand, deals with the form of seats in agricultural tractors. This does not suggest that we are having a great

**Jenkins**

dispute with you on matters of major importance, as opposed to those of relatively minor importance.  
(*Laughter*)

**Mr Klinker.** — I want to put a practical question to the President of the Commission. We are dealing with fishery problems at present and we find that the Commission's proposals are submitted at very short notice leaving us little time to discuss them properly in committee. We also note that the Council of Ministers is discussing these matters at its own meetings before Parliament has delivered its final opinion. Does the President of the Commission consider this procedure acceptable and would it not be preferable to plan a proper timetable so that these matters can be dealt with more thoroughly and expertly by Parliament?

**Mr Jenkins.** — I think the fisheries policy is an example of where we have been trying, as everybody knows, very hard for a year past to get an acceptable internal régime. This inevitably entails a certain amount of flexibility, the development of ideas — the views of the Parliament certainly, the proposals of the Commission — trying to reconcile differing interests with the Council.

I think that in an ongoing issue of this sort we are bound to have a certain amount of flexibility, otherwise the Commission is absolutely hamstrung in trying to steer the Council between different national interests. I think it is essential that, when an issue is opened up and at various stages when it changes, we have the views of the Parliament, clearly and forcefully expressed, taken into account. But where we have a Commissioner trying to deal on a most difficult issue with an ongoing position with the Council, I think he must have a little flexibility, otherwise one will nullify the ability of the Commission to try and get sense out of conflicting interests and secure a common Community policy agreed in the Council. That, I believe, is to a large extent in the interests of us all.

**Lord Castle.** — Will the President accept that most of us are most encouraged by the outline of the plans he has for improvements between the Parliament and the Commission? Not that we have a great deal to complain of, except on singular occasions, in this Parliament. But I think he will appreciate that some committees feel that the method of communication between some of his colleagues on the Commission and the committee for which one would think they had the greatest interest, leaves a lot to be desired. I know one committee which has not seen its Commissioner, when it has been in great need of his advice, for three months. It may be that the permanent staff of the civil service operate for him quite effectively, but I know that many of us feel that his personal presence would be an encouragement and very helpful. Will the President use his influence to inform his colleagues of his realization of how important the personal presence of a Commissioner at a committee is when matters of which he has intimate and valuable knowledge are being discussed?

**Mr Jenkins.** — One of the issues which I have been discussing with you on the initiative of the Commission and which I regard as of great importance is that we should try in general, in principle, as a rule for the monthly attendance of Commissioners at committee meetings. But I think there has to be a little flexibility here. I think it has to be realized by the Parliament, firstly, that Commissioners cannot attend, except in exceptional circumstances, on a Wednesday, because the Commission meets all day every Wednesday except during the week of the part-session, when it only has a short meeting here in Strasbourg or Luxembourg; and secondly, that, where a meeting of a Council of Ministers is due to take place with which the Commissioner concerned is specifically involved, there is a difficult clash of responsibilities. But Council meetings — even those of the most regular councils — take place only once a month and many councils meet two, three or, at most, four times a year. So that is a marginal difficulty, but not more than that.

Thirdly, there is a certain problem for some of my colleagues whose responsibilities overlap several committees of this Parliament — two, or in some exceptional circumstances, three committees. I think it would be too heavy a burden to have to attend each committee once a month, and I hope that, where that is the case, where the attendance of the Commissioner is specifically requested, it might be considered whether joint sessions of different committees might not be held because of overlapping responsibilities on the part of the Commissioner.

Subject to those points, and subject to the point that, when committees of the Parliament meet far outside the three seats of the Parliament, it is sometimes difficult for the Commissioners to attend, the general principle on which I am proceeding is monthly attendance by Commissioners at the relevant meeting.

**President.** — I should mention that, bearing in mind a number of requests made by this Parliament at its plenary sitting and also by me personally, the President of the Commission has discussed certain proposals with me which I intend to study in detail, thus conferring the right to consider them and implement them on the office of the presidency. I feel this will serve to improve considerably the relations between the Commission and Parliament.

I call Question No 3 by Mr Klepsch:

Does the Commission not feel that its behaviour in the matter of giving notice of its proposals on economic and monetary union and its failure at the same time to reply to questions on this subject in the debate in Parliament on the economic situation in the Community are in flagrant contradiction with the repeatedly declared intention of the President of the Commission that Parliament would be notified as a matter of priority?

**Mr Jenkins, President of the Commission.** — As I said in answer to the previous question, the Commis-

## Jenkins

sion attaches great importance to the provision of full information to Parliament, both about the content of its proposals and about the thinking underlying them. I regret that parliamentarians were not satisfied with the information the Commission gave during the economic debate last month. In fact, the Commissioner responsible, Vice-President Ortoli, gave the House a detailed account of the Commission's thinking on economic and monetary union and pointed out that this subject would be discussed fully in Parliament at a later stage. Indeed, I would greatly welcome a debate on this subject at an early stage — the earlier the better — which would be suitable to Parliament. The general issue of how best to inform Parliament of the Commission's proposals was among the matters discussed when you, Mr President, met Mr Burke and myself earlier today. On the basis of that discussion, I hope that it will be possible to give Parliament fuller and more frequent information about Commission proposals in future.

**Mr Klepsch.** — Thank you very much for that answer from which I gather that disputes of this kind will not recur in future. But is Mr Jenkins also prepared to endorse the remarks made on this subject by Mr Burke on behalf of the Commission on 17 November?

**Mr Jenkins.** — I have read the statement made and I think that my statement is fully in line with that. We are constantly seeking — which is quite difficult in a relatively new Parliament — a new approach to get exactly the right balance in our relationship. I concur with Mr Burke in hoping that we can improve our handling of this in the future, and I am perfectly prepared to accept dissatisfaction about it in the past.

However, I do not accept the view that Vice-President Ortoli was in any way at fault in our debate last month. He gave a considerable outline of our thinking in this matter, and he was dealing then with a document which had not been finalized, meaning that the Commission had not taken a decision upon it. Therefore it was not possible for him — any more than it would be for a national Minister in such circumstances — to make a statement presenting the document on behalf of the Commission. What he did was to take Parliament into his confidence as fully as possible with regard to the development of his and the Commission's thought. I would not accept that Mr Ortoli was at fault on the previous occasion, but that does not exclude the view that, as our procedures develop — and we have quite a lot to learn in the Commission about how to get this balance right — we can do better in the future. I will endeavour to see that that happens.

**Mr Dalyell.** — Does the President recollect that, when Parliament was discussing the so-called Plombat affair, the affair of the 200 tonnes of missing uranium oxide, an undertaking was given by Commissioner Brunner that the Commission would think about how

it could inform Parliament on very sensitive issues? Has any more thought been given to this?

**Mr Jenkins.** — I think the number of really very sensitive issues, meaning those which raise questions regarded as national security issues within a country, is very limited indeed. I will certainly pursue with Dr Brunner that particular question, but I am honestly more concerned about how we can get our relationship right with Parliament when we take decisions on issues which are not very sensitive in this sense, but many of which are issues of great importance and are the normal run of Parliament and Commission business.

**Mr Jahn.** — If my recollection is correct, the problem was that after Mr Ortoli had addressed this Parliament he made statements of fundamental importance in public, on the very next day, which he had not made to us. We in Parliament are of the opinion that when he comments to us on a matter of such importance he should in effect be making a public statement on fundamental issues.

**Mr Jenkins.** — No, with respect, that is not true. What was the position — as I have already indicated — was that, at that stage, the Commission was in the process of bringing to finality a document which it had to present to the Council. That document had to be brought to finality on the Thursday, but Vice-President Ortoli did not give a press conference about it. Lord Bruce of Donington, for instance, asked Vice-President Ortoli whether there was a question of his giving a press conference the following day and Vice-President Ortoli, in this House, replied to Lord Bruce that he was not sure at that stage whether he would or not. He reserved his positions to give a press conference and in the end did not give one. What happened was that the spokesman of the Commission, as he does every day as a matter of routine, had to meet the press the next day. There was no question of Vice-President Ortoli's saying to this House that he was not going to give a press conference and then giving one. It was the other way round. Vice-President Ortoli said to this House that he might give a press conference and then did not give one. So far from there being any question of misleading this House, it was quite the other way round (*Laughter*). What I cannot honestly do — believing in open government, which, on the whole, I do — is to put a complete clamp on any communications which have been standard practice for many years from the Commission to the press. What I am anxious to do is to work out, as far as possible a way to make this House the more natural channel of communication than has hitherto been the case. It is not altogether easy, but I believe we are making some progress and can continue to do so in the future.

**Mr Fellermaier.** — Mr Jenkins, you have given us a diplomatic answer but to clarify exactly what happened let me put the following specific question.

**Fellermaier**

What did the Vice-President of the Commission say to Parliament at a particular time on a particular day and why were the journalists in Brussels — who, as you say, meet the Commissioners every day — given more information than Mr Ortoli was able to give us because, as you yourself said, the whole matter was not sufficiently advanced? How much time elapsed between Mr Ortoli's statement to us in Parliament and the meeting with the press enabling the Commission to further develop its ideas and give fuller information to the public? If you could just explain that, I think not only I but the whole House would be grateful to you.

**Mr Jenkins.** — In answer to that question, as I indicated in reply to the previous question, Mr Ortoli did not give a press conference on the Thursday. What took place on that day was the routine meeting of the spokesman of the Commission, which takes place every Thursday — indeed, in a certain form, every day of the week — with the Brussels press corps. He did not communicate the document to the press corps. He gave, as is the habit, certain indications of the lines in it — though my view is that Vice-President Ortoli gave substantial indications of the thinking behind it — and therefore the lines which were involved. The document was not communicated to the press, and in any case, the document was not agreed in its final form until late on the Wednesday evening and, therefore, after the debate took place. I assure you there was no intention to postpone it until after the debate had taken place. I would have much preferred it to have been cleared earlier, and I would much prefer in these circumstances that we should be able to use the Parliament as a sounding-board from this point of view, taking into account the difficulties of our relations with the Council. What has to be realized is that the position is somewhat different from the relationship which exists between the form of executive government most of us are used to and Parliament. That is a one-to-one relationship. Here we have the complication of a third body — and, in a sense, the determining body — of the Council, and I am very anxious that the Council should not prevent the fullest and freest relations between Commission and Parliament. But it is no good ignoring the fact that the Council exists under the Treaties, it exists within the framework of our institutions, and this is a fact that we have to take account of in trying to find a satisfactory solution. After all, the primary interest of all of us is that policies we believe to be right, particularly where we are agreed upon them, should go through and should assist in building the Europe of the future. That is more important than any other issue. But compatible with that, I am extremely anxious that we should use Parliament as an instrument for announcing major policies to a greater extent than we have yet done, and we will work very hard in collaboration with you to try and ensure that this result is achieved.

**Mrs Ewing.** — Just a very simple question, Mr Jenkins. As regards the giving of notice to Members of Parliament, could I ask the President if he gives it first to the press and second to Members of this Parliament? Perhaps I could rephrase my question and ask: does he give it first to the press and never to Members of this Parliament? As an Independent Member without a group, I am quite a good test of the system. May I also ask: why is it that although I regularly receive letters from President Colombo on behalf of interests of the Members of Parliament, I have never yet received a letter from President Jenkins?

*(Loud laughter)*

**Mr Jenkins.** — If that is the case, the postal service in the important country from which the honourable Member comes and of which she is such a notable representative must be a great deal worse than I think it to be, as I can assure the honourable Lady that I have written to her and signed several letters to her. I am always glad to reply to her when she writes letters to me which I receive. She is quite wrong in thinking that she has ever written a letter to me to which I have knowingly not replied.

**President.** — Mr Jenkins, you have stolen a march on me!

*(Laughter)*

**Mr Bertrand.** — I would urge Mr Jenkins not to go on answering questions in this diplomatic style. He should surely understand that we well know what is happening at present. To begin with, Mr Jenkins made a fine speech in Florence on monetary union. Of course he is perfectly entitled to do so. But he has still not found time to explain his views to Parliament and we should very much like to hear them. Then on Wednesday, 16 November, Mr Ortoli gave the following answer to Lord Bruce:

'Having said that, I do not yet know whether the Commission will be giving a press conference tomorrow; but I can tell the Assembly that I have had very little time to discuss a number of problems with my colleagues.'

Then on Thursday, 17 November, the Commission spokesman made a very detailed statement on the Commission's communication to the Council on economic and monetary union. The text had therefore already been prepared because I can scarcely imagine that the Commission could not have finalized by 7 pm on Wednesday, 16 November, a text of which the spokesman was able to give a full account on Thursday.

The same Vice-President of the Commission then gave the European Council at the request of the President of the Commission, a detailed account of the prospects for economic and monetary union.

**Bertrand**

But the Parliament has still not received any official information. I may be a simple man but I cannot understand why this should be the case. I am very sorry to see that we are habitually treated as immature children. These gentlemen make statements to the press, to the European Council and at public meetings but cannot find time to inform the Parliament and enable it to hold a debate. I hope you will not mind my speaking like this but I am simply reporting the facts.

*(Protests from the left)*

**President.** — I must point out that unfortunately Question Time often turns into Speech Time.

*(Applause from certain quarters)*

I should like to make two comments on the subject matter of this question. Firstly, that we should respect the solidarity between the Commission and their President, which seems to me to be the basis on which Mr Jenkins' statement was made.

Secondly, Mr Jenkins has shown deference to Parliament by discussing this problem with me and discussing ways in which Parliament could be informed at the earliest of matters being considered by the Commission. I shall as President, I repeat, assume responsibility for this matter.

I should like to reassure Members, since I feel that the President of the Commission basically supports Parliament's request.

I call Mr Fellermaier on a motion of procedure.

**Mr Fellermaier.** — Mr President, now that Mr Bertrand has made a lengthy statement which should have been reserved for a topical debate, can the Christian-Democratic Group say whether they are in fact asking for a topical debate? That would give all the political groups the same opportunity to speak. Perhaps the Christian-Democratic Group could clarify this point on behalf of Mr Bertrand.

*(Protests)*

**President.** — Since the Christian-Democratic Group does not request a debate, please don't encourage them.

*(Laughter)*

**Mr Jenkins.** — I must reiterate the point that when Mr Ortoli spoke the documents had not been finalized and I think that Mr Ortoli did everything he could to inform Parliament of his thinking, which was the most he could do at that time. But let me go beyond that and say that I would greatly welcome, at the earliest opportunity, a major debate — I hope it will take place in the next part-session — on the question of economic and monetary union, which I regard as of grave importance to the future of this Community. I hope very much, if I may venture to suggest this without trespassing on the prerogatives of Parlia-

ment, that Parliament will organize a major debate at the January part-session, in which I shall be not merely willing, but anxious to participate.

*(Applause from certain quarters)*

**President.** — I would ask you to do so as soon as possible and thank you straightaway.

I call Question No 4 by Mr Nyborg:

Has the Commission contemplated taking measures — and, if so, what measures — possibly to harmonize the Member States' different rules on radio and TV broadcasting for both State and commercial undertakings?

**Mr Jenkins, President of the Commission.** — For the time being at least, the Commission does not envisage taking measures of the kind referred to by the honourable Member.

**Mr Nyborg.** — *(DK)* Since every station has a certain range and has to broadcast on a particular wavelength, would it not be appropriate to bring in common rules governing the dissemination of news and entertainment and commercial radio and television broadcasting? As commercial broadcasting becomes increasingly widespread, we must expect the growth of competition and, if some countries permit the use of several wavelengths and of powerful long-range transmitters, they will thereby gain an advantage that distorts competition. I would therefore invite the Commission to look at this matter. Even though the President's initial statement was unsympathetic, I would strongly urge him to reflect further on this question and see whether it might not be sensible to take some kind of action.

**Mr Jenkins.** — As, I think, the honourable Member and the House will be aware, there already exist international and European, though not necessarily, Community agreements on wavelengths, but I will look into whether there is any possible additional rôle for the Community. The Community is always willing to play a rôle where it is not duplicating something which is totally effectively done outside, but if there is a special rôle which the Community could play, certainly if there is any question of rules of competition within the Community being touched upon, we will look into the matter, and look into the matter urgently.

**Mr Mitchell.** — Mr President, quite frankly, do we not have enough Community rules now, and enough harmonization projects already, without the Commission's getting involved in the harmonization of radio and TV broadcasting? This seems to me the very last thing the Commission should spend any time on.

*(Applause from certain quarters)*

**Mr Jenkins.** — Any question of broadcasting policy does not seem to me to come in any way within the

**Jenkins**

competence of the Community or the Commission. It could only do so under Article 100 of the EEC Treaty where such matters affected the functioning of the Common Market as such. Therefore, broadcasting policy, whether it be good or bad, whether it be private or public in a Member State, does not seem to me to come within the range of matters we ought to be concerned with.

There is, secondly, the possibility, which the honourable Member raised, that there are certain commercial and television activities which might bear on the competition aspects of the Community. If there are, we should have to deal with them, but I am not searching for issues of this sort to deal with.

There is, thirdly, the question whether there is any way in which we could help in what is already being done internationally, and must be done internationally, which is the allocation of wavelengths. But I am not looking for a new field of Community activity unless persuaded that it is in the general interest and not merely a matter of searching for new fields. My object throughout is that we should do certain essential jobs well, and not do too many jobs not well enough.

**Mrs Dunwoody.** — Is the President of the Commission aware that in fact there are Member States of the EEC who are signatories to the Berne Convention, who are at the moment not complying with the text of those agreements and who are taking copyright material from British television stations and pushing it into their own national systems without agreement? Is he furthermore aware that if this Assembly this afternoon had been televised, there would not be any question of our having direct elections, because the sort of turgid nonsense we have heard so far would have put the entire electorate off?

**Mr Jenkins.** — Well I thought it was not too bad until the last minute or so!

*(Loud laughter)*

Of course, the answer to my honourable friend is that I am not aware of this, and I am not even sure I should say I will look into it, because the Berne Convention is not a Community matter, as its very name implies. But if there is anything which bears on a Community question and the honourable Member likes to write to me, then I assure her that she, like Mrs Ewing, will get a reply.

*(Laughter)*

**Mrs Squarcialupi.** — Is the Commission aware that many radio and television broadcasts transmitted by Member States are in open violation of the national laws of other Member States?

To take one example, foreign television networks broadcast advertisements on smoking to our country

where such advertising has been forbidden for at least 15 years, thus creating a grave distortion of competition to the detriment of our country.

**Mr Jenkins.** — This does, I think, come near one of the three possible areas which I mentioned, and while, as I indicated in reply to the honourable Member from Southampton, I am not looking for grounds for Community interference here, if the honourable lady raises this point with me, I will look at it and see whether any possible question of competition policy does arise.

**Lord Murray of Gravesend.** — Notwithstanding what Mr Jenkins has said about not seeking further work for the Commission, would he not consider that there is a possible case for widening television and radio broadcasts across the Community to achieve more integration, which I know is one of the ideas that he is constantly pressing?

**Mr Jenkins.** — I did not say I was not seeking further work for the Commission; there are many fields in which I would like to see the Commission do further work, but I am not seeking further work in areas of national competence and detail for its own sake. I would like to see the encouragement of broadcasting of this kind which acts as a cross-fertilizer in the Community. This does exist to a very considerable extent at the moment; indeed, the honourable lady from Italy who spoke previously was in a sense complaining there was too much cross-frontier broadcasting and televising, but, broadly speaking, I think that is a good thing. In Brussels one can receive the television output of four or five Community countries. I would like to see that of all Community countries, including the United Kingdom and, indeed, Italy, provided it was feasible. Maybe it will come to that — I hope so — in the fairly near future. That is a matter of general cultural cross-fertilization, which I am entirely in favour of.

**Mr Noè.** — Does the President of the Commission not think that the Commission would be justified in taking an interest in this area, not only for the reasons given by Mr Nyborg, but also because the transmission of electro-magnetic waves is liable to disturb the performance of delicate tasks such as the operation of meteorological satellites, and, in the more distant future, of the satellites which will be used to guide aircraft in place of radar systems?

**Mr Jenkins.** — Clearly the question of broadcasting and telecasting by way of satellite is primarily an inter-continental question, and therefore must finally be a question of international rather than of Community agreement.

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

### 8. Votes

**President.** — The next item is the vote on the resolutions tabled in the reports which terminated the discussion.

I put the resolution contained in the Shaw report to the vote (Doc. 334/77): Financial Resolution.

The resolution is adopted.

### 9. General budget of the Communities for 1978 (resumption)

**President.** — The next item is the continuation of the debate on the interim supplementary report by Mr Shaw (Doc. 441/77).

I call Lord Bessborough on behalf of the European Conservative Group.

**Lord Bessborough.** — Mr President, as other speakers have done, I should like at the very outset to pay a great tribute to my honourable friend Mr Michael Shaw for all the work he has done as rapporteur for the budget. As Lord Bruce said, it is a most testing task, and I must say last night I had considerable sympathy for his position. I think he has made a major contribution to the work of this Parliament, for which we should be truly grateful.

At last, this marathon on which he particularly has been engaged, is coming to a close, and we can see the finishing tape before us. That finishing tape will be, of course, the final vote in this Parliament on Thursday morning. I think that we are coming to a historic moment in the long story of this Parliament's budgetary powers and influence, and I agree with other speakers, including the President-in-Office of the Council, that considerable progress has been made.

I have myself had some experience of the conciliation procedures in the past, and again I would like to congratulate Mr Shaw on what he has achieved with the Council, particularly in getting back from the Council more than ever before, as you will see from page 17 of his report, and also from what Mr Eyskens said this morning. I appreciate fully what the President of the Council said about the difficulty in getting nine governments to agree, and I am sure that Mr Eyskens and indeed Mr Simonet himself have made great efforts to get this compromise agreement.

Mr Shaw has explained well to the House the situation thus far. The details are indeed complicated. The Council regards Parliament as having used up its payments margin and having 40 million u.a. to spend on commitments; yet it would find it acceptable if Parliament were to go on and spend an extra 30 million u.a. in payments and the 40 million in commitments all of this, of course, on the assumption

that Parliament writes into the budget the European Council figure for the Regional Fund of 580 million u.a. in commitments and the corresponding payments appropriation of 460 million u.a. The uncertainty which hangs over Parliament's margin of manoeuvre must be removed next year. I hope most honourable friends in this Chamber will agree on that.

Basically, our own group, the Conservatives, go along with the figures of 70 million u.a. in commitments and 30 million u.a. in payments which are being suggested as the remainder of Parliament's margin on these figures. Certainly, I think that we in our group could come to an agreement with certain of our friends — Mr Cointat and Mr Bangemann and, even perhaps, Mr Aigner — who seemed to be looking towards a compromise this morning. If any pruning has to be done on the amendments of the Committee on Budgets, we as a group would like to see it occur through the deletion of one or two complete amendments, such as coal gasification, rather than shaving off a few thousand units of account from each amendment. It is perhaps understandable that some would wish to go beyond this figure, given the way in which the Council presents the results of its deliberations to the press. We have been speaking about the Commission's relations with the press, but I am now speaking of those of the Council. The Council press-release — and I do hope members of the Council will be present in this Chamber, because of all the debates in the year really the President of the Council and his advisers should be present now. I only see one of his advisers. Mr President, could we please send a message, to the President-in-Office of the Council to come to us as soon as possible? Otherwise, they cannot answer the questions that I have put to them. I hope that someone on the back benches of the Council is in fact taking a very careful note of what I have said and will transmit what I have said to the President-in-Office of the Council when he returns. It really is shocking. We had a bad time yesterday without the Council, but this is even worse, and I do think that Parliament should have priority over any other meeting. The President of the Commission is here, the Commissioner for the Budgets is here, we have very good attendance on the Commission benches and none on those of the Council. I must protest, Mr President, most strongly, and I hope you have already sent this protest to the President himself.

I come to the Council press-release — I hope they are not issuing one now on their meeting of December 7.

*(Laughter)*

This was not very explicit, and a misleading impression appears to have been given to journalists. For example, Reuter has reported that the EEC's budget for 1978 should be nearly 12.3 billion EUA — an increase of more than 27 % over last year. The figure

**Lord Bessborough**

reached at the third and final reading of the budget' — and I still quote Reuter — 'by the Council of Ministers must now be approved by the European Parliament meeting in Strasbourg.' Of course, it is misleading to talk about a third and final reading of the budget by the Council of Ministers and the Parliament just giving it a rubber stamp. To avoid these misunderstandings, I would suggest that, after such meetings, joint press-releases should be issued by the Council and Parliament together. That is the question which I hope Mr Eyskens will reply to when he returns to this Chamber.

This leaves the question of the Regional Fund. In our group's view, the Parliament would be ill advised to increase the commitment appropriations for the Regional Fund from 580 million u.a. to 750 million u.a. An intermediate figure could perhaps be agreed upon — and again I hope that my friends, Mr Cointat, Mr Bangemann and some others, will go along with us on this. The European Conservative Group is certainly not unwilling to change the figure agreed upon by the Heads of Government: after all, the Heads of Government are not part of the budgetary authority. These are matters on which the Parliament has the final word.

Well, Mr President, this marathon has taken us over some pretty rough country, and let us hope that the final straight is clear of obstacles. Let us be aware that there is a danger that the Parliament might trip up and fall flat on its face if it does not watch its step very carefully. There, perhaps, I am criticizing our own Parliament rather than the Council, which I hope, will be appreciated. I am a moderate in all this, and I hope that this compromise, to which Mr Aigner referred earlier on, may be achieved. I know there are, as I say, others of my friends who would like to see some compromise arrived at.

Again, Mr President, I would like to congratulate Mr Shaw on all his very hard and testing work; he certainly deserves his Christmas holiday.

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

**President.** — Lord Bessborough has asked whether the Council was carefully following our debates and whether we could expect it to reply to our speeches.

It would appear that, far from taking no interest in our work, it is at this very moment negotiating a solution with members of the Bureau. It has delegated offi-

cially here to take note of the questions put and will reply in due course.

I call Mr Cointat on behalf of the Group of European Progressive Democrats.

**Mr Cointat.** — Mr President, I can confirm what you have just said since I was myself present a few moments ago at the discussions with the President of the Council and some of our colleagues.

Mr President, ladies and gentlemen, I shall not beat about the bush. Yesterday evening I was very disappointed by the vote in the Committee on Budgets, despite the wisdom of the chairman of that committee, Mr Erwin Lange, to whom I want to pay tribute now, and despite the very reasonable proposals made by our rapporteur, Mr Shaw, who devoted so much time to the preparation of this report and whom I wish to congratulate most warmly.

The fact is that if we add the amounts voted yesterday by the Committee on Budgets to the amendments already accepted by the Council, we should be increasing the budget by over 327 million EUA in commitment appropriations and 251 million in payments, which is excessive in relation to the limits of the European Parliament's authority.

Why am I disappointed? Because, as a number of colleagues have already pointed out during the debate on the Financial Regulation, we have experienced for the first time this year an extremely fruitful, amicable and trusting procedure of conciliation with the Council. We have seen valuable results in that procedure: an increase of close on 50% in payment appropriations in the budget is considerable for non-compulsory expenditure. This is an unprecedented step as the Council itself had pointed out. We have also seen a procedure of inter-institutional consultation which has become a welcome tradition. As we said during the debate on the Financial Regulation, legislative consultation took place for the first time this year. But if the vote passed yesterday evening by the Committee on Budgets were to be adopted the whole edifice built so painstakingly in 1977 would collapse. I do not claim that we are in full agreement with the Council — far from it. But, Mr President, if you are playing bridge you must respect the rules of the game. And the rules are not the same as in a game of snap! As the French humorist, Alphonse Allais, once said, if you overstep the bounds there is no longer any limit. Well, we are close to overstepping the bounds of what is reasonable. Why? We have a margin for manoeuvre. We try to speak about it as little as possible; we try to approach this budget in a pragmatic spirit and this amounts to tacit consultation with the Council which has been going on for two years, but it cannot continue if our votes are unreasonable.

### Cointat

Following the amendments adopted by the Council, our margin for manoeuvre is 95 million EUA in payments and 129 million in commitments according to some members' interpretation, or 0 in payments and 50 million in commitments according to the Council. Even if we do not agree on the interpretation, this means that we must not exceed an upper limit of 95 million in payments and 129 million in commitments. If we stick to that framework we can say to the Council what our different shades of opinion or disagreements are on the specific problems.

Two key problems remain. The first relates to the various chapters of the ordinary budget for 1978 and Mr Shaw is proposing an overall increase of 30 million EUA in payments and 90 million in commitments. That seems reasonable enough to me; it falls within the limits of the conciliation procedure and I think we should adopt the rapporteur's suggestions. This is a problem of ordinary budgetary procedure and two solutions can be followed. First there is the rapporteur's solution which is to delete two or three chapters leading to an increase in expenditure. That is a radical but simple solution. Another solution would be to reduce all the chapters to achieve the same result. I say at once, Mr President, that the Group of European Progressive Democrats will leave it to the wisdom of this House to choose the best solution and is confident too that our rapporteur will put to us the solutions which he considers the most judicious.

There is another problem which is not one of budgetary procedure but strictly political in nature; that of the Regional Fund. On this point I think that the discussion between the Council and Parliament is extremely delicate and complex because we are faced with a decision by the European Council which fixed a maximum of 1 850 million units of account in commitment appropriations for the Regional Fund. As we know, the Fund comes under the heading of non-compulsory expenditure which means that the European Parliament has the last word. Consequently the appropriations for this Fund must come under the budgetary procedure and the decision can only be taken under that procedure. Now if the European Council considers that it has set down a target figure for the Council of Ministers of 1 850 million for the next three years, that amount cannot be considered to be a final and non-revisable figure. It is merely a guide for the three-year period. We are examining the Commission's study on the three-year forecasts and considering the basic substance — not just the figures. If we adopt a different approach to this Regional Fund we shall be allowing the European Council to encroach on the powers of the European Parliament. I do not think that is the intention of the Heads of State or Government.

The principle of annuality of the budget would also be undermined if we were to anticipate in advance

what will happen in 1979 and 1980 and I cannot imagine for a moment that the Heads of State or Government who are also eminent financial specialists, would wish to jeopardize such a central principle. We therefore have the authority and the competence to modify as may be necessary these figures relating to the commitments and payments for the Regional Development Fund.

We should be running a great risk if we did not do so. If we simply accept this position of the European Council, the Council of Ministers, whenever it encounters difficulties with Parliament, will ask the Heads of State or Government to act unilaterally so that the problems can be solved automatically without consulting Parliament further. That is why we must try to find a compromise. We readily understand the technical reasons for which the Committee on Regional Policy is proposing 750 million in commitments and 525 million in payments. But acceptance of that technical position would amount to overstepping, as I said earlier, the bounds of what is reasonable. We cannot therefore follow the position of the Committee on Regional Policy, despite the arguments it is putting forward in all good faith. Let us therefore find a different solution. Our group, and Lord Bessborough said just now that he was willing to endorse a position of this kind, considers we must try to find a solution which at least respects the maximum amount of the margin for manoeuvre, that is 129 m EUA in commitments and 95 m EUA in payments. Mr Shaw is proposing an increase of 86 m EUA in commitments which means that 43 of the 129 million would still remain.

We could for example add those 43 million to the 580 proposed by the European Council and the total amount — 623 million — would enable us to respect the rules of the game as regards the margin for manoeuvre.

As to payments we have no wish to 'colonize' the 95 million. We simply wish to settle a minor difference of opinion with the Council so that this does not constitute a precedent for future years. The European Parliament in fact made a small error in drawing up its own draft estimates. We were not able to estimate in advance all our appropriations for 1978 and it was not until the autumn that we added certain appropriations to our own budget. The Council included these additional appropriations in its calculation of the margin for manoeuvre which in fact it should not have done. Had we voted these appropriations in June or July they would not have been included in the margin. The result is that the Council has, in its calculations, reduced our margin for manoeuvre in respect of payments by 15 million EUA. We are therefore proposing the reinstatement of these 15 million which are available and have been incorrectly taken

**Cointat**

over by the Council; we want to enter them as payment appropriations for the Regional Fund, thus increasing the appropriations for this chapter from 460 to 475 m EUA. This does not raise any problem with the Commission or with the Council.

Thanks to the reasonable proposals by Mr Shaw on the other points in the budget and to this proposed compromise on the Regional Fund we shall thus be able to arrive at a solution which remains within the overall limits of the margin for manoeuvre, and we can do so without excessively formal discussion.

Another solution would also be possible and I put it forward in all modesty: it would be to reduce the 86 million EUA by half. That does not present any problem for the budget chapters taken as a whole, while still increasing the commitment appropriations for the Regional Fund by 43 million EUA. In other words we can apply the solution  $86 + 43 = 129$  or stick to the amount of 86 million EUA: we could enter 43 against the Regional Fund and leave 43 as commitment appropriations. Mr President, those were the observations I wanted to make on behalf of my group. It would be desirable, as Lord Bessborough said, to seek a joint solution which will avoid a crisis with the Council; such a crisis would, let me repeat, be deeply regrettable after these last few months which we have experienced in an atmosphere of friendly discussion and mutual confidence.

**President.** — I call Mr Spinelli.

**Mr Spinelli.** — Mr President, in the two previous debates on the budget I already had occasion to put the views of the majority of the Communist and Allies Group on the Commission's original proposal: while recognizing that the Commission had at least tried to draw up a budget which could indicate the policies to be followed, we stressed too the shortcomings of this budget.

Our basically negative assessment of the Council's draft budget was due to three main reasons. In the first place, this draft budget lacked any indication of the revenue policy which would have justified the overall expenditure to be met by the Community in 1978. The lack of an analysis of the Community's real possibilities led to inconclusive discussions about such matters as the maximum rate, the rate of increase and the margin for manoeuvre.

Secondly, our negative assessment was due to the disequilibrium between the expenditure on agricultural price support and that intended for the common policies necessary for the Community to overcome the critical situation in which it is now living.

Thirdly, the great mass of funds intended for the agricultural sector was to be badly used on price support measures instead of on a policy for the restructuring and development of agriculture. In other words these funds were to be used to maintain the structures of

agricultural production regardless of their real utility to the Community.

Despite this negative judgment we have tried — and I have also tried on behalf of the majority of my group in the Committee on Budgets — to convince Parliament and the Commission of the need for constructive criticism, and I think I can say that we contributed to the achievement of certain results.

Above all I would remind you that we persuaded Parliament to enter a binding remark against Titles 6 and 7, formally calling upon the Council to give an undertaking to review in 1978 — and not at some undefined future date — the regulations on the organization of the market so as to fix a ceiling on the corresponding expenditure and enable it to be transferred from the Guarantee section to the Guidance section.

Then in committee we supported the Commission's requests at least as regards non-compulsory expenditure and we found ourselves on several occasions in the front line of the struggle to gain acceptance for the Commission's proposals. In particular, we tried to obtain a minimum of effective action for regional policy, energy policy, industrial reconversion policy and social policy.

We were thus willing to vote in favour of the budget, despite our reservations on its shortcomings. But then the Council simply deleted, without any explanation, the compulsory remark entered by Parliament against Titles 6 and 7 of the budget — i.e.  $\frac{3}{4}$  of the total budget expenditure and not just a small item of marginal expenditure. Strangely enough we are willing to waste hours discussing some tens of million units of account but say nothing when thousands of million are at stake.

I might also point out that while the proceedings of the Council are secret, certain minutes of COREPER and of the Council show how some delegations stressed that the agricultural policy could no longer be maintained in its present form and the Council has in fact on occasion stressed the need to control both the scale and utilization of expenditure. Strangely enough, all that this House has done is to voice some displeasure without insisting on respect for its decisions. I would add that the Council tried to take another step which did not succeed at all but deserves to be stressed. During the review of the Financial Regulation it tried quite simply to abolish the provision for binding remarks. It was only after a long discussion during the conciliation procedure that the Council finally gave up its proposal and conceded the possibility of entering conditions for implementation of the budget.

A further criticism is that the budget forwarded to us by the Council does not allow the Commission to enter adequate financial provisions for industrial reconversion policy and energy policy and shows a miserly approach to the developing countries.

**Spinelli**

Finally the Council claimed the right — and this problem still remains unsolved — to fix the size of the Regional Fund on its own. I shall not attempt to make a subtle distinction between the European Council and the Council of Finance Ministers; when dealing with matters concerning the Community it is the Council of the Communities pure and simple. If the European Council prevents the Council of Finance Ministers from acting because it has already taken the decision itself, it would in future be desirable for the conciliation procedure to take place with the Council of Heads of Government who appear to decide whether certain items should be included in the budget. It seems then that the Council does not intend to change the figure — as though it had no right to do so. Recently, during the conciliation procedure, the President-in-Office of the Council said that his hands were tied: because the European Council had already fixed the sum all that the Parliament could do was to add one symbolic million to the commitment appropriations.

What is more the Council is apparently claiming the right to decide in years to come. A few minutes ago I had to remind you that the only Community body which may propose expenditure is the Commission; the Council and Parliament then discuss the Commission's proposals.

Finally the Council is claiming the right to dispose of our margin for manoeuvre, in other words the right to determine the overall amount to be earmarked for the Community, even though the texts clearly state that this must be a joint decision. And then the Council dares to accuse us of fanning the flames of inflation and losing a sense of moderation! The selfsame Council calmly added one thousand million to the agricultural budget, but a few tens of million — or at most one hundred million — are said to be fostering inflation!

We are not faced here with a problem of general economic policy. What we have is a tenacious determination by the Council to limit the possibilities for development and action in the Community at a time when the need for the Community is all too obvious. We are witnessing a desire to erode the rights of Parliament since although certain powers have been granted to the Commission and Parliament when it was difficult to do otherwise, they are taken away again at the first opportunity and handed over to the Member States, the governments and the national administrations.

How can the Parliament react to this situation? In our view, we must oppose any attempts to limit the functions of the Community and the effort to make Parliament hand over the right of decision to the Council.

Defence of the powers of Parliament and defence of the rights of the Community are one and the same problem at this juncture. We must engage in discussions with the Council after standing out in opposition to this way of doing things. If the discussion

continues after the month of December that will not be terrible: we shall have shown perfectly clearly what the drawing up of the Community budget entails.

In taking our decisions today let us remember that this Parliament will shortly be receiving the first members elected by direct suffrage. Up to now we have managed, if only slowly and on a modest scale, to increase our importance and authority, despite the heavy pressure exerted in the opposite direction. If at this crucial juncture we give in and agree to the European Council having the last word in all our debates, we shall be implicitly recognizing that our much-vaunted progress has been only superficial and that, far from being the driving force working for a resumption of European unification, the Parliament too is being gradually weakened.

I think we must oppose that development by our vote today.

**President.** — I call Mr Dalyell on a motion of procedure.

**Mr Dalyell.** — Mr President, we have just heard a speech which anybody who listened to it will have found to be of great interest — from Mr Spinelli, who, after all, we all know is a former Commissioner. I am not making this point against Mr Eyskens personally, because I know quite well where he was. He was at one of these conclaves. Really, Mr President, is it right, is it sensible, as Lord Bessborough said, to have these conclaves going on, where, incidentally, there are apparently first- and second-class Members of the European Assembly, when the President-in-Office of the Council cannot be here to listen to the plenary debate? Could the Bureau discuss this matter, because it really is not a sensible way of proceeding and brings the Parliament into disrepute? The President-in-Office of the Council's business was to be here to listen to Mr Spinelli and not to be behind closed doors listening to one or two colleagues haggling away as though in the Tangiers market.

**President.** — Mr Dalyell, this matter was raised just now by Lord Bessborough when you were not present, and I have given my reply. It is clear that the Council pays close attention to what is said in this Parliament and I do not think you are justified in talking of 'haggling in the Tangiers market', when the Council is working with us, and at our request, to reach agreement on such important points and, unfortunately, with so little time as to necessitate great speed. I am sure the Council is fully aware of the importance of the present debate, however your comment will be forwarded to the Bureau, as you request.

I call Mr Bangemann on behalf of the Liberal and Democratic Group.

**Mr Bangemann.** — Mr President, I owe you an apology because I too had to attend the conclave meeting and could not be here at the right time when you wanted to call me. It is not very agreeable for

**Bangemann**

these two meetings to be taking place in parallel. We should perhaps avoid these overlapping schedules in future. But I would say to Mr Dalyell that it is not a matter of first- or second-class parliamentarians; we have a delegation which is appointed by functions and not on the basis of arbitrary criteria: Parliament is represented by the chairman of the Committee on Budgets, its rapporteur, his deputy and so on. In other words, Mr Dalyell, I was acting as your representative and I hope that I have not always acted in agreement with Lord Bruce but rather in such a way that you could feel that you were being represented by me too.

Now to the subject of our debate. I find that this debate shows an unusual degree of division. On the one hand we see that we have achieved important successes which no-one would have dared hope for only a few weeks ago. We have achieved an equal footing as regards revenue under the system of own resources; we have a Financial Regulation which guarantees further progress and consolidates all that we have so far achieved in the dialogue with the Council. We have independent financing from value added tax revenue; contrary to all expectations and fears we have gained acceptance for the European unit of account — an important step, let it be stressed, not only in terms of budgetary procedure but from the angle of monetary policy. And yet it is being suggested in this debate that all the points on which we now have to decide are retrograde steps and nothing short of a disaster.

Mr President, that just is not true and I believe we must avoid making the all too common mistake in public debate on European affairs of succumbing to the blackest pessimism. That is not justified on this occasion; we find ourselves at the start of a process which has already brought considerable successes to the European Parliament.

This holds good too for the justified criticism which we expressed of the Council's first draft when we found that the Council had cut appropriations in all the important policy areas leaving only agricultural expenditure untouched. Here too the situation has improved. In broad areas the Council has agreed to Parliament's wishes so that policies other than agricultural policy can also be pursued.

It is therefore our view that these budgetary discussions must definitely be looked upon with general satisfaction. There are of course still specific problems but let that not prevent us from expressing our satisfaction. I at least am satisfied and optimistic and I reject the views of all those members who are only able to speak of Europe in the light of their own pessimism.

*(Applause)*

I am pleased to see Mr Aigner applauding because I shall now turn to agricultural policy on which he spoke in terms of great satisfaction. Of course, Mr President, if you compare our agricultural policy with that of the Soviet Union you are bound to find it very good. But then what aspect of our policy would show

up badly in a comparison with the Soviet Union? Our transport is better, our economies are better, our justice is better and even the Heads of Government — here Mr Aigner has some difficulties — are better than those of the Soviet Union. Naturally the comparison comes out in favour of European agricultural policy, but where does that get us?

Mr Aigner must realize that criticism of agricultural policy is directed not against the system as such but against its negative effects. I also believe that through a system of reasonable agricultural market regulations we must hold price fluctuations within certain limits, resulting of course from the fluctuations in agricultural production. I also believe that the farmers in our Community must be granted a share of income and assets which does not fall behind that of persons active in industry. These are undisputed aims of agricultural policy.

But in the long run we cannot close our eyes to the fact that we have structural — not cyclical but structural — surpluses in certain important sectors and these surpluses are costing us a great deal of money.

I do not quite know who once made the calculation but I think it was Lord Bruce whom we have all criticized so much today. That is why I want to say a word of praise to him in this connection. He said, and he was right, that we spend as much on the storage of our structural surpluses in the agricultural sector as we do on research. That surely is evidence of the need for change. I believe we should all agree on the value of the fundamental aims and structure of the common agricultural policy while rejecting these structural surpluses which are a risk to Europe.

It has been said that this is a budget for the first year of direct elections. But anyone who has had close contacts with the public in this pre-electoral period will have noticed how deep-rooted the resentment is against this Community, a resentment based on the failures of our agricultural policy. Most people who have something against Europe say this: you produce butter mountains, milk lakes and sugar mountains and you have no idea what to do with them. You destroy food, fruit and vegetables. That may be wrong but these are the prejudices *against* the Community and the judgments passed on it. If then we want to gain acceptance for the European Community we must stand up against these shortcomings in the agricultural market regulations. It would be highly desirable for us to agree on that point, Mr Aigner, because we should then have the support of your group when the time comes for practical decisions. I shall follow developments closely.

I turn now to a second general problem which has played an important role, and that is the function of the European Council. This is one of the strange features of European policy: in difficult and painstaking negotiations the Parliament tries to wrest a reasonable endowment for the Regional Fund from the Council of Ministers. But nobody talks about these

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efforts. Then a few Heads of Government meet and decide on less than we were demanding and we hear it said that this is a great advance for Europe. Suddenly there are convinced Europeans who have made a breakthrough. I just want to point out that we should not pretend that the European Council is entirely responsible for the breakthrough: we ourselves advocated this step forwards for a long time. The European Council simply overcame the reticence of the Council of Ministers: that is the true analysis of the situation.

But what does this mean for our institutional balance — that is the second aspect which has to be considered. We cannot simply be satisfied that the European Council has now decided to earmark 580 million EUA in commitment appropriations for the Regional Fund in 1978 when we also know that this decision does not rest with the European Council at all. In fact the decision is one for us to take jointly with the Council of Ministers. If the Council of Ministers cannot reach agreement and delegates responsibility for the decision to the European Council, that is its own political affair, and it must bear the consequences. We in the European Parliament cannot accept that procedure when it comes to adoption of the budget. Let us be perfectly clear about it: budgetary decisions on the Regional Fund, in other words on non-compulsory expenditure, are for the Council to take jointly with Parliament and nobody else.

I come now to another aspect of this decision which will be of concern to us next year since the European Council not only took a decision on the Regional Fund but also on a loan to be issued at a future date; that loan is part of the demands we have always been making — the demand for an extraordinary budget of the Community financed not by ordinary own resources but by special loans. Does the European Council have any budgetary authority to decide on such a loan? Does the European Investment Bank have the political authority to decide on the use to which the loan should be put? Who is to take the decisions? Who will take the policy decisions if a loan of one thousand million units of account is floated and then spent? Is the European Investment Bank to take the decision on its own independent authority? Will the Commission play a part? Will we have our word to say? Are we to have any part in determining this policy? I think we must ask all these questions now because they will be exercising our minds in the next few months. Quite apart from the ancillary question of the administrative costs which will accrue to the European Investment Bank and to the other bodies which have in the past concerned themselves with these matters, such as the ECSC when the proceeds of the loan are passed on. All this raises the question of control.

How are we in Parliament to control the use of these funds and the resulting administrative costs? The

amounts involved are certainly not small. I am calling for a political and accounting right of control of the use of these funds to avoid real progress in the Community taking practical shape outside the political bodies of Europe. I am not interested in progress in Europe if it is based on dubious administrative committees, on the European Investment Bank or some other body and we, who are politically responsible, have no part in it.

I come now to the details which have played a part in our decision. Following our discussions just now with the Council the great question remains: what are we to do about the remaining discrepancy? The position in my group is quite clear: we want to achieve a reasonable compromise. I do not think this is the right time to provoke a crisis. In the light of the progress made and the attitude shown by the Council and in an awareness of the fact that we are on this occasion using our real budgetary powers for the first time, I do not think we should abuse our position of strength. Power may be destroyed politically right from the start if it is misused and Parliament would be misusing its budgetary powers if it saw only its own demands in this dialogue with the Council and wanted to see those demands met in full without giving way at all to the Council's views. I still think that there are good prospects for a compromise.

Although the European Council is not a Community institution it is naturally a political body in the truest sense of the term. It would be unrealistic not to recognize that fact. If the European Council takes a decision on the Regional Fund the Council of Ministers is obviously bound by it in that sense. Mr Aigner said that the political existence of a Finance Minister is dependent on the will of his Head of Government. Sometimes, or so I have heard it said today, the situation is reversed and the political existence of the Head of Government is dependent on the qualities of his Finance Minister. Be that as it may this decision is a 'deadline' for the Council of Ministers and I think we should accept that fact — not symbolically or refraining from making a symbolic increase in the commitment appropriations for next year to show that our budgetary authority cannot be undermined by the European Council. In numerical terms, this would mean an increase of one million or two million EUA in the 580 million EUA commitment appropriations for next year.

The remaining amount which we still need for our own proposal can, in my view, be balanced out quite easily in practical terms through two measures. Firstly, we can increase the amount of the payment appropriations for next year, since we all know that even if we now enter 700 million EUA in commitment appropriations for next year, only that portion which appears as payment appropriations can actually be spent. More-

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over in the case of payment appropriations it is only possible to spend the portion in respect of which final accounts are available and our experience in the past few years shows that, even with the best will in the world on the part of the Commission, in the area of the Regional Fund where it depends on cooperation with the national governments the accounts cannot always be closed when we would like them to be. Nothing will therefore be lost by adopting a figure of some 520 million EUA in payment appropriations since that amount can be spent next year and it is not certain that a higher figure could really be spent. Nothing therefore will be lost for regional policy. On the contrary something will be gained if we adopt a resolution on Thursday calling on the Commission to examine all the other expenditure decided by us from the angle of the extent to which it can be used for regional policy purposes.

I can well imagine that in the area, for example, of energy policy, considerations could also be taken into account; in developing coal-fired power stations and taking other measures in the same sector regional policy benefits could be created so that these individual policies can be regionalized, to put it in general terms. This would enable us to balance out or even exceed the remaining amount which we have not entered directly here.

As regards our other proposals on which decisions still have to be taken, I think we should retain our freedom of manoeuvre, but not by completely deleting specific measures. I do not consider that a satisfactory procedure. In the course of the budgetary procedure we have discussed the importance of specific measures and their respective desirability at great length. Now that difficulties have arisen it would not be appropriate for us to say to the Commission that we wish to abandon completely measures unanimously adopted in the Committee on Budgets, in other specialized committees or in the plenary Assembly. At this point I would ask the Commission in passing not to recommend expenditure in future budgetary discussions when it has no precise programme. It has transpired once again that certain points can quite easily be dropped because in the Commission's view there is as yet no concrete programme. When that is so, the Commission should not encourage us to take budgetary decisions providing for the corresponding expenditure.

Mr President, this is how we should proceed and I think that we still have time before Thursday to formulate these amendments in such a way that the House can decide on them. If we are condemned to succeed, a maximalist position is not the right one because it will certainly lead to failure. We are condemned to succeed. It is quite true that we are in the same boat as the Council. It is also true that if we postpone the budget at the beginning of an election year we shall no longer be able to bring home to the public the purpose of those elections.

This cannot simply be explained in terms of budgetary procedure. I do not think that the general public has more knowledge of budgetary questions than the members of the Committee on Budgets. It is certainly no insult to the members of that committee to assume that the general public has less knowledge of budgetary procedure and budgetary law than they have. If different interpretations are possible on particular matters even in the Committee on Budgets, how difficult it must be for the public at large to understand the procedure taking place here. No explanation could be given to the public who would simply believe that Parliament wants to spend money like sand. The Council of Ministers has made a reasonable proposal and now we would be blocking the budgetary procedure. That would be a nonsensical position to adopt. Of course I am speaking in very general terms but that is how it would seem. Mr President, I therefore ask my colleagues in this House to recognize that we are in the same boat as the Council and if I may continue to develop that image, when there are two of you in a rowing boat, one sits on the port side and rows while the other rows on the starboard side; but you both try to row in the same direction. If you start pulling in different directions you go round in circles and that would surely be the worst possible motion for Europe. I am convinced that we must take the same direction as the Council. The Council has done enough to satisfy us. Let us now do our share to see to it that the boat of Europe continues to travel straight on forwards.

**President.** — I call Mr Lange.

**Mr Lange, chairman of the Committee on Budgets.** — (D) Mr President, ladies and gentlemen, like Mr Bangemann I must beg Mr Dalyell's indulgence for the fact that the President of the Council and his colleagues and the members of the Parliamentary delegation responsible for conciliation had to be absent for a certain time from this debate. As already agreed in the previous weeks, we had to have a discussion today with the President of the Council on other ways of coming to an arrangement and finding a solution that would enable all of us to agree on a budget for 1978 this week. Mr Dalyell, you may be sure — and to this extent I can only repeat what Mr Bangemann said — that it was not a matter of eastern carpet dealing and certainly not contempt of Parliament. As I say, we sat, so to speak, on hot coals up there after Question Time but we had to bring matters to some conclusion or other and, in the questions that are still unresolved between Parliament and the Council, we could do no more than note the position taken by the Council. Now Parliament must make an attempt to find an answer which, sooner or later, will enable the 1978 budget to be agreed by both partners. The situation is that Parliament's margin for manoeuvre — the words used in the Treaty are rate of increase and maximum rate — is seen differently by the two part-

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ners in the budgetary authority, but one thing is absolutely clear and that is that, at bottom, there will be no margin for manoeuvre at all if Parliament and the Council or the Council and Parliament fail to agree on a new rate. This is the procedure that we used for the 1976 and 1977 budgets. To that extent, therefore, we are obliged to come to an agreement, the Council telling us that we must save it from losing face. Conversely, of course, we have to tell the Council to save us from losing face, so we must arrive at a compromise acceptable to both sides. Now, Mr President and Mr President of the Council, members of the Commission and ladies and gentlemen, early this year, as Parliament, we stated how we wished the 1978 budget to be drawn up. We laid down policy guidelines which this Parliament agreed unanimously on the proposal of the Committee on Budgets. This year we already made an attempt — and this comment is addressed to Mr Tugendhat — to have talks with the Commission and the Council before the meeting of the Council of Foreign Ministers and Finance Ministers that was to lay down priorities for policy in the next financial year, namely financial 1978. When the Member of the Commission proposes to us this morning that basically there ought to be joint discussions in the Council on establishing these priorities I can only repeat an old proposal — and this applies not merely for the budgetary Council but for the Council as a whole — that discussions on establishing priorities need to be conducted on a joint basis, not just between the Council and the Commission, not just between Parliament and the Commission, but jointly by all three Institutions. If we manage to do this in 1978 for the 1979 budget and policy in 1979 I would regard that as so much progress. The fact that Parliament has only a subsidiary role is not the point, both partners in the budgetary authority — and this is really implicit in its mandate — must make a joint attempt to decide these matters. It would be perfectly possible for this to be done in the framework of a conciliation procedure or, as we say, a round of talks, that do not need to be too official, in which those concerned could enter into certain undertakings on agreed lines of policy. That would make things very much easier in terms of the difficulties that have now emerged at the end of the budgetary procedure.

The same naturally applies, in this connection, to the maximum rate and rate of increase that we are required to decide under the Treaty. These matters must also be discussed on the basis that all those concerned agree — as in 1975 and 1976 for the 1976 and 1977 budgets — that these things are of no importance if we are agreed on certain policy requirements. The two partners in the budgetary authority, the Council and Parliament, can then decide the increase, jointly, as a rate of increase in accordance with Article 203, 9, paragraph 5.

I repeat, in this way many of the difficulties that we have come up against in the budgetary procedure this

year could be eliminated. There is also, of course, the fact that the Committee on Budgets took no decision on an important item, the Regional Fund, but asked the European Council to take a decision which it would then have to develop in relation to the legal and technical budgetary requirements.

Ladies and gentlemen, on 26 October in accordance with the guidelines it had established in the Spring, this Parliament decided in this way on the first reading of the budget — I realise that it was no decision in the legal sense of the Treaty — because it took the view that particularly in a number of areas outside the sector accounting for the major part of the budgetary appropriations, in other words outside the agricultural policy area, no further progress could be made. These areas are social policy, industrial policy, regional and also sectoral structural policy, development aid policy, research policy, etc., in other words all the policy areas with, in our opinion, aspects that are important for the future and which will help the Community to develop in the years to come — whereas this keeping strictly to what agricultural policy has been so far must lead to virtual stagnation in the Community.

The fact is that if we look at the appropriations for the individual areas and compare them with the tasks which the Community, in conjunction with the Member States, or without the Member States, has to shoulder then we must conclude that all these amounts put together are not sufficient to put the necessary policy measures into effect — because they are simply inadequate. This is, however, also bound up with the fact that agricultural policy is accorded so dominating a role that it is just impossible for any political will to be developed for other things.

It has to be recognized that this year things have changed to some extent. We have made some progress in the social policy field. That has to be admitted without reservation. We have also achieved something in other fields but not to the same extent as in social policy because here, on the proposal of Parliament, there is to be a reform of the Social Fund, in connection with which the Council has proposed to Parliament that the conciliation procedure should also be used in this connection for the work of drafting the relevant legislation.

So this, as far as cooperation between the Council and Parliament in this field is concerned, is certainly a progress that is not to be underestimated. No-one should dismiss this as insignificant, regardless of the financial orders of magnitude involved. The fact of itself is already a significant political advance because here, in a specific field, both partners — the Council and Parliament — will be collaborating in the same way as in the field of budgetary legislation and budgetary policy and because here, so to speak, a certain amount of Community legislative work will be done

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with the relevant consequences for budgetary policy and legislation, although in the area of social policy. This, therefore, is a step forward that should not be underestimated.

Things are somewhat different in another sector about which we all took the view that evening out regional imbalances in the Community was a most important objective. It is, if you like, a century-long task and cannot be done in a matter of a few years because we know, from the efforts which our Member States have already made, how difficult it is to create comparable working and living conditions in every part of a country and now in every part of the Community. In other words it is a long-term process and this we must clearly realise.

All we are concerned about is to set the right course. Early this year, on the proposal of its Committee on Regional Development, Parliament had already passed resolutions, subsequently leading us to give special consideration and attach special importance to this question in the 1978 budget.

We know, however, about the arguments we had with the Council on earlier occasions about the Regional Fund for 1975, 1976 and 1977. We know that the Council then took two different decisions on the 1 300 m u.a. made available at that time. In October 1974 it decided that the expenditure would be non-compulsory and then, in February 1975, compulsory. Then, on the insistence of Parliament, it took the supplementary decision that this should apply only for three years after which there would be no further compulsory — only non-compulsory — funds in the Regional Fund.

This promise the Council has kept. The President-in-Office of the Council has expressly confirmed this once again and I think that we should acknowledge this because we know what it means, namely that Parliament has the last word in these questions and virtually has to take the decisions. In this way — Mr Bangemann has already made this point — it plays an essential role as the Council's with regard to deciding on the 1 850 million u.a. for three years.

Admittedly, it was the European Council that did that, but for me there is no difference. It is the Council because the Treaty does not lay down how the Council should be made up. In the Treaty there is no mention of a Council of Ministers, only a Council, and practice has in the meantime shown — and this we have already said a number of times here in Parliament — that we do not have one Council but as many Councils as, in practice, there are policy sectors and ministries in the individual Governments of the Member States. That gives a full dozen and it makes no difference that they have now been joined by the Heads of Government or State as a European Council. It is still the Council. The only thing is that the Council cannot use the powers of Parliament. This we must make very clear and in my view, Mr Shaw, we

ought possibly to amplify our motion for a resolution along these lines and say very clearly that we would regard this as an encroachment on Parliament's rights that we could not tolerate.

Now, ladies and gentlemen, if we look deliberately at the difficulties arising with the remainder of this procedure, allow me to point out the following. Through the resolutions that we approved on 12 December, in other words last Monday, which confirmed the decisions we took provisionally on 26 October in this House and on 5 and 6 December in the Committee on Budgets, there is a difference, in the case of commitment appropriations, of 70 million which the Council cannot accept and one of 22 million which the Council cannot accept in the case of payment appropriations, on top of which the Council requires that the Regional Fund must be formulated as decided by the European Council, i.e. 580 million commitment appropriations for 1978, possibly with an increase of 1 million as a symbolic gesture in recognition of the rights of the European Parliament as regards encroachments by the European Council.

That is the position. If we stand by the position we took on 26 October, the Council — this came out at the discussion we have just had — will not be in a position, according to the statements made by the President-in-Office, to agree to our proposals. That means that the Council would have to reject the Resolutions of Parliament and it also means that on 1 January 1978, unless we came to some decision in the few days left till 31 December, we would have no budget and we would have to work with provisional twelfths on the basis of the 1977 budget.

I shall not make any further comment except to note these facts that could arise and leave it to each individual Member to consider carefully what we can or should do.

I would also ask you to bear in mind what various Members have said this afternoon about the position of Parliament, its capabilities and the effect that certain decisions could have outside. It has been said very clearly that Parliament does not want to reject the budget and neither would anyone of us recommend that — but the Council must know this as well.

This Parliament has held its ground on the guidelines it laid down in the Spring of this year and therefore feels that it wants the budget to be drawn up in that way. Now, without wanting to talk about prestige, I would recommend that we should think very soberly about the possible consequences and how the instruction in Article 203 to the effect that 'Parliament and the Council shall jointly decide on a new rate.' This is the task before us. You might now ask me: what do you propose? At this moment I am not thinking of what I might propose this way or that. I repeat, I am just describing the facts as they are at the moment,

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the conflict between the Council and Parliament and the consequences that could arise if certain decisions were taken, bearing in mind that amendments can still be tabled until 10 a.m. tomorrow morning — that is the regulation that we have decided here — so that it is up to those Members who feel they have proposals to make for a solution to make them, and the Committee on Budgets will then have to consider such new amendments. However, no amendments can be dealt with that have already been discussed. That is an old rule; we can consider only new proposals.

One last thing. The agricultural policy has been very pointedly criticised. It was Lord Bruce who did so and basically there is little to be added to his criticism including that levelled by Mr Bangemann. Only one thing is important and this comment is addressed to the Commission. The Commission should work more energetically than previously to implement what it has agreed with Parliament in the field of agricultural policy, namely to increase producers' responsibility for the market. How this is to be done is undecided. A kind of tax could be levied, as in the case of milk, if certain limits are exceeded, or the unlimited sales guarantee provided in the market regulations could be curtailed for individual products. But this nonsense implicit in the agricultural policy must be brought to an end. It arises out of the market regulations because everything is bought at certain prices and so producers are under no compulsion to adjust to the market. Every other comparable small and medium-size entrepreneur is required to comply with the rules of the market. For agricultural producers of all sizes we make an exception in the case of the products covered by the market regulation and this cannot go on forever because in that way, as developments up to now have shown, surpluses are produced which then have to be stored and either converted in excessive quantities or, as has already happened, destroyed at relatively high cost. Destroying food is definitely something to which we cannot agree.

It therefore means that the Commission must also put some very serious thinking into its proposals. It will receive the necessary support from Parliament and we are looking forward to seeing the necessary proposals put forward in 1978 for disposing of the surplus production problem in a lasting way. This also fits in with a proposal that we had originally included in the budget because, under Article 39 of the Treaty, we not only have to ensure a reasonable income for producers through price policy but, on the other hand, we are also responsible for stabilizing markets and, of course, for ensuring supplies reach consumers at reasonable prices.

We therefore need a comprehensive agricultural policy meeting these three objectives. Up to now, only

one of these has been met: growth in prices to safeguard producers' incomes. This cannot go on indefinitely and hence our appeal to the Commission to work along these lines.

We shall certainly, ladies and gentlemen, be discussing these questions further in Parliament and we shall certainly renew our attempts, which we have already made a first time for the 1978 budget but which have not been wholly and entirely supported by all Members of Parliament nor approved by the Council, to bring about a reduction in the cost of our agricultural policy in this way.

My last point in this connection, addressed this time to the Member States, is that it is urgently necessary to accelerate the materialisation of what was said at the last European Council on the resuscitation of economic and monetary union and, in this connection, about coordinated economic policy and the resultant coherent monetary policy, because this is the only way in which the consequences for the agricultural sector of the absence of a uniform monetary policy, in the form of compensatory monetary amounts, can be eliminated. Here, therefore, an effort needs to be made to get rid of these compensatory monetary amounts because if things go on the way they are then these amounts will reach higher levels than the agricultural policy itself and this would be intolerable.

This means, in other words, that there are many things still to be discussed between the Council, the Commission and Parliament. At the moment, however, the only immediate question is how to deal with the 70 and 22 million differences in the commitment appropriations and the payment appropriations respectively.

So that, ladies and gentlemen, is the situation. I would be grateful if, during the next few weeks and months, we could all reflect on the questions bound up with the responsibilities of the European Communities and those of the European Parliament so that we may be in a position, independently of the Commission and independently of the Council, to work out policy proposals on which the Commission and the Council will then have to give their views. This would take us a step forward and Parliament would be exercising its responsibility particularly since, as from 1 January, we shall also be responsible for our own resources, in other words the revenue side.

In deciding on the 1978 budget we are already, at the same time, deciding on revenue. We therefore now have a greater responsibility towards European taxpayers and this increased responsibility should be reflected not only in careful budgetary administration but also in careful policy criteria as a basis for it.

## IN THE CHAIR : MR YEATS

*Vice-President*

**President.** — I call Mr Ripamonti.

**Mr Ripamonti.** — (*I*) Ladies and gentlemen, first, I too, would like to congratulate Mr Shaw on his analytical precision, exhaustive documentation and diplomatic skill and his resolve to arrive at a positive compromise. Allow me, too, to address my warm thanks to the secretariat of the Committee for the work they have done.

At the present stage in the budgetary procedure, this debate is increasingly centred on the problem of the Regional Fund. In other words it is in direct reference to the statements of intent by the President, Mr Jenkins, on behalf of the Commission and the determination expressed and repeated several times by Commissioner Giolitti to strive for internal equilibrium in the Community through effective coordination of the instruments available (the Agricultural Fund, social policy and the Regional Fund) and to the discussion that took place in this House on the motion for a Resolution tabled by Mr Noè on ways of framing and implementing a realistic policy for overcoming the territorial, social and human imbalances in the Community area.

The difficult economic situation we are now going through, which demands a special effort to thwart disruptive forces, to bring about greater similarity in the economic policies of Member States and to reduce divergencies in their economic and social situations, and the proposals themselves which the Commission has made for renewing progress towards economic and monetary union, call for greater efforts in the field of regional policy as well as in the sectors of social, industrial, research and energy policy in the Community.

In my view, the clearcut differences within the budgetary authority between the position of the Council and that of Parliament in no way detract from the positive aspects of the 1978 budget as pointed out by the rapporteur: its presentation in European units of account, the use of VAT as own resources, the overcoming of the difficulties regarding the entering and presentation of commitments, the change in the financial regulation, the greater emphasis on budgetary transparency and on the policy character of the medium-term financial forecasts, and the agreement in principle on the basis of which, without prejudice to the Commission's rights as regards the execution of the budget, the Commission is to be given the possibility of consulting Parliament before taking definitive decisions in cases where the measures planned are such that the appropriations in a given chapter of the EAGGF, guarantee section, might be substantially exceeded.

Overall, the budget confirms a tendency — to which Parliament has to some extent objected with Mr Spinelli's request to include in the comments on the agricultural regulations the revision of the regulations themselves to give preference to expenditure commitments in the agricultural sector, the figure for 1978 being 76 % as against 69 % for the current year.

Under the heading of non-compulsory expenditure, forecasts for commitment and payment appropriations further accentuate the increase in the latter as compared with the former, evidence of the goodwill of the Commission in accelerating and making more effective its action in implementing the programmes in view.

But the obvious relationships between commitment and payment appropriations and the proposed requirements for development, research and energy policy and for industrial policy and aid to the developing countries spotlight the difference between the commitment appropriations accepted by the Council and those proposed by Parliament. At the moment this difference amounts to 311 m EUA: 141 m EUA proposed through the amendments tabled by the Committee on Budgets plus the 170 m EUA difference in the commitment appropriations for the Regional Fund.

Regarding these forecasts for commitment appropriations in the non-compulsory expenditure sector, I would like to point out that the form given to the budget by the Commission was consistent with the discussions that took place in this Assembly and the statement made by the President-in-Office of the Council during the course of our discussions. I therefore believe that it could be possible to bring the positions closer together as regards the most recent amendments approved by the Committee on Budgets. However, I feel that the biggest obstacle in the way of reaching this compromise, on which the President of the Council dwelt again this morning, is the basic issue formed by the Regional Fund problem. As regards the Regional Fund itself, Mr Aigner stated today that, to its vast surprise, the Community world heard of the decision of the European Council to commit 1 850 million over the next three years. In practical terms, this decision is a specific invitation to the budgetary authority to accelerate investment in the regional policy sector. To say that we are distorting the information given to public opinion, in our disagreement with the Council's opinion about the breakdown of these 1 850 m EUA — 580 in 1978, 620 in 1979 and 650 in 1980 — is untrue. If anything, incorrect information has been given out by the European Council if, as the press suggests, it has stated that 1 850 m EUA would be spent on regional policy in the 3-year period. It really is strange that Parliament should be blamed for upsetting European public opinion precisely at a time in which the discus-

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sions for the forthcoming election campaign were just beginning, thus giving a distorted impression of the fundamental problems of the life of the Community.

I can but reject this interpretation. As I said to begin with, there is a precise connection between commitment and payment appropriations. If we were really (if that is the Council's intention) to put the precise expenditure in this sector at 1 850 m EUA, then even the figure of 750 m EUA given by us for 1978 would not be sufficient to guarantee execution of the programmes for the 3-year period. One only has to consider that, if the payment appropriations are analysed in relation to the 750 m EUA of commitment appropriations, it will be found that 250 m relate to payment appropriations carried forward from 1977. That part of the commitment that will be converted into expenditure during 1978 is 275 m EUA so that effective expenditure in 1978 increase by 275 m EUA.

If we accept the proposals put forward by the Council, alongside the 580 m commitment appropriations there are 460 m payment appropriations, 250 brought forward from 1977 and 210 linked with the new commitment limit. In the discussion in the Committee on Budgets these matters were clarified. This is why, when Mr Aigner says that we could leave the commitment appropriation at 580 m EUA and increase the payment appropriations to 525 m EUA, the operation is not — in my view — rational unless, apart from my reservation regarding the limit on the commitment appropriation, the Commission can prove to me that it is capable, by means of this payment appropriation, of really spending 525 m EUA in the course of 1978. I would be grateful for clarification from the Council and the Commission on this point. We started off, as we all know, with a budget in which the Commission had proposed 750 m EUA in commitment appropriations and 525 m in payment appropriations with a precise connection between the two which, I feel, would be difficult to change at short notice. But it is also true that the Council reduced the commitment appropriation to 398 m EUA and the Delmotte report showed that, with this reduction, the Council was planning regional policy action for 1978 at a lower level than in the last 3-year period and particularly this year, taking into account the monetary devaluation and inflationary phenomena that have been a feature of this period. The commitment appropriation proposed by the Council is therefore lower, as it stands, than that needed for continuity in regional development policy.

However, if the Council insists on the 580 m EUA appropriation to breaking point, causing a crisis in relations with Parliament, I would be glad to have a table showing how 1 850 m EUA will be committed and spent in the 3-year period and I am asking for this, Mr Bangemann so that public opinion may be

better informed and so that we can show with figures to prove it, i.e. commitment and payment appropriations, how the 1 850 m EUA may be converted, within the space of three years, into effective action and not just promises which make regional and social policy even more remote in time and perpetuate the disparity between areas of wealth and areas of poverty in the Community and that arising from the continued existence of situations of poverty alongside those of wealth in a Europe which, instead, should go forward united towards the goals of higher levels of civilisation.

So this, ladies and gentlemen, is why today clarification from the Council is vital and that clarification can, in my view, no longer be limited to the ceilings for the 1978 commitment and payment appropriations but must cover the interpretation of the substance of regional policy over the three-year period and the mathematical demonstration of how, given these forecasts, appropriations for 1 850 million can really be translated into operational fact.

I heard another comment on the problem of the payments that the Community should make itself responsible for in order to intervene in the investment sector in view of the present economic situation. In this connection there is an amendment, unanimously approved by the Committee on Budgets, calling for the inclusion in the receipts side of an item concerning the entry of these payments in the Community's general resources, with their management entrusted to the Commission. I made this request because I noticed that, as regards the Mediterranean strategy, it is the European Investment Bank that has the disposal of these amounts and the Commission and Parliament accept what they are told after things have been done.

In conclusion, I believe that we still have the time and political will to find a basis of agreement leaving us with a clear conscience, in other words with a budget for 1978 that truly and fully complies with the requirements stated in the discussions that have taken place in this Assembly and the committees and that meets the need for stimulating economic and social development in our Community at a particularly difficult time, featuring low levels of growth and high levels of unemployment especially among the young.

**President.** — I call Mr Lemoine.

**Mr Lemoine.** — (*F*) Mr President, ladies and gentlemen, we are now engaged in the second reading of the Community budget which, at least for the most part, is particularly concerned with agriculture. I would like to put forward a few brief thoughts from the French section of the Communist Group. It is clear that this budget and its policy lines largely help to determine the standard of living of workers on the land both now and in the future. From this stand-

## Lemoine

point, what is the situation of farmers today? At best, for most of them, it is a standstill as compared with earlier years, or more probably a decline, for the fourth year in succession. There is still the system of compensatory amounts which hits the weak currency countries and favours the strong currency countries to the extent that a traditional exporting country like France will, this year for the first time, have a deficit in the agriculture and food sector of over FF 7 billion compared with a surplus of some 10 billion only a few years ago.

Another feature of today's situation is the continuing increase in the cost of the protective measures decided by the big agricultural processing companies with the backing of our governments and the Community. There are the attempts to break down certain markets, like the beef and veal market, by doing away with the intervention mechanisms or refusing Community protection in the case of sheepmeat. There is also, for the first time, the experimental institution of a co-responsibility levy making small milk producers pay for the stocks for which Community policy is alone responsible. On this subject I would like to say that it is not fair for French Members of Parliament in the majority, for example, to protest against this levy in Luxembourg or in Strasbourg when their ministers defend and apply it unhesitatingly in Paris. The policy followed in all these fields will have major budgetary implications for the Community. There are the amendments, for example, proposed in this Assembly for setting a ceiling to EAGGF expenditure and applying a co-responsibility levy to several agricultural products. In this connection, we repeat the formal opposition we have to such proposals and which we have already declared here and in Paris with regard to the co-responsibility levy on milk just as we denounce the continuing threat levelled by the Commission and the Member States at the intervention system for beef and veal.

How can we be surprised, in such circumstances, that farms are disappearing, and that more and more people are leaving the land leaving thousands of rural people without work and undermining production capacity with all the serious consequences that this may imply as regards food independence and Member States' export capacities? Yes, we need a different agricultural policy, one which would have positive budgetary effects. Developing the popular consumption of agricultural produce, increasing farm incomes, and controlling and reducing production costs are all today essential features of a sound agricultural policy safeguarding production capacities and improving the Community budget. The system of compensatory amounts which favours the strong to the detriment of the weak must be done away with.

This is why, in this Assembly as in the French National Assembly, with the sole concern of main-

taining and increasing farm incomes, we ask that a new agricultural policy be brought in which, based on these principles, would have beneficial effects on the Community budget and would mean that production capacities in our countries would be safeguarded, farmers kept on the land and farmers' incomes increased.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, first of all, I would like to ask one question outside the mainstream of my speech. Mr Tugendhat this morning made a reference to the importance that he attached to the setting up of Commission offices in Lisbon and Madrid: so do I and so do most members of the Socialist Group. But we seemed to be beaten in the Committee on Budgets when Mr Strasser came, and we were beaten by colleagues who wanted a coherent strategy for the establishment of Community offices. This is a reasonable point of view. However, Parliament also understands that there is to be a meeting in the New Year on this topic. Could two matters be borne in mind at this meeting?

First of all, some of us who see them at work at first hand feel that the Community offices play a most important rôle. Here I will be forgiven for paying tribute to the work of Stanley Budd and his staff in Edinburgh, not least for the successful visit of the European Community's choir last month to Edinburgh to perform on a memorable occasion at the Usher Hall. That visit did the image of the Community a great deal of good.

Having said this, I may be thought to be all the more curmudgeonly as a Scot in raising the question of a Community office in Belfast. Let me make my attitude quite clear. In normal circumstances I would be as much in favour of an office in Belfast as in Madrid, Lisbon or Edinburgh. But I do think that the President of the Commission, when he goes to make speeches in Ulster — and I am critical of him (and doubtless he will reply in kind, or his Commissioner will) for saying that he will overrule the Committee on Budgets of Parliament and go ahead with an office in Belfast whatever the Parliament says — ought to explain how, for the sum involved, he proposes to give protection to the Community representatives. Because we all remember Tiede Herrema, we all remember the fate of the German Consul in Northern Ireland, and I will vote against sending any Community representative to Belfast who does not have adequate, round-the-clock protection, and vote against the establishment of any office which is less than a fortress, because to do otherwise is asking for trouble.

Before I come to the mainstream of my speech, may I say that some of us are extremely grateful to the Belgian presidency for their wisdom in finding a formula — was it on November 21? — for a method

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of calculation which was most advantageous to the country concerned. I think the Belgians have to be congratulated for getting us out of this very difficult corner. My main theme is this: much of the criticism voiced by Parliament and by the Commission of the Council of Ministers stems directly from the nature of the six-monthly rotating presidency. Often what we are saying, in effect, is that you have no coherent strategy, you have no plan of action; but how in Heaven's name can we expect a strategy, a plan of action from the Council if every six months, just as a new set of Ministers and a new set of officials are beginning to understand the job, they are precipitated out of the presidency, handing over the burden to someone else? The proverbial man from Mars would be open-mouthed with surprise at this way of conducting business.

I know that the six-month period of the presidency of the Council of Ministers is based on Article 2 of the Treaty establishing a single Council and Commission of the European Communities — the so-called Merger Treaty. Any change in this rule would therefore invoke the procedure for revising the treaties. In most international organizations, the office of president rotates with each meeting or session. The European Community is an exception because of its super-rational characteristic in having a longer period. We realize all this. But those of us who are unhappy about the rotating nature of the presidency do point out that there is a very widespread feeling that six months is a short period, and the report of the President-in-Office's own Prime Minister, Mr Tindemans, on European Union recommended that the period of office be extended to one year in order to improve continuity. My argument is that, if this recommendation had been carried out, some of the criticisms that have been directed at the Council both by the Commission and by the Parliament would not have been made.

The President-in-Office himself did point out that expenditure policy had to be organized in a better way. As evidence in favour of the argument, could I say that when the President-in-Office's colleague, Mr Claes, came to the Committee on Energy and Research last month and said that he was the Belgian Minister of Energy and he was doing this job for the second time, I asked him whether, from his experience of the second time round — a rather unique experience — he thought that it was really sensible to have in the technical ministries a period of six months for a rotating presidency. Mr Claes' answer was very interesting: No, he did not, and with the double experience of having done the job some five years ago and now doing it a second time round, he did not think that it was sensible, for example in order to get any kind of coherent European energy policy, to have this institutional change round. So I ask Mr Eyskens whether he agrees with his colleague's point of view, because I think most members of the

Committee on Energy and Research, talking afterwards, thought that Mr Claes was right and was saying something that was important. Especially now that we are going to have the changes at direct elections, has not the time come to rethink this whole question of the rotating presidency?

The President-in-Office asked this morning, in relation to the Regional Fund, if the Council realized the difference we are making between compulsory and non-compulsory expenditure. That was the question that he himself asked. Then he went on to say that there had to be a compromise and that it was a major fact that the political scope of decisions in Council on the European Regional Fund had to be understood. I replied that some of the cleverest, the most quick-on-the-uptake Ministers in the British Government who had the presidency before had not, on their own admission, the slightest notion of how the presidency worked. I suspect that the British are not alone in having these difficulties. We have the example of a former German Ambassador to London who, when confronted with the possibility of being his country's representative on the Committee of Permanent Representatives, left the Diplomatic Service, because he saw how difficult all this is.

All I am saying is that it is institutionally absolutely unreasonable to expect people to take on a job suddenly, to get to understand it in a few months and then give it up again, and then say we must have a coherent strategy from the Council. This really is not a sensible way of proceeding, and I ask this: if we are talking about sensible procedures, has not the time come to take the view that when in the spring Parliament and the other institutions of the Community are told there is a total sum available, then this should be known by May, because all this constant haggling does not really seem a very rational way of making the best decisions for the people of Europe. Frankly, I think Parliament is put rather in the position of children who go to the Council asking for titbits. I put this in question form: with the advent of direct elections, is there going to be any review of the merits or otherwise of the rotating presidency?

Now I come back to the Commissioner. He said that some Member States are more efficacious than others and the Commission must do its best to facilitate a political settlement by increasing the rate of spending. In order to achieve this, how does the Commission feel about dealing with a presidency that is constantly changing? The Commissioner himself criticized the manner in which the Council behaved in the summer. The Council, he said, must have a more constructive approach. There must not be cuts across the board. He talked about the margin of manoeuvre becoming very awkward, and said the definition of margin of manoeuvre will have to be worked out. How can this be done if you have a change between

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30 June and 1 July, and you are dealing with a different presidency? If I am told that, of course, there are always going to be changes of Ministers, I understand this. But what we are talking about is a change in the whole retinue of officials, and the question that I ask the Commissioner is this: with this change in the retinue of officials, is it possible to carry out what he asked for in his own speech, especially when it comes to difficult matters such as the differences in commitment appropriations and budget payment appropriations and questions of margin? Can this be worked out when there is such constant change?

Finally, the Commissioner said that there would be a joint meeting between Finance Ministers and Foreign Ministers and the Commission early next year: the main options would be more clearly brought out in the spring, and we had to look ahead beyond Christmas and beyond Easter. The question I put is this: can the common problems best be handled at the level of the European Communities and settled properly with such a constant change of key personnel?

It is no good the Commissioner or any of us ranting at the Council. Mr Eyskens quite rightly said that in the Council they are condemned to reach a joint agreement. It might be easier if certain countries had the presidency in certain subjects at any rate for a one-year stint. Then, even if Ministers changed, there would be continuity among the core of officials. I put it to Mr Eyskens — or indeed, to Mr Simonet tomorrow if it is thought to be a question that is more appropriate to the Foreign Ministers — and to the Commission: is it really sensible to have this six-monthly chopping and changing, which some of us believe is one of the root causes of the difficulties we have had this morning and this afternoon?

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

**President.** — I call Mr Eyskens.

**Mr Eyskens, President-in-office of the Council.** — (NL) Mr President, ladies and gentlemen, I shall indeed be very brief because you already gave me the floor this morning and you were kind and patient enough to listen to me at some length. Firstly, I would like to apologize for my absence at the beginning of this part-session. I was not off on a pleasure jaunt to Strasbourg, I was attending a meeting in Room 8 in this building where an attempt at conciliation was made between myself, as representative of the Council, and the Committee on Budgets of this Parliament. During my absence, Lord Bessborough referred to a Reuter report which he took to mean that, all in all, the Council of Ministers had decided in a fairly firm and radical manner that the possible intervention

of Parliament was completely incidental and that the decisions had been taken. It is clear that this is completely inaccurate from the wording in which the Council's decision of 22 November is framed:

In the light of this exchange of views, the Council then proceeded with the second reading of the draft budget and the voting on the proposed amendments and modifications. At the end of the discussion it was agreed that the modified draft budget, provisionally amounting to about 12 145 u.a. in payment appropriations and 12 362 u.a. in commitment appropriations, should be transmitted to the Assembly for the latter to take its final decision during the December part-session.

That is the correct wording which very clearly states that the Council is paying full and due regard to Parliament's powers.

I would like to give an answer to Mr Dalyell who has made a case for a longer presidency than six months. He would like it to last one year. I would not complain but personally I am glad it lasts only six months although a number of Mr Dalyell's comments are pertinent. There are pros and cons and one of the big disadvantages of a one-year presidency, Mr Dalyell, is that, since there are nine Member States, each country would have a turn only once every nine years and that is a very long time. And if the number of members of the Community goes up we could end up with decades passing before each country has a turn.

I would remind you that the presidency in the ECSC lasted only three months and that the present six-month period is twice the presidency's earlier duration. You also know that the presidency period is laid down in the Treaties — the Treaty of Rome and the Act of Accession — and we have to comply. As in all good assemblies the presidency is not really all that important. The secretariat is the most important thing and, in spite of the changing presidency, continuity is ensured by the permanence of the secretariat. I believe that this is the best guarantee for the proper functioning of our institutions.

Now I come to some comments by Mr Bangemann and Mr Lange with more bearing on the substance of the debate. I am very much in sympathy with the suggestions made by Mr Bangemann regarding the budget problem and more specifically with his suggestion to steer a number of appropriations more in the direction of their regional aspects and impacts. Once again I repeat that the European Council has approved a political compromise as regards the amount of the commitment appropriations for the Regional Fund, the first instalment totalling 580 million in 1978. This does not mean to say that we wish to renew the argument about the fact that this relates to non-compulsory expenditure which therefore comes within the powers of Parliament, but it does mean that, because of the big differences in viewpoint between the nine countries, the 580 million

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is the only feasible compromise at this stage and it means that this Parliament will be taking on a very great political responsibility with all the risks involved if it dismisses this amount without consideration. On behalf of the Council of Budget Ministers I am empowered to state that we are ready to approve half of the amounts that you consider necessary for your amendments, that is to say 140 million. The Council of Ministers is ready to approve 70 million and if, therefore, you can make full use of these extra 70 million appropriations, in consultation with the Commission, then the regional policy possibilities open to the Commission and the Community in 1978 will be substantially increased. I would therefore ask that all further expenditure by way of amendments should be directed towards regional objectives in the best way possible.

Mr Lange said that we are ultimately fated to come to an understanding on the budget total because, willy-nilly, we are in the joint decision procedure, and that is certainly right. The debate on margin for manoeuvre is somewhat doctrinal because all viewpoints on this subject can be defended just as, for that matter, they can be rejected. What I suggest is once again a compromise as has always been the case in the past. I would remind you, ladies and gentlemen, that we started off with an increase of 3.77 % for the commitment appropriations. Now the Council is ready to go along with a 21.58 % increase, in other words 182 million for the amendments made by Parliament and approved by the Council and a further 70 million which I am authorized to add today as a kind of gesture of reconciliation to make a joint decision — a co-decision — possible. In total this means a rate of increase of 21.58 %. As regards the payment appropriations I have already told you that I have not received any directives or information from the European Council for the Regional Fund. That means that, in this field, you can decide the increase, in consultation with the Commission, but the viewpoint of the Council of Ministers is that an increase of about 50 % over the previous year should be the maximum. In fact, the Council is ready to go to about 51 % ; out of the 52 million payment appropriations you have requested in your amendments, the Council is ready to approve 30 million, bringing the rate of increase up to 51 %. We therefore have nearly 22 % for commitment appropriations and almost 51 % for payment appropriations. Here I feel that the Council of Ministers is showing evidence of goodwill in view of the fact that these are substantial percentage increases. And I am convinced that, with the provision of such sums, an efficient Community policy should be possible, in consultation with the Commission, that will also have some effect on the crisis and on employment policy, a problem to which each one of us here today attaches the utmost importance.

So much, therefore, for the standpoint of the Council of Ministers. Obviously I cannot anticipate on the deci-

sions that you will be taking today, tomorrow or the next day. But I would ask for your understanding of the position of the Council and the position of the nine governments of the nine countries. The national budgets of the Member States do not come anywhere near an increase of 22 % let alone 51 % ; it is simply unthinkable. Most budgets show increases of 9 to 12 % in 1978 and I would ask you also to take into account the fact that most budgets in our nine countries show deficits. The Finance Ministers need all their powers of imagination and courage to produce the necessary tax revenue. The decision that you take will ultimately also affect the calls on the revenue potential of taxpayers in each of our nine countries.

I shall conclude this appeal by asking you once again not to let things come to an impasse or conflict. All in all, this year has been a successful one. There has been the transition to the European Unit of Account, the changeover to the definitive own-resources system, the approval of the Financial Regulation and the hope and conviction that 1978 will see the historic moment when a directly elected Parliament will come into being, which will certainly be the signal for a number of fundamental changes. So please do not let us have a budgetary crisis at this crucial moment.

There is another point that I had forgotten, Mr President. In Parliament's amendments, namely amendments Nos 289, 287 and 288 which refer to the compensatory amounts, I read that you propose that these amounts, which could be substantial, should be switched from the EAGGF to Title IV. The Council's standpoint, and it has been twice confirmed, is that this may not be done because it cannot be done. The Council takes the view that a proposed modification is necessary for this because here we are concerned with compulsory expenditure, expenditure that has to remain in Article 750 and I believe that the Commission takes the same view.

Mr President, ladies and gentlemen, I believe that this will be my last appearance among you as President of the Council. I would like to thank you once again for your understanding and for the very constructive cooperation there has been with your delegations on the one hand and between the Committee on Budgets and the Council on the other. We have done a lot of good work and I repeat what I said this morning, namely that this in my view has been the best year yet as regards cooperation between the two partners in the budgetary authority. Let us therefore be careful to keep our sangfroid up to the very last moment so that we do not turn this best year into the worst by failing to pass or blocking the budget. I venture to hope that this will not be the case and that common sense will prevail at the end of this year. Then we can finish the whole budgetary procedure in a spirit of mutual trust and cooperation, providing the best basis of hope for

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1978 and the years to come when a directly elected parliament will have come into being.

**President.** — Thank you, Mr Eyskens. Since this is the last time you will be with us, I would like to make one or two observations, without of course wishing to prejudice the decisions to be taken by Parliament. Firstly, we have been delighted by our contacts with you over the past six months and by the consideration you have shown to Parliament. Secondly, all those of our colleagues who have taken part in delegations for discussions with you have spoken of your sense of obligation to the nine governments and your understanding of their problems. This will carry weight in the decision to be taken by this Parliament over the next few days. Thank you for your collaboration with Parliament during your six months as President of the Council.

(Applause)

I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, when I spoke this morning, I said that on a long journey the last mile home sometimes seems the longest of all. When one remembers that that was some 9½ hours ago, I think the House may agree with me.

This debate has certainly been sufficiently important to justify that length of time. It is the culmination of a very long and detailed process; it is the public and external aspect of a very protracted and serious business, a business in which, as I said earlier, a great deal of give-and take has been shown by both sides; and in my view, though I know it is not shared by absolutely everyone in this Chamber, some memorable achievements have been secured. I have said, and I hope the House will agree with me in this everything I have to say on the need not to place those achievements in jeopardy. The course, I believe, should be followed in order to bring this budget to fruition in due time and without causing a crisis that would damage the Community as a whole much more than any institution in it, and I feel it would be in the interests of the House, as we have further business to transact, for me not to go over those arguments again.

I speak now, which I had not originally intended to do, very largely because Mr Dalyell asked me a specific and direct question about the Presidency of the Council. I take his point that a changeover every six months may cause some difficulties, but I think — and I speak, inasmuch as that is possible from this bench, in a personal fashion in response to a direct question — that there are other considerations as well. In my limited experience, the Presidency places a very considerable burden on the resources of the country that actually holds it, and I think that if that burden

had to be borne for a year, it would cause great difficulties for both the ministers' time and the officials' time. I agree, too, with Mr Eyskens that there is the continuity of the Council secretariat, and that that does provide a very important continuing element. I agree with him as well about the disadvantages of a country's having to wait too long to hold the Presidency. Speaking as somebody from a country that only recently joined the Community, one of the things that has struck me most forcibly, both about my own experience and about the experience of my compatriots in all the Community institutions, has been the very great disadvantage we are put at through sheer lack of experience, and I think that those people who have been at it for longer, who have seen it all not once or twice but sometimes five or six times, do have an advantage and it is positively to the advantage of the Community that that experience should be built up: if one had to wait nine years for a presidency, there would be difficulties. If Mr Dalyell sees a certain lack of consistency from time to time in some of the policies and attitudes adopted by the Council, this, in my view, if I may say so, arises much more from deeper and underlying problems and disagreements than it does from changes in the presidency. In general, I think the advantages significantly outweigh the disadvantages.

As I am on my feet, I would like to say two or three other brief things. First of all, I think today's debate, and the concertation and conciliation procedure that has gone on alongside this plenary sitting, has shown us very conclusively that there are aspects of our budgetary process that badly need to be re-examined. I said this morning, and I think it will be an urgent priority for the Commission and the incoming Presidency. The real problem, it seems to me, having seen the whole year now, is this rather formalized and almost ritualistic affair whereby the Commission puts up proposals, the Council knocks them all on the head, and the Parliament stands some of them up again. As I said earlier, I think that if we could get our priorities and our options much more clearly defined at the outset — that certainly puts a responsibility on us to lay out the options, but it also puts a responsibility on the Council and on the Parliament to give a clearer lead than has been forthcoming hitherto about the priorities — we could be in a very much better position. If we operated on a greater basis of mutual understanding, so that the Council did not simply chop everything down when it was first put up, the argument about the margin of manoeuvre would be very much easier to conduct. The real difficulty about this argument arises from the very severity of the initial action, and here is something where the three Institutions — the Council, the Parliament and the Commission — all have a certain amount to do.

Mr Eyskens particularly mentioned, on behalf of the Council, Amendments Nos 289, 287 and 288, and I confirm that we share his view on those matters.

### Tugendhat

Finally, Mr President, although I had the opportunity to convey my personal thanks and appreciation to Mr Eyskens in another place last week, I would like to associate myself with the thanks which you expressed and to say that one of the disadvantages of a six-months' presidency is that we shall not be seeing him in that position the next time we meet.

**President.** — I call Mr Shaw.

**Mr Shaw, general rapporteur.** — We have had a long debate, but it has been an interesting one. I agree with what has already been said, namely, that, running through the speeches today, there has been an overwhelming thread of desire to seek a final agreement to this budget. We heard from Mr Eyskens' speeches this afternoon how there has been a general movement of opinion towards our attitude. Rightly he reminded us of the very positive results that have flowed from the conciliation procedure on the Financial Regulation, and he then went on to say that the level of the amendments from Parliament accepted by the Council was higher than ever conceded by the Council for a previous budget.

We cannot ignore such an important fact as that. I shall not comment today on the points he made with regard to the Regional Fund, because we shall be looking at the matter again in tomorrow's meeting of the Committee on Budgets; nonetheless, I believe that what Mr Eyskens has said today and what Mr Tugendhat has confirmed, also today, shows that there has been a genuine desire on the part of the Council to move towards us. A definite conciliation has taken place.

Before I move on to talk about the things that Mr Tugendhat has said, I would like to say I feel that we have had, in the Belgian presidency, a very notable six months. I believe Mr Eyskens has worked incredibly hard to make a success of the task that he set himself. I would like also to couple with him the names of all his helpers who have made such a splendid team, and to whom we owe a great deal of gratitude.

Now I turn to what Mr Tugendhat has said. He, too, emphasized this movement and the need for agreement. He also raised the question of a link between the payments and the commitments. And he was right to do so. I do not believe, when looking at all these amendments and the mass of paper that has come flying from our desks since this operation began, that most people have really understood that there was a very close connection between commitments on the one hand and payments on the other. Of course the Council places emphasis — as does the Commission — on commitments. We place added emphasis on the payments. The other evening in the Committee on Budgets, some people thought I had cut back too much on payment appropriations. But the fact is, if you go through a list of amendments

seeking to reduce commitments, you will find that, if you are to do it in a meaningful way, you will inevitably start reducing payments as well, because so often they are linked. Mr Tugendhat did have one adverse comment to make about our system of freezing, and I have heard this from the Commission before. But the fact is that, so far, it has worked. Until we have actually got the Financial Regulation in our grasp — and how often it nearly slipped beyond it — we must not lose any particular weapon from our armoury that has been effective in the past.

I turn now to Lord Bruce, who referred to agriculture. I did refer to agriculture in my earlier statements, and I will limit myself now to saying that he and others have alluded — and I think rightly — to the dominance of agriculture in our budget. But it is not a simple problem. It is very difficult to justify to public opinion that we should continue to subsidize production for intervention only. I hope that next year we shall continue our examination of this problem, so that our rapporteur for the 1979 budget, on the basis of advice from the Committee on Agriculture, will be able to make concrete suggestions. But of course we must remember — and this was stressed by some — that the CAP has positive aspects: what is really wanted is a thorough review of the system to make it a more useful policy.

Most of the speeches this afternoon have dealt with the question of what happens if we fail to get agreement. Quite a number have alluded to this margin, and I am quite sure that a number of listeners are very puzzled about all the figures that have flown around. But I am quite clear in my mind that, when the figures go up during the course of the budget procedure, and go beyond the original margin, the fact is that there is no alternative to reaching an agreement. I will not bother to spell it out. It is a fact that this has got to come about. And it must happen either sooner, at the proper time, or later, after all sorts of travails have been suffered. If it happens later, it will be a tragedy, leaving scars that will take a long time to heal. Not only will there be the scars of distrust between the institutions, there will also be real hardship within the Community itself. When the bills start coming in for payment from the Commission and the Commission turns round and says, 'I am very sorry, we have only got last year's pocket-money; we have not got this year's and I am afraid you will have to wait. We will put it on the file marked 'IOU', then, what will happen? We, in Parliament here, will have constituents running after us saying, 'What is happening here? Get cracking! Get the budget sorted out'. And these processes cannot take place overnight.

I believe that there will be real harm if we do not look at our procedure in this matter in a realistic and responsible manner. I believe that we are sufficiently close now to reaching a final agreement if we

**Shaw**

continue to use commonsense. Both sides have moved. I believe that we should play our part in that final movement towards reaching agreement. Because, if we do, it will be agreement on figures, the like of which have never been obtained before in the history of this Parliament. It would be folly if we were to let this prize slip through our fingers now.

**President.** — Mr Shaw, I would like to thank you, on behalf of our Assembly, for your essential role in this remarkably sound and thorough debate. I should like to recall your words: 'We are serious and responsible people' and say that we shall prove it during these next two days.

The debate is closed.

In anticipation of the vote which will be held on Thursday, I would remind the House once again that to be adopted the amendments require the votes of the majority of the current Members of Parliament — that is, 100 votes in favour — and three-fifths of the votes cast. It is vital, therefore, that everyone be present for this vote.

#### 10. Regulations concerning the Community's own resources

**President.** — The next item is the report (Doc. 445/77) drawn up by Mr Notenboom on behalf of the Committee on Budgets on the joint position adopted by the Council on:

- a regulation (EEC, EURATOM, ECSC) implementing the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources
- an amended proposal for a regulation implementing, in respect of the own resources from VAT, the decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources

I call Mr Notenboom.

**Mr Notenboom, rapporteur.** — (NL) Mr President, the point has been made on various occasions that the 1978 budget features a number of new elements including the complete financing of the European budget from own resources. Under the Sixth Directive on value added tax, adopted by the Council in May this year, further implementing provisions are necessary for own-resources financing and that is the subject of this report. These implementing regulations concern the way in which the base for VAT is to be defined and the accounting arrangements for the inflow of these resources into the European budget. For this reason the report is in two parts.

These two parts were already discussed last month in this House in an earlier report. At that time, Parliament unanimously adopted the Committee on Budgets' motion for a resolution which I had the

honour to present, at the same time leaving open the possibility of initiating the procedure for conciliation between Parliament and the Council in view of the major significance of these proposals for financial autonomy.

Now, two weeks before the new year, we have, in a certain sense, our backs to the wall or, rather, our noses to the wall because the new year is just in front of us.

But I would first like very briefly to talk about the substance of the two main points, beginning with the way in which the base for VAT is to be defined. Some years ago, about April 1970, many, including members of this Parliament, cherished an ideal according to which there had to be a direct relationship between European taxpayers, European consumers paying turnover tax, and the Community budget. According to them, European taxpayers had to be directly affected by the decisions taken in this House, and Parliament and the Council had to be fully aware of their responsibility towards European consumers and European electors. Some even held that that part of the price of goods or services paid for in a shop or elsewhere that was earmarked for Europe had to be shown. This idea has gradually been allowed to slide; it is a bit too idealistic and looked, in practice but also in policy terms, as though it would encounter serious difficulties.

What we thought for a long time, and were still saying in October and November last in this House, is that, even so, it is desirable for the VAT base to be defined as all the tax returns of all taxable European persons or corporations, and for VAT that means firms. Thus the base would, so to speak, be the sum of all tax returns minus the sum of all deductible items for all European firms. That should be and still is the most accurate approximation for the base for VAT, the rate of having not to exceed 1%. The Committee on Budgets hung on to this idea for a long time. However, because of the complexity of the authorities' controlling machinery, but also bearing in mind the interests of firms — among which small and medium-sized industry forms a large proportion, — the Council does not want to impose the additional administrative burden and thus intends to give the Member States freedom to choose this system or the system of statistical approximation. This has been defined by the Council in a Community guideline which was then communicated to us so that we could decide whether we felt the conciliation procedure to be desirable.

In an earlier speech on the subject, Mr President, I hinted that I personally was also of the opinion that we should not put any extra burden on the shoulders of medium and small sized firms, or other firms as well, at a time when they are already labouring under a heavy load. I am happy to say that the Committee

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on Budgets was unanimous, as far as this is concerned, in the understanding it showed for the standpoint of the Council and wants to avoid any further delay; instead we hope that, in the 5-year period within which the Member States can choose between the 'base on base' system, as it is called, and the statistical system, perhaps new accounting or computer systems will be developed enabling the other method to be used. The Council has left this option open and we support the Council. This point no longer gives rise to any conflict or problem and we therefore agree, not with reluctance, but with understanding for the Council's arguments.

Unfortunately, in view of the many exceptions in the Sixth Directive, there is also no guarantee that the statistical method will not have its ups and downs, when it is a question of deciding the base in a satisfactory and fair manner so that no further differences of opinion can arise, and so that there is no in-fighting between the Member States and the Commission. To my mind it is not as simple as some people think, but experience will tell. Parliament, together with the Council and the Commission, will be keeping its finger on the pulse as far as this is concerned.

The other point is the way in which own resources from VAT will be transferred to the Community budget.

On this we had a major difference of opinion, which still exists except that the Council has also come a long way towards meeting us on this point. If costs should exceed the monthly cash flow from the nine Member States into the Community treasury, the Commission can obtain advances from the Member States if it is in deficit.

This possibility has taken the place of the independent borrowing rights that we would have preferred but the Council has leaned in our direction so that, whatever happens, fluctuations can be coped with.

So the Council has made certain concessions for which I would thank it, because first and foremost the President's office had to be prepared for a considerable effort in order to get agreement from everyone on all this in a very short space of time. One important point, however, still remains which concerns the Committee on Budgets because we wonder whether this is compatible with real financial autonomy. I am referring to the fact that the Commission of the European Communities — the treasurer, or shall we say Mr Tugendhat — has to show every month that budgetary expenditure has to be incurred for which the own resources then have to be drawn from the Member States. After all, this cannot really be said to be own resources. If you have your own resources, the resources in the budget are fully available to you. Unfortunately, this cannot be so with things as they are. We see, in the solution that the Council has found, a suggestion of apron strings and this we

regret. This is not the complete and genuine financial autonomy that we were aiming at all along, when we were discussing complete financing of the Community from its own resources by 1 January 1978 at the latest. This point, together with the over-readiness to refer to supplementary budgets — whereas, in our view, a supplementary budget should not be possible except in the extremist emergencies, — led the Committee on Budgets to produce this report and to bring this question to the attention of Parliament, but also, and primarily, to that of the Council and also the Commission. However, we are not — in the present circumstances — in a position to insist on conciliation and neither do we want to. If we were to try, then we would invite the criticism that the own resources system could not be introduced next January through our fault, thus the Committee on Budgets is making no proposals to Parliament along these lines. We have been told that the responsible Council, that is, not the Council of budget Ministers as we were told, but the other Council, has been unable to meet in time, so that no report could be submitted to us today. This explains the somewhat ambivalent standpoint we have taken. We do not propose that Parliament should insist on the conciliation procedure, and in this way we want to give the green light to the Council. However, we maintain our view that you cannot call this proposal real financial autonomy. We hope that, after a year's experience and when we have seen how the system works, there will be an opportunity to return to this question and possibly ask for the conciliation procedure to be initiated. Once again, Parliament does not want to be an obstacle to keeping to the timetable for the achievement of important objectives. For us this is a sacrifice, because the Committee on Budgets has always attached great value to real financial autonomy.

Briefly, that is the substance of our proposal. If Parliament votes in favour, as I hope and ask on behalf of the Committee on Budgets, the green light will be given to the Council. On one of the points I have named we do not, at the moment, wish to force through our ideas in the political sense but we intend to maintain our intellectual standpoint, and are therefore not committing ourselves for the years to come.

In paragraph 3 of the motion for a resolution, we note that the Commission of the European Communities has bowed to the Council's views which, honestly, we find something of a pity. But things have now gone the way they have and this is perhaps the last debate we shall have before complete financing from own resources begins. I shall say nothing about the rule of three Member States being necessary for the system to be introduced, i.e. the need for three Member States to have amended their VAT legislation in accordance with the new Sixth Directive. This problem is not now on our agenda nor the Council's. It is the individual responsibility of each Member State, and they have known this since last May. May was too late for

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the Sixth Directive and now is too late for the full-scale conciliation that the Council would have liked and which, in principle, we would also have liked. Every time it is too late and this distresses the Committee on Budgets. We regret that, time and again, we have to take such important decisions almost at the twelfth hour when really there is no longer any freedom to do what would have been highly desirable from the political standpoint. My criticism is not personal. I repeat that the Committee on Budgets has a very high regard for the preparatory work done by the European Commission and by Mr Tugendhat and also for the very difficult work that the Council of Finance Ministers has had to do in addition to its work on the budget. This does not alter the fact, however, that we still feel some misgivings and this is what we wanted to bring out in this short motion for a resolution.

**President.** — I call Mr Cointat.

**Mr Cointat.** — (*F*) Mr President, in his usual remarkable way, Mr Notenboom has set out the difficulties, concerns and efforts of the Council and the Commission in connection with the introduction of European VAT. He has analysed the texts concerned and I shall not revert to the subject.

I should simply like to put one question to the Council or the Commission. European VAT is to be brought into effect as from 1 January 1978, but the two regulations and the Sixth Directive involved are applicable only if a number of internal measures are taken in time in each of the Member States. These prior measures should not cause any special difficulty in any country and they could therefore be adopted very quickly.

However, we know that European VAT cannot enter into force on 1 January 1978 unless three Member States at least announce that they are ready to apply it. If only one or two Member States were found to have taken the necessary measures at national level, the whole system of the Community's own resources and financial autonomy would be postponed till 1979.

I believe, though I hope I am mistaken, that only one Member State has so far taken all the measures that are necessary for applying European VAT. I would therefore like the Council or the Commission to tell Parliament what the exact situation is and to bring home to the Member States the urgency and importance of this problem. I would also like to know what measures are envisaged in order to persuade national administrations to take these internal decisions enabling European VAT to be applied within the allotted time limits.

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, at this hour of the night I think the Parliament would welcome short contributions, so I will

endeavour to deal with the matter quickly while covering as many as possible of Mr Notenboom's points. It is clear from his report that he shares some of the doubts which we have, but also that he feels it would not be wise to insist on reopening discussions with the Council at this late stage. I understand that position and, as he said, we have reached a point where it is very important now to make the best of the situation that we are in and to proceed. The Commission has made it quite clear that it does not like the statistical method and thinks it may be difficult to verify that the correct amount has been paid to the Community. But the regulation now proposed is for a temporary period of five years and, since we do not think that a better solution was possible in the time at our disposal, and that it was a choice in the end between this or nothing at all, we feel that the adoption of the regulation is certainly the right policy, and I am delighted that this is the view of your Committee on Budgets as well.

So far as modifications to Regulation 271 are concerned, I think the Council's common position has accepted the main principle on which Parliament insisted when it last debated this subject, which was that the Commission should be credited each month with the customs duties and agricultural levies due and with one-twelfth of the VAT entered in the budget. The change made by Council involves mainly a preference for advances for Member States — instead of bank overdrafts — to meet any cash shortages, and the refusal to allow the Commission to withdraw any surplus money from our accounts in the Treasuries, either in order to deposit it with banks and earn interest, or to move it between Member States so as to avoid exchange-rate risks. Although I would naturally have preferred the Commission's original proposals, I think — as is said in paragraph 3 of the motion for a resolution — that the Council's position gives an acceptable basis on which to put into effect the new 'own-resources' system. I am, nevertheless, pleased to see that in the first part of paragraph 2 of the resolution it is proposed to emphasize the fact that, in drawing on its accounts in order to execute the budget, the Commission has an automatic right to receive the amounts it needs. I feel the word 'automatic' is particularly important in this regard and will, I hope, set the doubts of Mr Notenboom and others at rest. I think this is an inherent part of the whole thing, and it is something to which we attach great importance. There should be automaticity and a clear move through of the money.

There is one other point which I should make, Mr President, and that is in response to the question asked by Mr Cointat. The Sixth Directive on VAT provides that it should be brought into effect by the Member States with effect from 1 January 1978. It is on the basis of this directive that the Commission has established the receipt side of the 1978 Budget. If it turns out in 1978

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that some Member States cannot respect the deadline of 1 January, it will be necessary for them to make payments to the budget on the basis of gross national product instead of VAT. In that case, the Commission will have to propose a rectifying budget, modifying the distribution among Member States of the total payments they must make. We think, however, that it is too early at present to make any change in the original proposals. We are, as I hope Mr Cointat appreciates from my reply, seized of the realities of this situation and of the importance of bringing this system into full operation as quickly as possible.

It is a brief reply, Mr President. I hope in the circumstances it will suffice.

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

#### 11. *Financial and budgetary activities of the ECSC for 1976*

**President.** — The next item is the report drawn up by Mr Bangemann (Doc. 421/77) on behalf of the Committee on Budgets, on the report of the ECSC Auditor for the financial year 1976 and the discharge to be given to the Commission of the European Communities on the financial and budgetary activities of the ECSC for that financial year.

I call Mr Bangemann.

**Mr Bangemann, rapporteur.** — (D) Mr President, firstly I would like to point out that we have managed, for the first time, to deal with the report of the auditor on schedule, that is to say before the end of the year following the year of the report, and to reach a decision on the discharge to be given to the Commission. This is not merely a technical point, for it is clear that the report of an auditor will always have greater policy relevance if it leads to conclusions applicable at the present time. I very much hope that what has been possible this year will also be possible in those to come.

In view of the advanced hour, I shall confine myself to the essential aspects of the report, of which you all have a copy, and point out once again that it is important that the Court of Auditors should continue the practice previously followed by the auditor, that is to say to carry out a very effective external audit of the ECSC.

The dual task of Parliament, which is called upon both as a discharge authority and also as a body that has to exercise a kind of policy inspection, is naturally made uncommonly easier, if not just made possible, by the work of the auditor. It would be out of the question for us to do all the work that the auditor has done and I hope that the Court of Auditors will be organized quickly enough to ensure trouble-free transition.

It is also gratifying to note that the external audit in this field has co-operated exceptionally well with the

Commission. There are no complaints from the auditor about any lack of co-operation with the Commission's offices; everything seems to have gone very well.

Less gratifying is the auditor's report concerning the internal management audit. Here there is a large number of inadequacies arising from the fact that the internal audit does not check whether the policy objectives are in fact achieved through the measures that are taken. There is therefore no policy assessment. The audit is confined to bookkeeping aspects and of course that is not enough.

The auditor has also pointed out that the internal audit often lags too far behind events so that any deficiencies that arise, which are plainly inevitable cannot be promptly rectified. For this reason the Commission is asked in the report to deal with the deficiencies and to ensure that the internal management audit is just as effective as the external audit.

These, Mr President, are the technical aspects that will not greatly move anyone, particularly after this long debate that we have just had. Perhaps, therefore, I may be allowed to confine myself to a few though very important policy comments, the first of which relates to the use of the European unit of account. The ECSC has been using this unit of account since 1966 — the year of the report. The audit has shown that this gave rise to a number of difficulties which are also relevant for our general budget, because when we ourselves begin to use the European unit of account the same difficulties will naturally arise with our audit. Clearly, therefore, we should try to apply the auditor's conclusions to our general budget. Since the value of the European unit of account is subject to daily fluctuations, it has become clear that there are serious difficulties in auditing if a set of what might be called currency books are not kept at the same time as the normal books, showing the value of the European unit of account at any given moment. If, for example, you make a payment on a particular day and transfer that payment from the European unit of account into the currency actually used in making the payment then, as auditor, you naturally have to know that at that particular time the European unit of account had this particular value, so that you can check whether the payment matches the budgetary criteria. That is not easy.

The Committee on Budgets therefore proposes that, for a transitional period, a double accounting system be used — not in the technical sense but in the sense of additional currency bookkeeping — so that it can be established, when auditing, that on say, 1 May 1977 the EUA was worth  $x$  and that payments made corresponded to that value.

But we also propose — and this is now an important policy proposal — that in the future all ECSC finan-

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cial transactions should be expressed solely in European units of account and we invite the Commission to investigate whether and how, technically speaking, this can be done. This would have two advantages, Mr President.

Firstly, if all financial transactions were expressed in this unit of account — in other words loans taken up or paid out in EUA — then, of course, this double bookkeeping system would be unnecessary, and the audit could be limited to checking whether those units paid out were in fact earmarked in the budget. There is no hiding the fact, however, that this would imply a certain currency risk for loan beneficiaries or for the ECSC when raising loans on the market, but that is the inevitable consequence of such operations.

So firstly, this has the advantage that it would simplify auditing, and secondly — and this is the important policy aspect — this would be the first step from the European unit of account used simply as an accounting unit towards a European currency. For if we seriously get used to using this European unit of account as our medium for paying out loans and in our own borrowings, then it is perfectly clear that this itself would already be a breakthrough, accustoming the public to accept this European unit of account, not just as an accounting unit but also as a currency unit. I stress this aspect because you have just had a discussion on economic and monetary union and we should in every case make use of and develop such initiatives helping us along the road towards a common currency. Hence this invitation to the Commission.

The third important policy standpoint is that we must fit the ECSC's borrowing activities into a planned set of policy objectives. It is surely illogical that we should be dealing in this House with an audit of the operational budget and pay no attention to the fact that in the year we are auditing nearly a billion units of account were borrowed and loaned out. This is a very considerable sum with which, if desired, an industrial policy could be implemented. I feel that we ought to want this and that we should therefore say very clearly what kind of a policy we, Parliament, would like. This could also be put into effect with these funds. This is a similar problem to the one I raised earlier, namely the loans decided by the European Council. Meantime I have heard someone here say, not publicly perhaps, that all this has already been decided long ago and that we should not be bothered. I bother about it because I just cannot conceive that we should have a slender operational budget and alongside this operational budget an enormous extraordinary budget, fed from the loans that we are able to raise because of the standing of the Community, and all this without Parliament exercising any policy influence. This cannot be, and this applies to the ECSC just as it applies more generally to the Community's loans policy. The simple reason why this report does

not go into the actual situation, which is known to those who have to do with the ECSC, is that here we have to concern ourselves with a specific matter, namely the question of whether we are to give a discharge to the Commission for the financial year 1976. At the same time I would like to point out that we must also concern ourselves with the current ECSC budget and that here a whole series of problems arises. Before I close, I would also, here in the plenary Assembly, like to thank Mr Gaudy, the auditor and his predecessors most warmly for their really effective auditing work. This is the last report that we shall have from him in his capacity as auditor and use as a basis for our own resolution. I am quite sure that the Court of Auditors will continue with the good work in the tradition of this auditor. The figures that we have to note are given on page 8 of my report and I do not need to read them out. I would ask the Assembly to give the Commission a discharge for the ECSC's financial activities for 1976, but at the same time I would ask the Commission to create the conditions enabling the complaints set out in the Auditor's report to be promptly dealt with. This, Mr President, is the essential content of this report. If Members have any further questions on detail, I shall be happy to answer them.

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, herein I will try to keep my reply as brief as possible, but I must begin by recalling that the document discussed in Mr Bangemann's report does have a rather special character. It is the 25th to be produced by the ECSC auditor, and it is also the last which we shall be receiving from the independent audit authority for the Coal and Steel Community, as the ECSC audit function has, of course, now passed to the new Court of Auditors. On behalf of the Commission, I should like therefore to pay tribute to the work that the ECSC auditor has done over the years. His annual report has become a valuable source of general information about the financial procedures of the Coal and Steel Community. I hope very much that the Court of Auditors, which now takes on this responsibility, will bear in mind the value of what has been built up in the 25 reports prepared by Mr Gaudy and his predecessors as the ECSC auditor.

Turning to the substance of the Committee on Budgets report, I should first like to thank the committee and Mr Bangemann, particularly, for the new arrangement by which the Commission was able to give the rapporteur a written reply to the auditor's observations for your report. I think this method can be taken as a precedent for the future.

As to the auditor's comments on internal management and administrative machinery. I can assure him that we do try to make the best possible use of the

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staff and other resources available to us. Thus, for levy audits the annual programme of inspection is carefully planned, and in the present year 30 inspection reports have been dealt with. For financial aid, in virtually all cases part of the cost of the project is carried by a third party, whether a government department or private undertaking although, of course, we still check the expenditure. Thus the beneficiary may have to undergo three independent audits, one from his own auditor, one from the government or other agency who has provided a grant, and the third from the Commission in respect of its share of the expenditure.

Turning to the European unit of account, which the ECSC has been using since the beginning of last year, I should like to assure the Parliament that we are trying to tackle the problems which inevitably arise during the transitional period by taking steps to make the essential information more readily available to the auditor.

My second point, which is perhaps more important, is to correct the impression which some readers of the report might draw, that the introduction of the EUA for the ECSC has been something of a tale of woe. On the contrary, in our view, it has been a success story. Contracts are being signed from day to day and payments made in EUA, and an understanding of the techniques involved has been promoted and developed in the banking system since 1976. This is a very good start in a very sensitive area; but there are limits nonetheless to what we can do at this stage. We cannot, as an act of policy, suddenly decree that all future ECSC loans will be expressed in EUA, because to do that, to extend what we can do, potential borrowers would have to be clear that an EUA loan was the most favourable form of finance available to them on the market, and secondly, we should, of course, have to be able to find lenders ready to provide funds in EUA on the right terms. We are keeping these possibilities under review, but we do not believe that it is possible to force the pace.

My last comment concerns the very important point made by the auditor and picked up in the motion for a resolution regarding the transparency of individual operations from the point of view of their consistency with defined Community objectives. It is suggested that present practice leaves something to be desired here, particularly in the field of borrowing and lending policy. It is possible that there may be misunderstandings on the matter. Certainly the Coal and Steel Community's objectives, as well as being laid down in the Treaty, are specified periodically in documents on energy policy and, for steel, in the periodic statements of general objectives. Parliament takes full advantage of its opportunity to comment on these documents. The purposes for which all loans are being made are invariably checked to ensure their

consistency with the latest statement of general objectives for the sector concerned. As these change, so the borrowing and lending policy follows suit. Thus, I would argue that the ECSC's objectives in this field of activity are already very clearly defined and that on the basic issues of policy, for which the loans are put to work, there is a good deal of understanding and a good deal of opportunity to comment.

When it comes to the scale of the ECSC's borrowing and lending operations, however, the ECSC's role is essentially a responsive one, that is, meeting the coal-and-steel industry's demand for Community finance as it arises; the amount loaned always depends on the market and on the desire of the investing enterprise to use Community financing. It is by virtue of the ECSC's good credit rating, its flexibility and the low cost and competitiveness of its loans that the Community has over the years been able to give real help to firms undertaking investments. In these circumstances, while forecasts could, of course, be made of the likely scale of future loans, I do not think a borrowing and lending policy document would in any way add to the clarity of purpose of ECSC activity.

I hope, Mr President, that these comments, necessarily rough, and coming at the end of a long day, will help Parliament to put in perspective some of the matters raised in the motion for a resolution.

**President.** — I am sure I can speak for all the Members of this Assembly when I say that we add our congratulations and thanks to those expressed by Mr Tugendhat and Mr Bangemann to Mr Gaudy and his collaborators.

Mr Bangemann expressed the hope that the new Court of Auditors would continue the good work of its predecessors. The fact that Mr Gaudy is a member of the Court of Auditors can only be a firm guarantee...

The debate is closed.

### 12. Rates of the ECSC levy and ECSC operating budget for 1978

**President.** — The next item is the report drawn up by Mr Ripamonti (Doc. 439/77) on behalf of the Committee on Budgets on the

Aide-Mémoire from the Commission of the European Communities on the fixing of the ECSC levies and on the drawing up of the operational budget for 1978.

I call Mr Ripamonti.

**Mr Ripamonti, rapporteur.** — (I) Mr President, the ECSC operating budget submitted for our consideration is primarily financed, as Members know, from levies on the production of coal and steel fixed each year by the Commission but at a level of under 1 %

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of the average value of the products themselves. In addition to this main source of revenue there is the interest on investments and loans made from ECSC funds.

From 1972, as many Members will remember, the levy has remained unchanged at 0.29 % and this has meant a standstill, more or less, in the funds available in monetary terms and therefore a drastic reduction in real terms because of inflationary phenomena — and this with the sector in a situation that has called, and is still calling, for more effective action on retraining, research, interest rebates for investment and redevelopment projects in the ECSC sectors and aids for the marketing of coking coal and metallurgical coke. A clear-cut imbalance has therefore come about between the financing requirements needed for the coal and steel sectors and the appropriations shown in the ECSC operating budget. In the last three financial years the extent to which available appropriations have covered applications was 81 % in 1975, 78 % in 1976 and 68 % in 1977. If the budget for 1978 were framed in the standard way (in other words on the same basis as for 1977) the figure would be 43.96 %.

The Commission therefore decided to increase the ECSC operating budget for 1978, thus making a drastic change in the historical declining trend of its impact in the sectors laid down by the Treaty, in view of the requirements in prospect because of the worldwide crisis in the steel industry and the situation of the coal industry.

This increase in the operating budget — an expenditure budget — will enable the structural policy proposed by the Commission to be implemented, based on the general 1985/1990 steel targets, and redefined and agreed with the social partners and with governments as an aid to modernising the steel industry, creating alternative jobs in those areas where restructuring has reduced or will reduce the workforce, and guaranteeing incomes and retraining for workers obliged to leave their jobs or change their occupations.

As against a request for 273 m EUA, reduced to 260 m EUA after allowing for the reduction of the ECSC contribution to the Commission's operating costs from 18 to 5 m EUA, this proposed operating budget calls for appropriations totalling 152 m EUA, equivalent to 58.46 % of the amount requested, this percentage still being lower than that for 1977.

Members may like to know that the appropriations for resettlement aids come to 60 m EUA, equal to about three-quarters of total applications (81.5 m), those for research aids come to 41 m or about 50 % of requests (totalling 82.5 m EUA), appropriations for interest subsidies come to 40 m EUA as compared with requests for 85 m and those for coking coal stay at 6 m EUA.

This gives a total of 152 m EUA, a figure that cannot be further reduced, and on this the opinion of this Parliament's committees concerned with this problem was unanimous.

The requirement will be covered, on the understanding that the levy rate is kept at 0.29 % as proposed by the Commission (which considers that any increase in this rate in the present crisis situation would be anachronistic), by allocating new resources to the ECSC and more specifically by means of a first tranche of 32 m EUA out of national customs duty revenue on imported coal and steel products.

As you know, under the decision of 21 April 1970 on own resources, duties from the Common Customs Tariff are allocated to the EEC and the ECSC as own resources as from 1 January 1971, except for customs duties on ECSC products. ECSC customs duties, standardized as a result of the decision taken in accordance with Article 72 of the Treaty of Paris, still go to each of the Member States and total an annual sum estimated at 50-60 m EUA.

Out of this amount a special grant of 32 m EUA would be made by ECSC Member States pending the initiation of the necessary procedures by the Council to have ECSC customs duties allocated to the ECSC operating budget.

The transfer of part of this revenue accruing to Member States from customs duties on ECSC products has its legal basis in Article 49, paragraph 2 of the ECSC Treaty as a contribution treated as a donation from Member States to the Community.

Ordinary income is therefore forecast to be as follows in the proposed operating budget: 100 m EUA from levy proceeds, 18 m EUA from interest on investment and loans from own funds, 2 m EUA from the cancellation of commitments which will probably not be implemented and 32 m EUA as a special grant out of customs duties. This, as I have already said, gives a total of 152 m EUA.

The motion for a resolution, approved unanimously by the Committee on Budgets, proposes that Parliament approve the Commission's proposal for a minimum requirement of 152 m EUA for 1978 to be used for ECSC action as provided in the Treaties.

The resolution also invites the Commission to develop a co-ordinated programme of activities, particularly social measures for retraining and redevelopment through the Social and Regional Funds.

As regards revenue, it is agreed that the levy rate should remain unchanged at 0.29 %. Without the supplementary contribution from Member States, the levy rate — if total budgetary expenditure were unchanged at 152 m EUA — would have worked out at roughly 0.38 %.

**Ripamonti**

The motion for a resolution also agrees with the allocation to the ECSC budget of own resources in the form of a transfer of revenue from Member States out of customs duties on ECSC products. Pending the implementation of this scheme, it approves the making of an anticipatory (special grant) to the ECSC. If this proposal were not to be accepted, in anticipation of the allocation of own resources to the ECSC in the term of the transfer to the ECSC of revenue collected by Member States from customs duties on ECSC products, a special contribution of 32 m EUA is requested from Member States in order to ensure that the budget is balanced. Otherwise the Commission would not be in a position to put into effect the restructuring programme in the coal and steel sector requested in the discussions in the Assembly and by Member States.

There is also agreement on the decision to reduce the ECSC contribution to the Community's administrative costs from 18 to 5 m EUA and the Council is warned that it would be extremely serious for it not to approve the proposal for the special contribution of 32 m EUA, and worse still to turn down the proposal to provide the ECSC with its own resources since that would prevent the Commission from putting into effect the programme of activities in what we call 'unavoidable' areas of expenditure, and in other areas which, though not involving 'unavoidable' expenditure, are of considerable importance at the present time — such as the restructuring of the steel industry and research, which I consider to be fundamental requirements for the future development of the European steel and coal industries.

One need only consider the figures on productivity in the European industry, as compared with that in other countries, to see the vital importance of these research and restructuring problems and the direct connection between structuring processes and redevelopment projects, in order to safeguard present levels of employment in the sector and to avoid any increase in the unemployment rate in the Community.

For this reason, the report urges the Commission to submit to Parliament, as soon as possible, an operational programme for the restructuring of the industry and also invites it to submit a report enabling consideration to be given to the links between the ECSC budget and the Community's general budget in order to arrange for greater co-ordination between the two though keeping intact the specific nature of the ECSC budget.

The last point I want to make is that, through this new programme presented by the Commission, it will be possible to increase investment in the sector because the mechanism for granting loans at favourable rates of interest on the basis of the budgetary

appropriations will enable huge resources to be mobilized both for redevelopment and for restructuring.

I hope that the unanimously favourable opinion of the Committee on Budgets will be endorsed by Parliament. I must point out that ECSC activities in the area of loans to the industrial sectors concerned are extremely sound and substantial in scope.

In addition there are its activities in the social field — the building of housing for workers. I therefore feel that Parliament would be right to express its satisfaction at the work done by the Commission because this is a sector in which Community action has been particularly effective and efficient in the last few years.

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

**Mr Cointat.** — (*F*) Mr President, I approved Mr Ripamonti's report in the Committee on Budgets because it is extremely well written and I also gave my approval, after a long discussion in committee, to the motion for a resolution. Nevertheless my Group has studied the wording of the resolution and come to the conclusion that there might be an improvement to be made in paragraph 4 (d) which reads :

In the event of the Council not meeting the ECSC's financial requirements by transferring part of the customs revenue, this should be done by means of a 'special contribution', from the nine Member States.

There is no doubt that this idea of a special contribution from the nine Member States has no particular Community nature but is more national in character, and my Group felt that we could perhaps go a little further and arrange for this provision to be better integrated in the construction of Europe by calling, instead, for a contribution from the Community's general budget or, failing this, — in the event of a complete lack of funds, — a special contribution from the nine Member States. This explains why we have tabled amendment No. 1 to Mr Ripamonti's report, though this in no way affects our basic agreement, being simply a small improvement to the wording of the resolution just to underline more strongly our concern that this contribution should come from the Community rather than from individual Member States. I therefore hope that the Assembly will adopt the amendment we have tabled.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (*D*) Ladies and gentlemen, it is precisely on account of this 'improvement proposal' that I have asked to speak. I appeal to you, Mr Cointat, to withdraw this proposed amendment. It is not an improvement, but the reverse. Let me explain. The ECSC operating budget is completely separate from the other budget. At the time, on 21 April 1970, other

**Lange**

import duties were declared to be Community resources and those on imports of coal iron and steel products were not converted to Community resources. It is therefore only logical, in the interests of these two industrial sectors, to use the revenue derived from comparable products, when they are imported, to their advantage. On this we agreed.

The other point is this : in the event that the Council does not decide on this approach must inevitably mean that the gap then has to be closed by contributions from the Member States. You cannot want to give the Member States the easy way out proposing that, in that case, we should take funds from the Communities' general budget. That would not be right. If we do this — and on Thursday we shall be deciding on the 1978 general budget — then, Mr Cointat, you first have to table a proposed amendment by 10 a.m. tomorrow so that we can provide the funds for this in the Community budget, because there are no funds for this purpose in the budget as it now stands ; and if we now enter additional resources, then I would ask in which category would they fall and you know the argument we are having with the Council on account of our 'individual scheme V the Commission' budget, and the difficulties we still have to surmount. I would be grateful if this could be kept strictly to the coal, iron and steel sectors and if Member States were forced to cover the gap some way or other through special measures, either by transferring part of their own customs duty revenue from the import of products in these sectors or through special contributions. Then they would really know what it costs ; otherwise it would just be lost in the general mix-up. For the reasons I have given we should keep the general budget of the Communities out of this.

Hence, Mr Cointat my sincere request to you, to withdraw your proposed amendment, otherwise we shall be in further difficulties unless we resort to a supplementary budget which, basically, you do not want any more than I do because no-one in the Committee on Budgets really wants supplementary budgets.

**President.** — I call Mr Cointat.

**Mr Cointat.** — (F) Mr President, Mr Lange compels me to reply to him — in a friendly way, of course, because we work together very amicably in the Committee on Budgets — that I am surprised at his statement since the Committee on Budgets has always campaigned for all Community activity and expenditure to be budgetised. In particular — because the ECSC is not in the budget, we asked — and this was agreed — that the 0.29 % levy should be studied at the same time as the budget to bring about some slight rapprochement in viewpoints, and we have always wanted this budgetisation of all expenditure. This is why, by adopting the amendment I have tabled on behalf of my Group and by making provision for Community expenditure if the 0.29 % levy is

not enough, the ECSC budget will be brought closer to the general budget ; this interlocks them in such a way that one day the ECSC budget will really be an integral part of the Community budget. We did not table this amendment solely for the satisfaction of settling an immediate problem but in deference to the guiding principle of budgetising all Community activities in order, precisely, to prevent a return to national measures. In fact, it is a way of fitting the special ECSC budget a little more into the Community budget. That is the thought underlying the amendment and this is why I am a little surprised at the attitude of the chairman of the Committee on Budgets.

**President.** — I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets** — (D) Generally speaking, Mr Cointat, it would be right to uphold your argument but this is the wrong moment. We expressly said that we are going to see, during 1978, how the two things can be brought closer together but with this amendment, at this moment, we would be giving the Member States a chance to dodge the decisions we want from them and we ought not to create that possibility. We will be looking at things during 1978 and by 1979 the matter could change completely, but it was because this is the wrong time that I made my appeal to you. Perhaps you could think again about it before the vote is taken tomorrow.

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.** — Mr President, I do feel bound to reply, because there are two special features which dominate the ECSC budget for 1978.

The first of course, is the steel crisis and its financial consequences and the second is the request the Commission has made to the Member States for a special contribution in respect of the ECSC customs duties. Mr Ripamonti and the Committee on Budgets have — if I may say so — prepared a very clear report. I am glad to note that they proposed that Parliament should throw its whole weight behind the Commission's expenditure proposals. Discussion in the Committee on Budgets has underlined the fact that these proposals are an essential minimum from the point of view of the Community's policy for steel. In particular, as explained in the budget document, they provide the basis for a Community rôle in financing the restructuring of the industry and encouraging the creation of jobs for redundant workers. More information on these matters will be laid before Parliament in due course.

There are just two points I want to make to Parliament about the draft budget at this stage. The first concerns the question, referred to in paragraph 5 of

**Tugendhat**

the motion for a resolution of integrating ECSC and EEC activities more closely. It may be helpful if I enlarge on what is said about this in the budget document. There are only two things to be said. First of all, for many years now — indeed, ever since the merger of the High Authority into the present Commission in 1968 — ECSC policies under the Treaty of Paris have been administered by the same departments as are responsible for developing corresponding policies under the Treaty of Rome. So far from being on a different wavelength from the EEC, the Coal and Steel Community has often pioneered in the coal-and-steel sector policies adopted later in the EEC sphere in a less thorough-going form. This is the background to what is said on page 18 of the budget document about social policies. Later in the document — on page 22, to be precise — the Commission explains its approach to the problem of relating ECSC and EEC activities. This is that, where actions do not specifically fall within the scope of the ECSC, recourse to funds provided for certain Community policies under the Treaty of Rome should be considered. This is illustrated both in the energy sector and in the field of regional policy, Members will recall that in the energy sector Parliament itself supports the inclusion of a token entry in 1978 budget for aid to coal stocks.

The Commission has proposed specific measures to relieve the pressure on the ECSC budget stemming from the crisis in the steel industry. Thus, on the expenditure side, an increased proportion of administrative costs will in future be borne by the Commission budget. On the resources side, the Commission has of course, proposed the customs duty transfer. I am not sure that there is more the Commission can usefully propose by way of integrating the activities of the two Communities without imperilling the special capacity we enjoy under the Paris Treaty to take effective action in the coal and steel sectors.

The second point relates to the central problem of financing the draft ECSC budget. We can ill afford to fail to finance the whole of the 150 million EUA in the budget proposal. I am sure this view will be generally agreed. We must know what this involves. There is also one key element here which lies with the Council, namely, the proposed customs duty contribution. I believe it would be very helpful to Parliament if it were possible for the representative of the Council to comment on the likely outcome of the Commission's proposal about this, even if it is only on 19 and 20 December that the Commission hopes to receive a definitive reply from the Member States. It would clearly be helpful if uncertainty on this issue could be reduced, and I do not know whether the Council will feel able to contribute anything to the debate this evening. Perhaps it will not. If, however, on 21 December, when the Commission as High Authority has to decide the levy and the budget, there still

remains real doubt as to how it will be balanced at a figure of 152 million European units of account, we shall face a choice between placing in jeopardy or dismantling an important element in the steel policy or taking, at least provisionally, the contingency action foreshadowed at the end of the budget document involving in the last resort, recourse to an increase in the levy. To the extent that Parliament does not wish to give its counsel to the Commission for this eventuality, all I can now say is that my colleagues and I will weigh the various factors, including the reactions of the industry made known to use through the Consultative Committee, as well as the economic argument deriving from the financial impact of an increase and the cost-effectiveness of the expenditure that will risk being cut with the utmost deliberation.

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

13. *Council's statement on its development cooperation meeting*

**President.** — The next item is the Council statement on the outcome of its meeting on development cooperation on 28 November 1977.

I call Mr Outers.

**Mr Outers, President-in-Office of the Council.** — (F) Mr President, if I am here it is because, at Maseru in Lesotho where the joint committee of the Consultative Assembly of the Lomé Convention met two weeks ago, some of you asked me to report on the results of the Council meeting held in Brussels on 28 November last. I responded to that invitation because I feel that that meeting was particularly fruitful, that a number of important decisions were taken and that, this being a subject with particular implications for our solidarity with the countries of the Third World, — it is a particularly essential feature of the Community's external activity. It has always been my view that development cooperation, as things are at the moment, has two essential and definitely complementary aspects.

First, at the multilateral level, it is a question of finding a better balanced pattern of trade between North and South in order to bring about a real fellowship, making us equal partners with one another.

Secondly, there is the internal development cooperation among the developing countries in which the main object is to consolidate, internally in this case, this status of partner in an international order or an inter-regional system. This, it seems to me, is the philosophy underlying the Community's policy in this area and the various decisions taken by the Council for development cooperation are part and parcel of that outlook.

## Outers

The Council meeting held on 28 November was able to take a number of decisions on subjects that had already been tackled but had yielded no result for many months. More specifically, these concern the special action, financial and technical aid for the non-associated developing countries, food aid and the co-ordination of bilateral aid. This latter subject has been under discussion for a very long time, since a resolution had already been adopted in 1974 and another in 1976 after being placed on the agenda by the German delegation, if my memory serves me right.

These very favourable developments in the last Council of Ministers are due, among other things, to a favourable political climate, but it would be wrong not to mention the helpful work done by the Commission and in particular by Commissioner Cheysson. It is also the result of the political will not to lose face, the meeting of 28 November being, so to speak, the last chance.

Let us begin with the special action.

You know that it was on the initiative of the Community that the developed countries, in the framework of the North-South Dialogue, agreed on a special action programme, amounting to \$ 1 billion, as a way of helping to meet the low-income, hardest hit and least developed countries.

The Community's contribution to this programme totals \$ 385 million and it decided that this sum should be paid through the multilateral channel of IDA (International Development Association) which is responsible for distributing this aid.

Previously, the main problem for the Council was to decide on the procedure to use in order to establish who should benefit from the Community contribution. There were two schools of thought, the first considering that the Community should first and foremost draw up the list of beneficiaries and then pass it on to the International Development Association and the second preferring to leave maximum discretion to the International Development Association within the criteria of the text approved by the Conference on International Economic Cooperation. In the light of these more or less opposite views we tried to find a solution that would satisfy the concerns of both and we succeeded in finding a compromise consisting of quantitative benchmarks so to speak and achieving a consensus of the Member States and the Commission. What are these benchmarks?

Firstly, a concentration of activity in the direction of the developing countries whose GNP does not exceed \$ 280. Secondly, an allocation ceiling of 50 % of the Community contribution per continent and 20 % per country. This is a kind of geographical criterion to give a better distribution of aid. At the same time, the Council gave the Community representatives instructions to negotiate an agreement with IDA regarding

the use of the Community contribution and here progress has already been made. I want to stress the fact that this decision, which seems to me to be important to the extent that it provides a way out of a deadlock, will finally allow the Community's contribution to be made operational in accordance with the aim of the special action which is to provide rapid assistance to a number of countries in particularly distressing situations. In this connection I would like to close this part of what I have to say with a political comment. It is clear that if we had not succeeded in agreeing on this point we might well have lost face in the eyes of the countries concerned and our credibility would have suffered severely. The agreement reached on 28 November is all the more important in that it is evidence of the Community's political will for co-operation in the present context of the North-South Dialogue.

As regard financial and technical aid to the non-associated developing countries there were two main problems. The first concerned a draft regulation that we have been talking about for a very long time, some delegations being against the adoption of a regulation — proposed, incidentally, by the Commission in February 1977. The second concerned the use of the 45 m u.a. appropriation in the 1977 budget.

As regards the problem of the regulation, we came up against some serious differences of opinion. Some countries wanted an outline regulation to organize the aid and others preferred a pragmatic, annual activity featuring one-off actions because they were afraid of recreating a kind of Lomé II agreement to which they did not wish to commit themselves. The contacts I had with my colleagues from the different Member States have enabled the situation in the Council to change. It has now been agreed that it would be useful for technical and financial aid to the non-associated countries to be implemented on the basis of a regulation which would give it a measure of legal security. Some degree of flexibility has been introduced enabling the Council to note that there is agreement in principle which now has to be implemented and formulated in the light of the amendments that have been tabled.

As regards the 1977 programme, Parliament will remember that the absence of a regulation had so far prevented the Council from going ahead and, in particular, from deciding on its attitude towards the use of the 45 m u.a. appropriation. At the last meeting of the Council, a decision was reached and the programme submitted by the Commission met with general approval. It will now be possible to commit the appropriations before the end of the year.

As regards the 1978 programme I would briefly make three points. The first is that the appropriations proposed in the amended 1978 budget are not 45 but 60 m u.a. a one-third increase over the previous year. The second is that, as a result of a first Council debate

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on general guidelines in order to enable the Commission to draw up the 1978 programme, two important guidelines emerged that were generally accepted. The first is that it is essential to constitute a reserve for possible action to help countries hit by a specific crisis. We have just had an example of this in India. The second is that it is now possible to intervene in favour of the non-associated African countries. Several delegations referred to the case of Mozambique, for instance, during the discussion.

The third point is one in which I have a particular interest — bilateral aid. Before dealing with this, I would like briefly to refer to emergency and humanitarian aid following the Resolution of 22 March 1977 when agreement was reached on the practical conditions for organising such aid, the general objective being to ensure a rapid and efficient exchange of information in order to facilitate complementary aid measures and, where applicable joint action among a number of countries.

I now come to the co-ordination of bilateral aid. A resolution was passed in 1976, that of 1974 having had no effect. We tried to investigate the reasons for, I would not say failure but at least the lack of success. We came to the conclusion that our objectives had been too ambitious and that it was essential to find ways and means of achieving them if not more slowly at least more surely. This is the reason for the proposal from the Belgian delegation aimed at improving the existing situation and I think I can say that, from the start, the suggestion met with fairly wide success among those delegations that previously were most against the idea.

What is the substance of this resolution? It is essentially pragmatic, an empirical approach in a situation in which previously we had possibly been too dogmatic. When certain States feel that it would be in their interest to co-ordinate their bilateral aid and when the Commission considers that it would be useful for it, too, to be associated with this internal co-ordination, the plan is that there should be informal contacts. These — and this is probably their original feature — would be at two levels, firstly at that of the countries giving the aid but secondly in the field as well because it is primarily there where co-ordination is essential. We have all seen, when actually visiting the developing countries, that bilateral action very often turns into competition, instead of being complementary, which is damaging for the donor countries and still more so for the countries the aid is intended to help.

Obviously the Commission has an important part to play, among other things through the action it takes through the channel of the European Development Fund. It will, of course, be informed of the actions decided by the different countries.

I can already tell you that, immediately the resolution was passed, initiatives were taken by some countries to co-ordinate their aid, so clearly this resolution met the expectations of the countries wanting it.

Also, the Council noted an oral report by Mr Cheysson on progress made and invited the Commission to develop its activities further both at sectoral level and at that of the country-by-country approach.

One last point concerns the Community's system of generalised preferences for 1978. You know that the Community was the first in the industrialised world to introduce such a system. Each year it endeavours to extend its scope and the Council, after consultation with the Associated States concerned and the ACP countries, has now adopted its scheme of generalised preferences for 1978. The new effort to be made by the Community in that year relates mainly to better use of the preferences already granted by the Community which wished firstly to take into account the systematic and substantial improvements introduced in previous years and secondly its own economic situation. Overall, the volume of trade that is covered — that is to say the total of possible preferential imports — should amount to 5 100 m u.a. for industrial products and 1 300 m u.a. for agricultural produce.

The last but one thing I have to tell you concerns food aid. The Council decided on a volume of food aid in the form of 50 000 tonnes of skimmed-milk powder for 1978. Various proposals had been made ranging from 50 to 200 and the figure chosen, 150 000 tonnes, is a big step forward. Suggestions regarding quality problems were also made at the Council meeting and no doubt these will be discussed again on another occasion.

As regards the preparation of negotiations for a new international agreement on grain, a decision was taken by the Council to instruct the Commission, in the framework of an international grain agreement, to negotiate an increase in the Community's contribution as part of an effort by all donor countries to reach the world objective, which is 10 million tonnes. In the light of the decision taken by the Council to increase the volume of food aid in the form of grain, the Commission withdrew its own proposals for an increase.

As regards relations with the NGOS (Non-Governmental Organisations), the Council agreed on the procedure to be applied for using the Community appropriations for co-operation with the NGOS. It also set out the general principles or criteria and conditions for the use of appropriations earmarked for furthering the development of the NGOS. Now that this text has been approved there is a more formal basis for Community co-operation with the NGOS, which up to now has been extremely fruitful.

Mr President, this is a very brief sketch of the set of decisions taken at the meeting of 28 November. In my view a very important step forward was taken at the meeting and preparatory work is already under way on the next stage covering, among other things, the volume of official development aid, the geogra-

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phical distribution of Member States' bilateral official development aid, and the co-financing problem. There is also the problem of the reciprocal implications of the Community's co-operation and other policies. This is clearly a highly complicated problem and will call for a considerable amount of further effort but its importance is clear.

Mr President, I would like to thank Parliament again for the interest it takes in co-operation problems and for its support. All that remains is for me to hope that the next presidency — to be held by Denmark — will be able to tackle the various important problems that are still outstanding and to obtain results as tangible as those which, thanks to everyone's co-operation, we were able to achieve on the 28 November.

**President.** — Mr Outers, the Assembly is grateful for your response to the request of several Members, and welcomes this report. The decisions of which you have informed us provide a successful conclusion to your presidency.

I call Mr Dewulf.

**Mr Dewulf.** — (N) Mr President, this admirable initiative by the President of the Council of Development Ministers cannot go unanswered. Although, today, we are of course deluged with statements by budgetary experts we would just like to say to the President of the Council how much we value the fact that he has himself taken the initiative, for the sake of relations between the Council and Parliament, in asking to make a statement; may this be a precedent for his successors.

It is particularly gratifying, therefore, that the same President of the Council has been able to announce that a great deal of progress has been made in the efforts to improve coordination of the action taken by the Member States within the framework of a policy of mutual consultation. I shall confine myself here to a number of political observations.

I appreciate it, Mr President-in-Office that, in the introduction to your statement you said that the external pressure on the Member States was so considerable that, for the present, we must bridge our political, dogmatic and other differences in order as far as possible to present one identity, if not speak with one voice, because we realize that only in this way is it possible for the Member States and our Community to maintain any credibility in the face of outside pressure. You have placed emphasis on relations with the Third World as a major priority among the Member States' external responsibilities. We can follow you in doing the same. You have doubly emphasized this point, first and foremost as regards the great international debate on the new international economic order. In this debate we must speak with one voice. In Paris we imposed on ourselves the obligation and the discipline of speaking with one voice, but the doors of the Paris meeting have closed forever and are we not now running the risk that this one voice might begin to disintegrate in the multitude of international bodies where the unfinished North-South dialogue is being continued.

My second remark concerns the sectoral and global development actions on which you have reported. This evening we need only take note of your statement in the certainty, Mr President — and I am now addressing the President of this Assembly — that the appropriate committee will be able to discuss it further. Yet here too I would like to make a political observation: the direction you are taking is the right one; while we can accept the differing nature of the actions being carried out by the various Member States according to each country's historical and other links, these actions must nevertheless be coordinated in pursuance of an underlying common policy which must all the while be ever more clearly spelt out. This will ensure that the effectiveness and credibility of the Member States and of the Community are shown to best advantage.

Mr President-in-Office, I urge you to press on with your measures in favour of non-governmental organizations. I forewarn the Members of this House that it would be quite unacceptable for a budgetary amendment to be adopted this week undermining all the efforts that have been made in support of non-governmental organizations.

Mr President-in-Office, to end this brief speech a few words of praise. Someone said in the lobby that the Council meeting of 28 November under your chairmanship had made more headway than four years of piecemeal endeavour. In congratulating you on this progress, we are also doing so in the knowledge that time is short. We express our thanks too to the Commission which has also gone to great lengths to assist the Council in providing proposals, documents and memoranda. Yet, time is pressing because — and let this be my last remark — in a world pining for more justice, more humanity and more social progress it has not been given to the superpowers but to the Member States and the Community to renew the face of the earth by building up areas of genuine solidarity between North and South. Let that be the deeper significance of your achievement, Mr President-in-Office. We hope that your successor will want to follow the same course.

**President.** — I call Mr Outers.

**Mr Outers, President in office of the Council.** — (F) Mr President, I should like to thank Mr Dewulf for his most kind words. Of course I entirely agree with him on the subject of development cooperation: it is the great problem confronting our generation. The time has come for us Europeans to show that we are capable of tackling it and finding a constructive solution. At the last Council meeting I gained the impression that the Europeans had taken a step, however modest, in the right direction. I hope that others will follow.

**President.** — My interest in this subject, Mr Outers, bids me share your satisfaction and that expressed by this Assembly.

#### 14. Directive on company taxation systems

**President.** — The next item is the report (Doc. 291/77) drawn up by Mr van Aerssen, on behalf of the Committee on Budgets, on

the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of systems of company taxation and of withholding taxes on dividends.

I call Mr van Aerssen.

**Mr van Aerssen, rapporteur.** — (D) Mr President, honourable Members, the harmonization of company taxation in the European Community is certainly a matter of great importance, because it involves the first decisive step towards the elimination of fiscal distortions of competition between undertakings in the common market. If this proposal is implemented by the European Community, not only will it mean changes in tax law, there will be an overall effect on commercial and company law which will set a favourable precedent for subsequent stages in the integration of the European Community.

It goes without saying that this measure is now long overdue. The need to harmonize company taxation in the European Community should be obvious to everyone. Three completely different systems — the partial — imputation system applied by Belgium, France, Britain and Ireland, the full imputation system which has just been introduced by the Federal Republic of Germany, and the classical system which is still in operation in Denmark, Italy, Luxembourg and the Netherlands, now exist side by side, and should be harmonized as a matter of urgency. The existence of these separate systems is causing numerous distortions in the common market with serious disadvantages to the undertakings affected.

Harmonization of company taxation also follows logically and unavoidably from the EEC Treaty, Article 100 of which requires the common market to operate under conditions of undistorted and equal competition. The measures now being proposed are a *sine qua non* of conformity with this provision of the Treaty. For these arrangements for approximating legislation will go to meet two fundamental objectives. Firstly, discrepancies which form obstacles to trade are to be abolished in favour of free movement of capital, and secondly, discrimination will be eliminated by creating equal conditions of competition between limited companies as well as by subjecting limited companies to neutral conditions in their relations with partnerships and other economic entities.

Mr President, from a political point of view, the only possible answer to the questions which are now raised here, and which have been outstanding for a number of years, is a unqualified 'yes' to harmonization of company taxation in the European Community, and the sooner this answer is given, the better for the process of integration which we all desire.

Mr President we are putting forward a realistic compromise which we think is feasible and politically acceptable, and which we also think can be implemented without too much difficulty and without too much red tape. The basic idea behind the compromise proposed by the Commission is the partial imputation system in conjunction with a tax on dividends at source. At first glance, this may seem highly technical, but from the economic and fiscal points of view it is an attempt to find an ideal middle way between the two extremes of the classical system and the full-imputation system. It is a practical proposal which I think has the following five decisive advantages.

Firstly, it will prevent isolation of national financial markets from each other. Secondly, it will bring about neutral conditions of competition to the greatest extent possible. Thirdly, it will ensure equal treatment of different kinds of undertakings for taxation purposes. Fourthly — and I think this is a decisive aspect — it will be to the advantage of the small investor in the European Community, and is therefore to be welcomed as an attempt to achieve as wide a distribution of share and investment capital as possible, for if we compare the situation in the European Community with that in the United States, we must admit that we still have a long way to go here. It is important to try to attract a large number of small investors to the share markets, and one way of achieving this is by means of this partial imputation system. Finally, the fifth advantage, the tax credits associated with the partial imputation system in conjunction with the supplementary tax at source, which we consider indispensable, will help to ensure that tax avoidance is kept within limits, and will form a line of defence against abuses.

The other systems which must be taken into consideration present considerable disadvantages by comparison. I have tried to show this in detail in my report, Mr President, and I shall not enlarge on it here, but I would like to sum up the position as follows.

Firstly, the classical system, which has the support of some Members of this House, infringes, in my opinion, on the principle of equal treatment for taxation purposes and by placing distributed and non-distributed profits on an equal footing, gives excessive encouragement either to self-financing or financing through borrowing, which is unacceptable from an economic point of view.

Secondly, because of its high top rate of income tax, the full — imputation system would result in a considerable loss of revenue in certain countries, and would make it necessary to introduce the totally new system of horizontal financial adjustment between the countries of the European Community.

**Aerssen**

Mr President, this is a rather sensitive subject for me, because in our national Parliament some of my friends and I recently came out wholeheartedly in support of the full-imputation system in the Federal Republic of Germany, and from the opposition benches, we succeeded in getting this system adopted. At the European level however, we could not escape the conclusion that to introduce this completely new instrument of financial adjustment would only complicate the situation. This clearly left us with only one option. We could not propose the adoption of the full-imputation system in a European context, and had no choice but to recommend the partial-imputation system. I wanted to say that here for the benefit of some of my colleagues to whom this aspect is particularly important.

Thirdly the system of split taxation rates which exists in certain countries deprives the authorities of flexibility in granting tax relief. It would eliminate a considerable variety of technical and policy options for shaping the taxation system. We must reject that, Mr President, because it would amount to excessive interference with the powers of the national taxation authorities. We do want to harmonize, but we do not want the kind of harmonization which leads to encroachments by a central authority on the powers of the national taxation authorities, and we can avoid this by choosing the right system, in this case the partial-imputation system.

Finally, the only other method that could be considered is the primary dividend system, which the Commission has considered only marginally in its document and which could not be adopted in any case, because it has fallen into disuse in the European Community and any attempt to introduce a quite unconventional taxation system for the European Community as a whole would be unlikely to succeed.

After considering all these arguments, which I have only been able to outline briefly here, we can only conclude that where the European Community is concerned, everything points to the partial-imputation system, and it was for that reason, Mr President, that after very careful consideration in the Committee on Budgets, we reached a unanimous decision with one abstention, and although a number of my colleagues could be seen to grit their political teeth, so to speak, the fact is that this was the only appropriate and logical solution.

There is, however a particular aspect of this matter that requires a special mention, because it concerns relations between the European Community and the United States. The implementation of the proposals we have before us must not lead — it would be extremely ominous if it did — to any kind of protectionist discrimination against investments and investors from third countries being brought into the European Community like a Trojan Horse. But that is what would happen if income-tax credits in third countries were not allowed for, and we in the Committee on Budgets have therefore called in our

report for the scope of the directive to be extended and have tabled an amendment to this effect to Article 6, which we feel sure will be approved by both the Commission and the Council.

We urgently need bilateral tax agreements in order to eliminate this kind of discrimination in investments between the European Community and third countries. We need this precisely because of the very high levels of taxation and incomes in the European Community. The number of unemployed is now dangerously close to six million, and in this situation we have absolutely no alternative but to maintain the attractiveness of the European Community to foreign capital. We must therefore ensure that the European Community can offer favourable opportunities to investment from third countries, especially the kind of investment that will introduce innovations or create opportunities for the most highly developed technology in the European Community. From the point of view of my own country, which has introduced the full-imputation system, which, as I said, goes much further than the proposal we are considering, but would be unsuitable at European level, I may say that we have been forced to recognize that the profitability of foreign investment in the Federal Republic of Germany has deteriorated drastically, and that there is considerable lack of transparency in relation to refunds on the distribution of dividends between parent and subsidiary companies.

I am sorry, Mr President, that these matters are rather technical but they do go to the root of certain economic phenomena. The Bundestag has passed a resolution calling for special treatment to be given to this foreign capital. It has also proposed double taxation agreements, the very thing we recommend to the Commission in Article 6. Everything now depends — and this is the decisive thing — on putting these intentions into effect and ensuring that the negotiations do not peter out. If we succeed by means of double taxation agreements in ensuring that possible discrimination against foreign capital is eliminated, then we must still bear in mind that this does not cover investment funds. I therefore sincerely request the Commission to submit as soon as possible its proposal for a directive on investment funds, which has already been announced and which is, so to speak, the twin brother of this directive.

Mr President I am not pessimistic, because I believe that the following four factors would operate in favour of the conclusion of double taxation agreements between the European Community and third countries. Firstly, the fact that the partial-imputation system is to apply to the European Community will mean that the differences between the Member States will be eliminated and all the national states will be in the same position when it comes to concluding double taxation agreements. Secondly, the situation in relation to double taxation agreements will have been clarified from the point of view of third countries themselves, since they will be able to take stock of the situation as it affects the Community as a whole.

**Aerssen**

The third factor in favour is that the choice of locations for investments from third countries in the European Community will no longer depend to any great extent on the system of company taxation in force in each Member State. This will cease to be an important factor when the partial-imputation system has been implemented. We have already had the experience of how, when the common system of VAT was introduced in the European Community, other countries began to think along the same lines and to consider whether to standardize and harmonize their own systems. We can expect this precedent to be repeated.

I should like to conclude by recommending that the Commission should look at the negotiations now going on between the United States and Britain, where the following two basic factors are involved.

Firstly, America and Britain have agreed that the distribution of American holdings in British undertakings should be on a par with British holdings, and secondly, American parent companies will be allowed to claim a refund of fifty per cent of the amount of British company taxation on distributed dividends from their British subsidiary companies, which also applies to a British parent company. This means that this agreement will enable them to eliminate discrimination against third countries and their capital invested in the European Community. I feel — and this is what American representatives to have said — that this might well also be the position taken by the American Government and France, when we come shortly to tackle the question of whether adjustment will be possible by means of these double taxation agreements, on the basis of this system.

Mr President, in conclusion I should like to recommend to you and to the House that we accept the partial-imputation system put forward by the Commission which we have considered very carefully, taking all the political implications into account. It will bring about neutral conditions of competition, neutral company taxation conditions, it will open the capital markets to small investors and will help to combat tax avoidance. We are fully aware that it is only a first step and that subsequent steps must be taken, such as adjustment of the basis of assessment and harmonization of the criteria for determining profits. But I need not dwell on that here. The Council first called for the harmonization of company taxation on 22 March 1971; that is now six years ago. The time for it is now ripe and there can be no more delays. We must act now.

**President.** — I call Mr Yeats.

**Mr Yeats.** — I should like to thank the other half of my audience (*Laughter*) for the excellence of his report, and indeed the excellence and the comprehensive nature of his introduction. And if I am, as indeed I am, doubtful about certain aspects of these proposals

that are before us, I can assure the rapporteur that this in no way lessens my admiration for the manner in which his report has been presented.

I do, however, feel, Mr President, that this proposal for the harmonization of company taxation is, in fact, likely to cause considerable difficulty in certain Member States, more particularly my own. In these Member States, my own and I suppose one can add to some extent the United Kingdom also, it is not easy to see what corresponding benefits will result to offset the considerable inconveniences. One can certainly see the intended aim of the Commission, but one wonders, at least in respect of certain Member States, whether it will in fact be achieved.

Now the explanatory memorandum of the Commission which they present with their draft directive has indicated that the proposal before us now is inspired by the Council resolution of 22 March 1971, on the creation by stages of economic and monetary union. And they point out that existing national legislation represents a constraint on the free movement of capital which it is hoped the present proposal will help to remove. The first observation that one could make is that since the Council adopted this resolution as long ago as 1971, there have been many far-reaching changes, and new problems have arisen. Hopes of a relatively early economic and monetary union have faded. I think one can say this in spite of the recent optimistic effort by the President of the Commission to raise this matter again. One does not really expect that there will be EMU in the foreseeable future.

There has, in addition, been a serious recession, provoked by the rise in the cost of raw materials. The need to ensure a reasonable regional balance within the Community has, in fact, become far clearer even than it was before. And the question can be asked whether steps should be taken to ensure priority is given to securing free movement of capital by tax harmonization, as is proposed here, before other measures are taken to ensure a balance within the Community, and more particularly the inception of a really substantial and effective regional policy.

A second question one can ask is, has the Commission taken full account of the economic consequences that will result from the proposal before us? For example, the rapid changes in the pattern of capital flows which could have serious consequences for certain regions. The 1971 resolution, in fact, taken two years before either the United Kingdom or Ireland joined the Community, would seem not to be geared really to the needs of those countries. One wonders whether the Commission has not considered as an alternative the possibility of bringing in reforms such as the registration of shareholders. Or surely there could be an improved exchange of information, or better arrangements to avoid the possibility of double taxation.

**Yeats**

With regard to the withholding-tax, which, I suppose, is perhaps the most controversial single aspect of this draft directive, most Member States already have a withholding-tax, and for them the proposal is reasonable as a harmonization measure. France has none; the United Kingdom and Ireland deduct income tax, and the withholding-tax, therefore, is an addition to this deduction. The proposed directive allows for a derogation in respect of residents of the country concerned internally. But, if it is adopted, it means that all transfrontier payments of dividends would have to have tax withheld at source. A withholding-tax could have a detrimental effect on the capital inflow to my own country, Ireland. In particular, it may adversely affect the very substantial flow of capital between Ireland and the United Kingdom. It would be most unfortunate, surely, if a proposal that is designed to promote the free movement of capital in the Community were to lead to a reduction in the capital being made available in an area such as Ireland where the need for investment is in fact most acute.

So far as Ireland is concerned, a high proportion of the holders of shares in companies outside the country, who are affected, of course, by the withholding-tax, are small or medium-scale investors, and these small or medium-scale investors would therefore have to reclaim the tax and would be out of pocket for months. It is, I think, highly significant that the Irish Revenue Commissioners, the authority responsible for the collection of all taxes in Ireland, are in fact not in any way in favour of this directive. They know that in Ireland, because of the universal registration of shareholders, there is no danger of tax evasion, and they see in this proposal simply a nuisance involving problems for them in the arrangement for reclaiming withholding-tax, but no benefit to them at all with regard to the avoidance of tax.

Now there is in addition, and this is my last point Mr President, the special problem of the Irish tax concessions to industry, particularly exporting industries who are relieved in whole or in part from the levy of income tax. This situation is maintained in Ireland by virtue of Derogation No 30, which was signed on the accession of Ireland to the Community and which enabled this situation to be maintained in Ireland although otherwise it would have been contrary to the terms of the Treaties. One wonders why this particular aspect of the matter should be referred to at all in a directive which, after all, is a tax harmonization directive.

Article 3 of the draft directive states that each Member State should apply a single rate of corporation tax to the profits, whether distributed or undistributed, of its corporations, a rate of between 45 and 50 %. Subparagraph 2 says :

By way of derogation from the provisions of paragraph 1, a Member State may, in particular cases and for well-defined reasons of economic, regional or social policy, apply a rate different from the normal rate or complete

exemption, either permanently or for a limited period. If a Member State wishes to avail itself of this option, it should communicate the proposed provisions to the Commission, which shall make its views known to the Member State concerned within 30 days of the receipt of the communication. The Member State concerned shall not bring into force the provisions in question until this period has expired or after the Commission has made its views known on it.

This relates to new provisions for tax exemption, and Article 20 of the draft directive, dealing with existing tax provisions of this kind, says that these must be reported to the Commission, who have to make their views known within 60 days. I am well aware of the fact that the Commission do not intend to use this proposal to end the Irish tax-concession system. They make their views known but, so far as I can see from the wording of the directive, if their views are negative, then this has no binding effect. Since it has no binding effect, one wonders why it is put in at all. Certainly one wonders why it is necessary to put in provisions of this kind in a proposal which deals simply with the harmonization of systems of company taxation. It would seem that aids granted by States, in this case Ireland, and governed by the provisions of Articles 92 and 94 of the Treaty of Rome, should be wholly excluded from the scope of this directive.

All in all, the draft directive can, I accept, benefit some member countries in a fairly limited way, but for others, including Ireland, it offers the prospect of no real benefit and very considerable disadvantages. For this reason, Mr President, I have fairly considerable doubts about it.

**President.** — I call Mr Burke.

**Mr Burke, Member of the Commission.** — Mr President, the fact that I came here 12 hours and 3 minutes ago in order to be available to deal with this item allows me, I hope, to claim your indulgence to deal a little more fully with this item than the late hour would suggest could be the case. I am very grateful to those Members — and indeed to yourself, Mr President — who have so patiently waited for this, though I think we owe it to the importance of the subject to deal in some detail with the various matters raised.

I would like to begin by thanking very sincerely the rapporteur, Mr Van Aerssen, for the very careful attention given to this proposal, which, as I say, is recognized as being of considerable importance.

In this first directive on the harmonization of taxation of company profits and dividends, the Commission has concentrated upon getting the structures right. This is necessary for removing tax obstacles to capital movements. It represents, moreover, a first step towards equalizing the tax burdens on enterprises in the interests of neutrality in competition. I am pleased to note that the Committee on Budgets in its report agrees with the Commission's strategy.

**Burke**

There is one aspect of the matter which I should particularly like to stress. That is the social aspect. Some people have reservations about the partial imputation system, because it involves giving tax credits to shareholders. It is thought that such a credit would entail a negative effect on another person's wellbeing. This could occur either by reducing the states' total financial resources or causing an increase in taxation in other fields, such as taxes on wages or consumption. The Commission recognizes that in a changeover from a classical system to a partial-imputation system the Member States could reallocate the tax burden and, indeed, this has happened. It depends upon the rates of corporation tax and tax credit that are chosen. The Commission in its proposal has been guided by the principle that the changeover from a so-called classical system, with the completely separate taxation of profits and dividends, to the imputation system should be done without budgetary loss — that is, without reducing the total tax charged on companies and shareholders taken together. Therefore, it is clear that the Commission is not proposing any reallocation of tax burdens. Insofar as the allowance of a tax credit to shareholders has to be paid for, the Commission in this draft directive provides for having the cost borne by increased corporation tax — that is, by the same group of taxpayers. Under the classical system, the corporation tax-rate is normally comparatively low. With this low company tax-rate, major shareholders tend to retain profits in companies, because they thereby increase the value of their shareholding. That is, they take the profit in the form of capital gains, which are not taxed or are taxed at a more favourable rate. On the other hand, the distribution of profits would bring a high income-tax charge. Small and medium investors as well as institutional investors are normally much more interested in obtaining a regular income, and tend to be discouraged from investing in shares when distributions are not high enough.

To the extent that taxation factors have an influence on economic choice, the classical system tends to favour major shareholders. Under the imputation system, on the other hand, the higher rate of corporation tax reduces the tax-avoidance advantages of retaining profits. Profit distribution therefore tends to increase, and its value — particularly for small shareholders and institutions such as insurance companies and pension funds — is increased by the tax credit. The latter usually need steady income for the benefit of the ordinary people who depend upon them, and will therefore be more willing to invest in shares under the partial imputation system. Small savers often invest through the intermediary of investment funds, unit trusts and the like, which exist to enable the ordinary man and woman to invest small amounts in shares with all the advantages of risk-spreading and professional investment management.

Here I might just mention that the Commission is very concerned that adequate arrangements should be

made for enabling such investment funds to benefit fully from the advantages conferred by this directive. The Commission will accordingly put forward a proposal in the first half of 1978. I think this answers the point raised by the rapporteur in his contribution. Some argue that the classical system, because it tends to discourage profit distribution, encourages the ploughing back of profits into further investments in the company. To those people, I would say that I agree with the retention of profits for investments in productive resources, but indiscriminate retention or retention for the purpose of avoiding personal tax is not, in my view, to be encouraged.

Go-ahead companies will always want to retain profits for productive investment. And investors recognize this. Moreover, governments can continue to introduce measures that affect the tax base in order to influence the investment policy of companies for regional development or general economic subsidies. They can do this just as much under the imputation system as under the classical system.

Some may ask why the Commission does not propose the full-imputation system, which means giving back to the shareholders as a tax credit the full amount of the corporation tax on distributed profits. Whatever the attractions of full imputation, national budgetary considerations rule it out as a Community measure. It is impossible to introduce full imputation without reducing the total tax burden on companies and shareholders taken together. As I explained earlier, this is something that the Commission does not intend and which need not happen with the partial-imputation scheme contained in the proposed directive. The budgetary consequences would be even worse with full imputation for those countries that have a net outflow of dividends to other Member States, because they would be losing intolerably large amounts of revenue from corporation tax across their frontiers in the form of tax credits.

I have laid much stress upon questions of social justice in taxation. A most important aspect of this, to which I attach considerable importance, is the fight against tax-evasion. The system contained in this proposal for a directive contains the strongest safeguards against non-declaration of dividends by a shareholder, because an unscrupulous shareholder would not receive the tax credit, which is an inherent part of any imputation system. He would also suffer as a final tax the 25 % withholding-tax, which would be deducted at source. This represents a total pre-deduction of around 50 % of the taxable income, which is much higher than is normally found under the classical system. The honest shareholder will, of course, receive the tax credit itself. He will also receive credit for the withholding-tax against his personal tax liability, with repayment of any excess. However, in those Member States where there exist other measures that sufficiently guarantee the taxation of dividends, the withholding-tax is not necessary and may be dispensed

**Burke**

with. You will see, then, that, in formulating the proposal for this directive, the Commission has borne fully in mind the requirements of social justice. Indeed, the achievement of social justice has been an overriding concern of the Commission in the choice of the partial-imputation system.

Mr President, it is my duty to let you know what the Commission feels it wishes to do about the amendments which have been suggested. I would refer to Article 4, section 4: the Commission in this regard is willing to drop the words 'in case of need', but would prefer to speak of 'any measures' rather than of 'any administrative measures', it being understood that 'any measures' includes administrative measures but is not restricted to them. In regard to Article 6, the amendment as a whole is acceptable. As regards the substitution of the words 'recipients of dividends' by 'persons', I might just say that in an English-language legal text 'person' includes a legal person as well as a natural person, but perhaps there are difficulties here in other languages to which we have paid insufficient attention, and which can be cleared up, I am quite sure, without too much difficulty.

Now I would like to refer to the points made by Mr Yeats in his contribution this evening on which I compliment him, and to say that the honourable Member is probably thinking mostly of dividends leaving a company in his Member State for another company in another Member State, and in this regard I think I can offer him some help. The main point is that we envisage no withholding-tax where dividends flow from a subsidiary in one Member State to a parent in another. This is provided in the parent-subsidiary draft directive, which is still before the Council. Now, if we found that the Council of Ministers took the parent-subsidiary draft directive before the directive on the harmonization of taxation of company profits and dividends, which we are now discussing, we should have to ensure that the appropriate section of the former would be transferred to the latter in order that what might be termed the normal Irish Industrial Development Authority situation could be catered for. I hope that indication will be of some help to my former colleague.

Now, to deal a little more fully with this point, may I point out that dividends paid within countries that have shares registered in the name of the shareholder, and that is Ireland, the UK and Italy, or that have a special control system as, for example, the *bordereau de coupon* system of France, the withholding-tax can be dispensed with if the Member State wishes — see Article 14, Section 3, of the directive.

Where dividends are paid from one Member State to another, the directive requires the deduction of the withholding-tax, except when the dividend is paid to a parent company. Now, as I have said, the parent-subsidiary draft directive, which dates from 1969, provides that no withholding-tax shall be levied on

the subsidiary-to-parent dividends. The Commission expects Member States to cooperate to ensure that the withholding-tax is credited or repaid to shareholders without delay. But where dividends are paid from one Member State with an effective control system to another with a similar system — and I think Mr Yeats would agree with me that the countries which he mentioned are such — then it might be possible to dispense with the withholding-tax, and I undertake that the Commission will consider this point.

Now, where dividends are paid out of profits that have been exempted from the tax because of special regional-development incentive reliefs, the Commission would have to ensure that the Council considers what measures are appropriate. It might be possible to dispense with the withholding-tax in these circumstances, but this will depend on the attitudes of the Member States. As a Commissioner and as an Irishman, I am naturally very conscious of what is contained in Protocol 30. As I explained, measures designed to achieve specific economic or regional objectives are just as possible under a partial imputation system as under any other. And I draw the attention of the House to the second paragraph of Article 3 of the proposed directive, where such measures are specifically referred to. If any technical difficulties should be encountered in this connection, I am quite sure that they can be overcome by technical means, and the Commission, being very conscious of its responsibilities in matters affecting regional policy and Protocol 30, will do its utmost to ensure that Council does not lose sight of these matters in its deliberations.

May I also refer to a few other points raised by Mr Yeats, when he said that Ireland and the UK might have difficulties? I have already stressed that Ireland and the UK already have the partial imputation systems and therefore this should not be for them such a major step. In connection with EMU, I would like to point to the House that the proposal has its own merits independent of EMU but, of course, as I have often stressed in the preparations of the Commission for this subject, it is a necessary preparatory step for economic and monetary union. I would also like to point out that this directive does not go against regional policy; it is in fact, independent of it.

Mr Yeats asked me about the registration of share holders, and on that point I would ask him to consider that most Member States have a bearershare system, and if this were to be changed it would be a great upheaval. It can hardly be contemplated just simply for taxation reasons, which are the reasons which I am dealing with, as the Commissioner responsible for this aspect of policy.

I would like to point out also that the Irish Revenue Commissioners would not have to insist on withholding-tax on dividends paid to Irish residents. In so far as they withhold tax from dividends going outside

**Burke**

Ireland, they will be doing so for the benefit of other Member States and for the Community as a whole. As a Commissioner of the European Communities, I would like to draw to the attention of Mr Yeats, and indeed to those in his Member State who would be interested in this discussion, that there is — and I would like to emphasize it — a Community aspect to this. I say that as one who is also conscious of the important points raised by the honourable Member.

May I just urge, Mr President, if I am not taxing your patience, one or two other points? It might be argued that this scheme, which we have before the Council, and on which we are now getting the advice of Parliament, is too complicated. The operation of a partial-imputation scheme on an international basis is bound to be complicated if, as in the proposed directive, tax credit for corporation tax paid by a subsidiary company is given to the final shareholder even when one or more parent companies are interposed. But it is most important to realize that the complications fall entirely upon companies and the tax authorities. As far as the shareholder is concerned, the system in its international operation represents a simplification. All he has to do is to declare his dividend to his local tax administration, and he gets his tax credit wherever in the Community the dividends may have operated. Small shareholders, who may well have been frightened off investing outside their own country by the complications of existing double-taxation agreement procedures, need have no fears under the system proposed in the directive.

I would like to make a brief comment too on the suggestion that the band of corporation tax-rates proposed in Article 3 is too narrow — for example, too high for Denmark and too low for the Netherlands. I would like in this connection to indicate to public opinion that there is nothing sacrosanct about the particular rates proposed — 45 % to 55 % — which at the time the directive was drawn up appeared to be broadly acceptable to Member States. But the underlying principle is important. This is that there should be limits within which Member States may change their rates with the idea that changes will tend to be in the direction of convergence rather than in that of divergence.

The point that there ought to be a single corporation tax-rate and a single tax-credit rate throughout the Community, is, may I add, not at all practicable at the present time. As long as the expenditure of Member States is not harmonized, some flexibility is obviously necessary.

To the point that the classical system is much simpler to operate in relations between Member States and third countries, I would say that it is already a fact of life that States with the classical system exist side-by-side with States that have varieties of the imputation system. Looking at the world as a whole, one finds

that there is a drift towards the imputation system in one form or another. Even the United States, for so long the bastion of the classical system, is now seriously considering the imputation system. Any company taxation system has advantages and disadvantages, and the Commission has come firmly to the view that for the Community the advantages of the imputation system outweigh its disadvantages. In relations with third countries, it is necessary to remember that tax credit can be granted under double-taxation agreements to genuine tax-payers in countries with normal tax-systems, and can be withheld from persons trying to escape tax by making use of so-called 'tax havens'.

Now to the point that the withholding-tax will have a discouraging effect upon investment and shares, may I say that there are strong arguments, and I admit this, both for and against withholding-tax, but the Commission decided that, on balance, having regard especially to the important part that anti-evasion and anti-avoidance measures are playing in our thinking at the present time, it was essential to have the withholding-tax. The feared disadvantages of the withholding-tax are mainly that it may frighten off small investors whom it is intended to attract to the share market, and that it may also frighten off investors from third countries. A remedy must be sought in administrative measures which will ensure that the shareholder who is entitled to a credit or refund of the withholding-tax gets it as soon as possible.

I think it is also thought that the Commission did not engage sufficiently in the explanation of its reasons for rejecting the split system and for rejecting the primary dividend system. Now I would like to make some comments on that.

Under a split-rate system of the kind which was until recently practised in the Federal Republic of Germany, undistributed profits are taxed at a higher rate than distributed profits. Within any given State, it is possible as a matter of arithmetic to achieve the same final results as under a partial-imputation system, but the split system has certain disadvantages not found in the partial-imputation system.

In the first place, it would be difficult to persuade Member States to adopt a system which had only been applied by one of them and which, moreover, as I said, had now been abandoned. Secondly, because relief is given at the company level it is given to all shareholders, including those who may be considered not to be entitled to it. This opens up possibilities of evasion. Moreover, it gives rise to problems where the dividend is received by a parent company. These problems can be solved at national level and might with difficulty have been solved in the Community, but present very great difficulties where the parent is in a third country. Finally, on this point, a State that operates this system starts its double-taxation agree-

**Burke**

ment negotiations from a weak position, in that it will always appear as a suppliant trying to get back in certain circumstances something that in the nature of the system is automatically granted to everyone.

Now I will refer to the point made by the rapporteur in regard to the primary dividend system. Under the primary dividend system, a certain part of the distribution of a company is treated as being equivalent to interest on its equity capital and is deducted in arriving at the taxable profits just as interest is. This system suffers from the same basic disadvantages as the split system, in that, because relief is given at the company end and not at the shareholder end, it is in principle given to all shareholders, including those who really ought not to have it, and it therefore lacks the desirable flexibility. In addition, however, because the amount of the relief is determined by reference to the issued share capital, it can give rise to manipulations in the capital structure of companies that are carried out for the sole purpose of obtaining more relief. It is probably for this reason that the primary dividend system has rarely been applied for long periods and even then usually only in a modified form which ties the relief to newly-issued capital. As a permanent system for the Community I would like to inform the House that in my judgement it is a non-runner.

Mr President, that, I think, covers the points which I want to make to the House this evening on this very important directive on company taxation. I expressed my regret at the beginning that I would hold the House a little later than I usually do, but I think that the importance of the measure — I hope I have conveyed its importance to the House — is sufficient justification for holding you here until now and I wish to thank you very much for your kind attention.

*15. Order of business*

**President.** — At its meeting this afternoon the enlarged Bureau considered requests for amending the agenda for this part session. It has proposed the following :

- Thursday afternoon, before the agricultural reports, Mr Gundelach will make a statement on behalf of the Commission on the fixing of agricultural prices for the 1978-1979 marketing year and measures connected with the Mediterranean agricultural policy. The debate on this statement will take place during the January part-session.
- the oral question by Mr Kofoed and others on behalf of the liberal and democratic group on national aid in EFTA countries could be included in Thursday's

agenda, after the report by Mr Normanton on the crisis in the textile industry.

- the report by Mr Hamilton on a petition concerning enquiries into the political affiliation of Commission officials remains on Friday's agenda.
- the Committee on External Economic Relations had requested the inclusion on Friday's agenda, after the report by Mr Price on the Financial Protocol and the Additional Protocol with Cyprus, of a report on trade with the Republic of Cyprus after the date of expiry of the first stage of the Association Agreement. If this report is adopted on 14 December, the President will consult Parliament as to its inclusion on the agenda for Friday.
- The consultation on the directive concerning colouring matters authorized for use in foodstuffs intended for human consumption (doc. 426/77) for which procedure without report had been requested and which Mr Brégégère had asked to be referred back to committee for the normal consultation procedure, will probably be the subject of a report to be adopted by the committee responsible on 15 December. If this report is adopted in time, the President will propose to Parliament its inclusion on the agenda for Friday.

Are there any objections ?

That is agreed.

*16. Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Wednesday 14 December 1977, at 10 a.m. and at 3 p.m., with the following agenda :

- Statements by the Council and Commission of the European Communities on the meeting of the European Council in Brussels (followed by a debate)
- Bertrand motion for a resolution on the Sadate-Begin meeting
- Joint debate on two oral questions, one to the Council the other to the Commission, on imports flooding the Community markets
- Joint debate on four oral questions, two to the Council, two to the Commission, on external agreements concluded by the Community
- Oral question with debate to the Council on a European agency for trade cooperation with the developing countries
- Oral question without debate to the Council on the special measures adopted by the CIEC

3 p.m. : Question Time

4.30 p.m. : Vote on the motions for resolutions on which the debate was closed.

The sitting is closed.

*(The sitting was closed at 9.35 p.m.)*

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## IN THE CHAIR : MR COLOMBO

## President

*(The sitting was opened at 10.05 a.m.)*

**President.** — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Verification of credentials*

**President.** — At its meeting yesterday the enlarged Bureau checked that the appointment of Mr Brosnan, Mr Brugha, Mr Herbert, Mr Kavanagh, Mr L'Estrange, Mr McDonald, Mr Nolan, Mr Power, Mr Ryan and Mr Yeats as Members of the European Parliament complies with the provisions of the Treaties.

It therefore asks the House to ratify these appointments.

Since there are no objections, these appointments are ratified.

3. *Documents received*

**President.** — I have received from Mr Kofoed, Mr Durieux, Mr Houdet, Mr Berkhouwer and Mr De Clercq, on behalf of the Liberal and Democratic Group, an oral question with debate to the Commission on state aid measures in the EFTA countries (Doc. 448/77).

4. *Membership of committees*

**President.** — I have received from the Group of European Progressive Democrats a request for the appointment of:

- Mr Brugha to the Political Affairs Committee and the Committee on Economic and Monetary Affairs;
- Mr Brosnan to the Legal Affairs Committee and the Committee on Regional Policy, Regional Planning and Transport, in place of Mr Herbert;
- Mr Power to the Committee on Social Affairs, Employment and Education and the Committee on the Environment, Public Health and Consumer Protection.

Since there are no objections, these appointments are ratified.

5. *Agenda*

**President.** — The Commission of the European Communities has informed me that it would like to

make a statement on the Euratom-Canada interim agreement on uranium supplies.

I propose that this statement be included as the last item on this morning's agenda.

Since there are no objections, that is agreed.

6. *Statement by the Council and Commission on the European Council in Brussels (followed by a debate)*

**President.** — The next item is the statements by the Council and Commission of the European Communities on the European Council meeting in Brussels on 5 and 6 December 1977.

I call Mr Simonet.

**Mr Simonet, President-in-Office of the Council.** — (F) Mr President, I should like to say at the outset that this European Council illustrates what seems to me to be the indispensable formula for the successful conduct of its debates. Initially — and this has been repeated on several occasions — the aim of the meeting of Heads of State or Government was to provide them with an opportunity for a free and confidential exchange of views on major current problems. They were not primarily concerned to take on the role of a court of appeal or of final arbitration for the purpose of taking decisions which the various Councils of Ministers had been unable to take.

However, when the Belgian Presidency began to consider arrangements for the European Council it was concerned to prevent the part reserved for informal discussions from outweighing the discussions to be held on two or three questions on which there were prospects of reaching formal decisions. We therefore drew up an agenda for the Council in which we endeavoured to strike a balance between the part reserved for deliberations expected or intended to lead to a decision, such as could then be worked out in detail and implemented by the Council of Ministers, and the other part — useful and necessary as it of course is — devoted to an informal exchange of views on current problems. This is what I meant when I referred to the formula which I feel must be used in future if the European Councils are to be held under favourable conditions, i.e. creating this balance between the informal part and the more official part leading to the adoption of certain decisions.

The deliberations, the work done, the views exchanged at the European Council centred on three major themes.

Firstly, the economic and monetary situation, with regard to which there was the proper balance I referred to just now between an exchange of views and policy decisions for the guidance of the Council of

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Ministers; secondly there was that unpleasant but sometimes inevitable part of the work of the European Council in which it is called upon to consider problems which it has not been possible to resolve satisfactorily in the Council of Ministers; as for the third part, this was more specifically concerned with questions of political cooperation.

Under the heading of the economic and monetary situation, we attempted firstly to analyse the short-term economic position, the appropriate measures to be taken and the policy decisions expected of the European Council, and secondly to examine the result of the Commission's reappraisal of prospects for reviving the process of economic and monetary union. It is with this point that I should like to begin.

In a speech made a couple of months ago which aroused not only a great deal of interest but also an unmistakable hope in European circles, Mr Jenkins stressed the capital importance for the Community of not leaving plans for economic and monetary union in wraps now that the principle had been accepted but had been prevented from being implemented by the extremely serious monetary problems of the past few years. In this context I should like to pay a special tribute to the President of the Commission who, with his Florence speech, gave the Commission, and more particularly his presidency, a political dimension which it will now always have to retain. The Commission is not in fact, as some people tend to regard it, a sort of technocratic body entrusted with the task of carrying out studies and then, following a process of maturation and a whole series of political decisions, giving administrative effect to the decisions reached by the Council. The Commission is an eminently political body whose President has not only the right but the duty to save both the presidency and the Commission itself as a whole from that anonymity to which people would like to banish it. It is easy to criticize the Commission for being only a collection of what have been called faceless bureaucrats — after forcing it to assume the cloak of anonymity. I think that in his Florence speech Mr Jenkins rightly assumed the eminently political responsibility which devolves on the President of the Commission. The Commission is not just the guardian of the Treaty in the sense that the legal experts give to this expression. It is not simply a question of ensuring in a more or less finicky fashion that the provisions of the Treaty are not infringed. He sees the role of guardian as that of the guardian of the city in the Middle Ages who, sensing approaching danger, sounded the alarm to show the city that it had to pull itself together and face up to its responsibility if it wanted to survive. And I believe that with this speech Mr Jenkins — together with the whole Commission — was playing and indeed had to play this role.

This being so, the communication from the Commission on economic and monetary union gave rise to a

debate of which the outcome, it is true, was positive in that it allowed us to lay down and confirm general objectives, but the tone of which was undeniably rather pessimistic. Indeed, reviewing the data provided by the Commission on the current economic situation, we were led very quickly to recognize what we feared, what we already knew: the unemployment figures in our various countries have reached alarming proportions; investors are showing a marked unwillingness with regard to new industrial development or a revival of capital formation; our countries are suffering from a climate of insecurity and a lack of confidence in the future which is reinforced, moreover, by external events which we feel incapable of even influencing, let alone controlling. I am thinking in particular of the very serious developments taking place almost daily with regard to foreign currencies, and more particularly with regard to the dollar.

This did not prevent the European Council from arriving at certain guidelines both for the short term and for the longer term — here again I am thinking of economic and monetary union.

For the short term, the European Council laid down the following objectives: firstly, the need to intensify the coordination of economic policies and in particular to achieve greater convergence of short-term economic policies; secondly, strengthening monetary solidarity and, with this end in view establishing machinery for short and medium-term credit; thirdly, the European Council settled a problem which had for long been the subject of lengthy discussions in the Council of Ministers and had in fact already been raised at a previous session of the European Council, namely permission for the Commission to issue Community loans; fourthly, a relatively brief but thorough exchange of views was devoted to the structural problems of certain sectors, particularly the steel and textile industries. On this question, the Council of Ministers will next week be discussing the proposals that the Commission will have drawn up on the basis of the guidelines for the iron and steel sector given by the European Council.

Views were also exchanged on the balance of payments position of Community countries and of the Community as a whole. In this context we talked about the serious situation developing on the monetary front, and it was agreed that the Commission would intensify the dialogue begun with Japan following President Jenkins' visit there, so as to examine together what are the necessary conditions for improving the balance of trade between the Community and Japan.

In the longer term, the European Council endorsed the Commission's analysis as to the necessity of reviving the process of economic and monetary union. We are all well aware that, even if the original idea

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needs to be modified and adapted to the new circumstances in the Community, economic and monetary union remains the essential basis for the construction of a real Community and that this Community would probably not be in a position to face up to the profound changes which it will be obliged to undergo as a result of the economic crisis and the changes that have taken place in the world, if it did not have the sound foundations provided by the minimum degree of economic integration, convergent economic policies and monetary solidarity which are the essential elements of economic and monetary union. For this reason the Council of Finance Ministers has been given the task of examining the Commission's communication with a view to establishing the guidelines for a reappraisal of the ways and means by which the Community can achieve economic and monetary union.

The second part of this Council was devoted to consideration of two major problems on which it had been impossible, despite long discussions in the Council of Ministers, to reach agreement. These were, firstly, the drawing up of the Community budget in European Units of Account, and secondly the decision in principle on the overall amount of funds to be made available to the Regional Development Fund for financing regional development in the Community.

With regard to this latter point, I should point out right away that for at least one Member State an acceptable solution to the problem of drawing up the budget in units of account was an essential element in its approval of a formula which would satisfy everyone on the Regional Development Fund. The two problems were thus interconnected. We started by endeavouring to find a solution to the first problem — for which a first phase had already been completed in outline at the previous meeting of the Council of Foreign and Finance Ministers — and tried to choose from the various formulae before us for the interpretation of Article 131 of the Accession Treaty the method which would be most favourable to each Member State. In other words, you will no doubt recall that, in order to get out of the incredible political and legal imbroglio we were in, the Belgian Presidency had suggested that, between the two extremes put forward by certain Member States of the Community on the one hand by the Commission and other Member States on the other hand for the interpretation of Article 131 of the Accession Treaty, we should finally accept a thoroughly pragmatic formula under which each Member State would choose the method of calculating its contribution to the budget which would reduce its contribution to a minimum. This formula, which had the disarming simplicity of all successful ideas, naturally met with more or less universal enthusiasm. This was dampened somewhat when it was time to decide on the means of financing the shortfall left by this formula — for if everyone pays the minimum there must sooner or later be a gap. The question was how to plug this gap. The

Council, after some hesitation and a number of rather sharp exchanges, finally took as a basis for discussion the idea put forward by the Belgian Presidency, with the addition of two supplementary measures. It was quickly accepted that the shortfall resulting from the application of this method should on no account be financed by borrowing. This balance was thus to be financed from budgetary contributions. It remained to be seen how the amount was to be apportioned. The experts, who had never had such a field day, devised various scales, each one more complicated than the last, and then a second rabbit was pulled out of the hat by one of the magicians around the table.

He proposed applying, with appropriate modifications, the same highly attractive pragmatic formula, which consisted of allowing everyone to choose the scale which was most to his advantage. Of course, that was likely to result in a shortfall, but the President of the Commission helpfully pointed out that that was not so very important since, in any case, there was a chance that the budget would not be fully implemented and that there would be no need to come to what everyone would regard as the distressing pass of being forced to have recourse to public funds to meet the deficit. After this discussion — about which I would hasten to add that in view of the rather gloomy atmosphere that prevailed at the beginning of the Council no one expected it to lead to a positive conclusion — we thus reached an agreement on the basis of which we can for the first time present a budget in European Units of Account, and which also allowed us to tackle the problem of the Regional Development Fund.

I shall be much briefer on this point, since you devoted a lot of time to discussing it yesterday. I should like to avoid repeating what has already been said by a certain number of speakers and no doubt also by Mr Eyskens. I should simply like to stress that the discussion was not easy on this point either and that there were moments when, as the debate continued, we thought we would not be able to reach agreement and the European Council would send this dossier, which had been submitted to it by the Council of Ministers, back to them. However, following an exchange of views in which everyone wanted to make a gesture in order to reach a decision which would protect the interests of the Community, we thus arrived at the solution with which you are familiar.

A third group of subjects for discussion consisted of what I would call in quite general terms the political situation and the state of political cooperation.

The first problem raised, on which, however, it was not possible to reach any conclusion, was, of course, that of the date for direct elections. The British Government, after hearing the other governments' views on the question of parliamentary procedure for the ratification of the Convention and for passing or

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amending electoral legislation to allow direct elections to be held, told us that it was not at that moment in a position to say whether elections could be held in May or June. Since then one uncertainty has been eliminated — the method of voting has been decided, and we now know that the most difficult method has been chosen from the point of view of holding the elections by the agreed approximate date of May/June 1978.

We must now hope that, faced with a choice between internal political considerations and the interests of the Community, the British Government will opt for the interests of the Community and will adopt the necessary measures so as to be able to hold the elections within a reasonable time, i.e. at all events during 1978. Of course, in politics no one can be expected to do the impossible, but as a member of a Community one assumes certain essential obligations. The political and psychological significance of holding elections some time in 1978, if possible at a date not far removed from the proposed time, would be of such importance for the growth and development of the Community that one might hope that, in choosing between legitimate and understandable considerations which are a matter of internal politics but have a bearing on the interests of the Community, the British Government will not hesitate.

After that, we took a number of decisions on other questions. The reports by the Commission and the Council on European union were adopted and will be published in the very near future. The European Foundation which, as you know, was the subject of one of the proposals in Mr Tindemans' report. The European Council approved this in principle and the Commission and Council have been instructed to make the detailed arrangements.

The third point on which the European Council had a brief exchange of views was the question of making wider use of Article 155. After expressing interest in the formula proposed, it referred to the Council the task of examining the technical and legal details. This Article, which provided for the delegation of powers to implement certain measures laid down by the Council, thus relieves the Council of the always laborious task of finalizing details. It restores to the Council its true function of a principally legislative body and avoids burdening it with responsibility for a series of detailed measures which are, of course, important in that it is on their implementation that the life of the Community depends, but in preparing which the Council is no doubt only too liable to spend too much time to the detriment of its real vocation, which is to conceive, stimulate and legislate.

We then exchanged views on a number of more specific topics in the context of political cooperation. The French President's idea for the creation of a European judicial zone was favourably received and is to be

examined more thoroughly at ministerial level, where the implications of this proposal will be investigated.

That, Mr President, is the substance of what happened at the European Council. As this is the last time I shall have the privilege of making a statement to Parliament as President-in-Office, I should like, with your permission, briefly to take stock of what the Belgian Presidency has done and to recall very quickly the main features of the Community's development and to outline the difficulties with which the Community will be faced in the months and perhaps the years to come.

Mr President, you will no doubt recall that when I had the honour of presenting to this House the Belgian Presidency's programme of action, I used two words to define the spirit in which we approached this presidency. Firstly, modesty, as we knew at that time what were the obstacles which had to be overcome, the difficulties which it had not been possible to eliminate in the course of the preceding months, and secondly conviction, because we were convinced that even if a presidency was not marked by any spectacular decision the fact of taking up the matters in hand and attempting to bring them to a successful conclusion undoubtedly constituted a positive contribution to the progress of the Community.

We have refused to be blind to the difficulties and in collaboration with the Commission and the Member States we have tried to solve them. In order to do so, we have perhaps made rather more use than usual of the technique of joint councils, i.e. the Foreign Ministers together with the ministers responsible for a more specialist field. I say that we have perhaps done this a little more frequently than usual because, although it has proved satisfactory this time, this method is not always good. It is in any case a very cumbersome method, as it brings together nine ministers flanked by a number of junior ministers or Secretaries of State who are themselves accompanied by those 'stokers' of Europe, the permanent representatives. Stokers, as you know, were the men who, in the days of steamships, worked down in the hold feeding the boiler. Their role was uninspiring, but if they had not bent their backs to that extremely thankless task of feeding the boiler the ship would not have made much headway. If any permanent representatives get word of this speech, I hope that they will not take offence at being called the 'stokers' of Europe; they in fact have a vital part to play.

If you add to these representatives of the Member States, of whom there are already a considerable number, a number of other ministers who come with their own style of taking part in the Council, their own way of looking at the problems and sometimes a more or less latent subconscious hostility towards the Foreign Ministers, whom they regard as meddling amateurs, then things get difficult.

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Nonetheless, some results have been achieved. Thus, the sixth directive on the third source of revenue has been adopted and the implementing regulations are currently being drawn up, so that the Community will soon have a budget which is firstly, as I have just said, expressed in European Units of Account and can secondly be financed from own resources, thus gradually dispensing with direct payments in the form of financial contributions from Member States.

I have already discussed the points dealt with under the Belgian Presidency in giving my brief report on the European Council. I shall not say any more about this. There is, however, one point I should like to stress. We have finally found a solution to the problem of siting the JET project, the stalemate on which was beginning in some ways to be humiliating for the Community. There is no doubt that the Community had — and perhaps still has — a lead over other countries and in particular over the United States in this type of research. We were running the risk of losing this lead, or at any rate of seriously jeopardizing it, by the interminable discussions on the site for the project. Finally, we found a solution to this question, and I must pay tribute here in particular to the Federal Republic of Germany which, although it had at one time cherished hopes of having the project sited on its territory, bowed to the wishes of the majority and agreed to the project's being sited on the territory of another Member State.

In the field of energy policy, we have unfortunately not made much progress. This is, nonetheless, a field in which, in the months to come, we ought to be doing something more than producing declarations of intent, particularly because on the international energy scene there are at present a number of developments which give us legitimate cause for concern. First and foremost, the current theoretical surplus that exists, on paper, in the oil sector primarily as a result of the recession, should not lull us into thinking that oil has become plentiful again and that there is no need for any particular economy measures, any more than it should lead us to believe that we have resolved the massive problems of recycling surpluses or that our economies and balance-of-payment positions are capable of withstanding the regular substantial increases in the price of oil. All that remains unchanged, even if — let me say again — a temporary surplus has led people in Europe to think that after all things are not going too badly in the field of energy. This is one development which, I think, justifies our returning with even greater determination to the problem of formulating a European energy policy.

Secondly, as Parliament knows, we have been made aware of the American desire to cast international nuclear policy in a more rigorous, restrictive mould, thereby creating, indeed, greater difficulties for the

Community. In this field too, the Community will have to define its position very soon — this is the task for tomorrow. I hope that Parliament will continue to play its part in this work by giving ideas and opinions.

In the field of external economic relations, we have once again had confirmation, in some if not all respects, of the old adage which says that the Community is beautiful seen from 5 000 kilometres away. In other words, as we all know, the Community appears more real when seen from a distance than when experienced from within. This has been borne out in the field of external relations. We have pursued trade negotiations that had been started with a number of countries, and for the first time the Commission has been able to enter into negotiations with Comecon. In pursuing these negotiations, we have had one increasing concern, namely that the world has changed. Having wholeheartedly supported the progress of a number of developing countries which we regarded as destined for industrialization, we must now suffer the consequences with regard to the development of our own structures. The structural difficulties of certain sectors, to which I referred just now, cannot, of course, be divorced from this international dimension.

We have also attempted to move towards a number of solutions. We are currently conducting fruitful discussions with China which should lead, without too much difficulty, to an agreement. We have — entirely disinterestedly as this is not a matter that concerns the Belgian Presidency — with the cooperation of the other Member States and the undeniable good will of a number of them, solved the ever troublesome problem of the representation of the Community at the economic summits of the industrialized Western world. It has now been established that in future, with regard to questions which concern it and for which it is responsible, the Community will be represented at these economic summits.

In the field of political cooperation, you will not be surprised to hear, in view of what is happening in Africa, that a major part of this work has been concerned with the attitude to be adopted by the Nine with a view to ensuring as peaceful a transition as possible towards changes of régime in Africa. We also made careful preparations for the work of the 39th United Nations General Assembly, and I think I can say that all in all this was accomplished in a climate of unity within the Nine such as we had not often experienced.

Mr President, I should like to end by saying in a few words what I see as the future of the Community in the short term. I should like to enumerate here the problems which will have to be taken into account by the country that succeeds us in the presidency and which the Community as a whole will have to tackle.

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First of all, the crisis continues. I made perhaps too brief a reference to this because I did not want to take up too much of your time, but the discussion held at the European Council is sufficient indication. There is no way out for the Community without a return to a higher rate of growth than we have had this and last year. There is no salvation in a minimal rate of growth, the only hope is in real growth, what we are concerned with today, however is not a purely quantitative growth, but growth of which the elements need to be modified. The outcome of this growth will be a Community which will, without a doubt, be different from the Community we had in the 1960s, geared to the rapid development of individual standards of living, a vigorous growth in private consumption and the creation of a lifestyle without parallel either in history or elsewhere in the world. This, I think, is one subject for reflexion, and I know the Commission has taken it up.

Secondly, in the course of the painful changes which are bound to accompany the continuing crisis, I think it is essential that the Community should defend at all costs what is called the *acquis communautaire*, i.e. the advances we have made over the years. We should not imagine that this will be easy. We should in particular not imagine that because we have been spared this in recent years it will be easy to combat the resurgence of protectionist tendencies outside and perhaps inside the Community. The main intention that we must proclaim here is that we wish to preserve what we have achieved, that we wish — and are prepared to pay the price — to prevent it from being jeopardized by the beginnings of protectionist measures that are occasionally mooted in this or that member country. Indeed, we all know that once one of them set the example it would probably be followed by everyone and that this would then set off a series of trade skirmishes, both originating in the Community and no doubt directed against it, which would rapidly degenerate into a trade war. We must also — and this remark is not addressed to all the countries of the Community but only to some of them who have, however, a Community responsibility in this matter as well — fight for the preservation of the embryonic monetary union which the snake agreement does after all represent.

This leads me on to two additional observations in the field of international economic and financial relations, and you all know how charged with politics economic and financial relations are. Firstly, from time to time the countries in the snake meet to maintain that cohesion which is indispensable not only to the survival of the snake agreement but also to maintaining the credibility of the Community venture in the face of difficulties which can be put down in part to the sometimes disastrous position of the dollar. A moment ago I referred to the Community responsibility of the countries taking part in this agreement and to the fact that the credibility of the Community as a whole

would be seriously affected if they were no longer willing to accept this responsibility, which weighs heavily on some of them. How can we persuade our peoples that we are serious in our desire to give new life to the idea of economic and monetary union, how can we convince our peoples of the seriousness of our resolve to return to the Sisyphean task of monetary integration, if we are not even capable of maintaining this minimum of monetary stability in the form of the snake? This has been made difficult by the external monetary policy of the United States, or by what could be termed the external monetary 'non-policy' of the United States. This is in fact — as has already been shown — the result of a trade balance and balance-of-payments situation which is to a large extent determined by the excessive increase in oil imports. At present, under the smokescreen of various projects ranging from total independence with regard to oil imports to the creation of an organization of consumer countries, the United States is importing more oil than ever before. Statistically — I am well aware that in economic terms this does not apply — the Americans are importing almost as much oil as Saudi Arabia currently produces. Saudi Arabia is producing about 8.5 million barrels of oil per day; the United States imports almost 7 million per day. The responsibility for this lies indeed to a considerable and probably decisive extent with the superpower. But let us not, for pity's sake, behave towards the United States in the same way as we sometimes tend to behave towards this or that Member State. There are, of course, many things that distinguish the Community, including a certain skill in finding excuses.

It is easy in the Community to use this or that country as an excuse for doing nothing. One only has to say: we wanted to go forward but a certain country did not want to, so we are taking no action. Let us not transfer this temptation always to look for an excuse to the field of international relations, particularly our relations with the United States. It is true that the United States bears a fundamental responsibility for the monetary situation that has developed and that this development must be seen in the light of its inability up to now to restrict significantly its consumption and imports of oil. But by what right — for we have not done anything either — can we tell the Americans what to do? Would it not perhaps help the present administration in its courageous efforts if Europe declared, and matched this with effective political decisions, that it was determined to reduce its oil consumption and restrict imports?

This being so, let us not think that we can go on using the excuse of the superpower in all innocence with, however, that suggestion — to put it mildly — of hypocrisy that is always present when Europeans level at the Americans the double accusation of wanting to have a finger in every pie and of doing nothing. We cannot at the same time accuse them of assuming their responsibilities as a superpower and do nothing ourselves to take on part of this responsibility in the fields in which we can take action. Mr Presi-

## Simonet

dent, I should like to make one last observation of an international nature. After a 'beginning which was, after all, relatively promising — I do not think I can say more than that, but it would be wrong to say less — the North-South dialogue has become bogged down. It is dangerous for the Community and for the world to allow this North-South dialogue to stagnate. The Community made it possible, and no doubt played the decisive role, for this dialogue to start and for its first phase to close on a satisfactory note. In our manner of creating new relationships with the developing countries we have, in many respects, led the way. We have a mission to pursue this dialogue, and we have a responsibility *vis-à-vis* the world. It is by accepting this responsibility rather than by producing numerous statements on our identity that we shall be a real Community playing a decisive role in the world. Lastly, Mr President, I must thank you most particularly for the patience which you and the Members of this Parliament have shown me today and during all the other sittings. Even if there have been times when we have not agreed on all the points under discussion, the relations established between the Belgian Presidency and the European Parliament have been good. They could not, I think, be otherwise, united as we were by the desire to give all due importance to an elected Assembly representing the peoples of Europe, and united as we all were by the desire to further the progress of this Community outside which, as we well know, there is no salvation either for us or for any of our peoples or States.

*(Loud applause)*

**President.** — Mr Simonet, after your statement on the results of the recent European Council meeting, which also marks the end of the Belgian Presidency, may I offer my sincere congratulations on the excellent work you have done.

I am sure I am speaking for everyone in this House when I say that we have been delighted with your frank manner of dealing with Parliament. You have been present constantly, as have the other ministers with responsibility in the various areas which have been the subject of debate. To be sure, the Council of Ministers has a duty to be present in Parliament, but when this duty is performed with the application and devotion which you have shown, we cannot fail to express our very real appreciation.

You have performed your task as President-in-Office with the skill, spirit and tact which we all acknowledge and which we have witnessed on numerous occasions during debates in the House.

Once again, I should like to thank you and your colleagues for the tremendous amount of work done during the six months of the Belgian Presidency.

On one occasion you were asked what the status of a particular Member State would be if it did not hold

direct elections. You replied wittily 'unpopular!'. I do not want to speak of that problem; I only want to say that your status in this Parliament, not legally, but morally and politically, is undoubtedly popular.

*(Loud applause)*

I call Mr Jenkins.

**Mr Jenkins, President of the Commission.** — Mr President, we are all deeply indebted to the President-in-Office of the Council, and I would like to re-echo the words which you have just addressed to him for the perspective of the future which he has given us this morning, as well as his account of the results of the European Council on the 5 and 6 December, and of the main events of the Belgian Presidency during the past six months. I think he is entitled to speak with some satisfaction of the first, — the European Council — and with great pride of the second, the Belgian Presidency.

I need not cover in detail the same ground, but I would like to make one or two general observations and then comment on a few points which are, I believe, of particular importance to the Community. I have now attended three European Councils. This was, in my view, the best of the three. On the one hand we settled one or two difficult, and potentially dangerous, issues — I have the Article 131 dispute particularly in mind — and on the other, we looked not perhaps with complete clarity of vision, but at least we cast our eyes forward to the Community's line of advance in the future, and considered how to deal with the problems which will increasingly preoccupy us. After the European Council, which took place in London last June, I said in my statement to Parliament that there had been more discussion than decision-making. This time there was, I think, at least an approach to about the right balance of both. In this respect I would like to pay tribute to the skilful chairmanship of the Prime Minister of Belgium at the European Council.

I was reasonably encouraged by the Council's reception of the Commission's proposals on economic and monetary union. Since I spoke in Florence on this subject in October, I have heard some predictable but misplaced jeremiads. I was told what my efforts to disinter what some people described as a corpse, were brave but unavailing. When the corpse showed some signs of life I was told that it would soon be dead again. When it revealed itself alive and kicking, I was told that we had amputated its essential parts. Now, I think I can be allowed to say that the European Council did what, at this stage, we in the Commission hoped it would do. It gave our ideas a new and favourable reading and asked us to do two things: to undertake detailed studies, and prepare the necessary initiative and to carry the discussion into the other Community institutions — into Parliament, into the Committee on Economic and Social Affairs, into

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future tripartite conferences, and thus achieve the searching and informed debate that we believe to be essential. But Parliament, as I understand it, will begin its own essential contribution in January, which is a fact I greatly welcome.

It may be worth just briefly recalling the reasons, as I have stated them to the European Council itself, why we believe that the idea of economic and monetary union should be taken up afresh, redefined, and established as one of our primary objectives. First, I argued that no conventional or cyclical upswing was now likely to solve the problem of unemployment within the Community. At present the figure is over 6 million, of which the main proportion are young people. Yet, demographic trends indicate that the labour force — or, perhaps I should say, the potential labour force — is due to increase in the Community by no less than 9 million between now and 1985. And that is not dealing with the inevitably uncertain estimates of those who may or may not be born; it is based on the age-profile of those who have already been born, on the many greater numbers who will become sixteen, than those who will become sixty or sixty-five, and go out of the labour force. Therefore, we face a major challenge in the unemployment field. If we are to change the trends, as we must, we shall need a major new stimulus of historic dimension. Secondly, I asked my colleagues in the European Council whether or not they were prepared to allow the likely, the welcome prospect, of enlargement to lead to a weakening and a loosening of the Community. Left to itself, it will have that tendency. But it need not do so. It should, on the contrary, give us the spur to move forward and to provide solutions to problems which are already there — and for which we ought, in any event, to be providing solutions — but which would become still more urgent in the perspective of enlargement. The applicant countries themselves have made it clear that they do not want to join the Community in order to weaken it. They want to join a strong Community, a Community stronger and more coherent than it is today.

Thirdly, Mr President, I drew attention to the disrepair of the world monetary system, which almost daily becomes more manifest. Certainly the Community represents the only group of countries in the world capable of making a new and decisive contribution to world monetary stability.

On all these issues, I see no sensible way forward capable of meeting our needs in Europe, and of engaging the imagination of our people, except through a new, practical and non-utopian impulse to the old idea of economic and monetary union. In this respect, let me add how glad I was that the Council

gave its agreement in principle to the creation of the new financial Community facility for which we had pertinaciously asked, and which will enable the Community to borrow for onward lending and thus give us the means to cope with some of the more pressing sectoral problems in our economies.

Mr President, I should now like to say a word about another urgent problem which was raised in the European Council. The development of the relationship between the Community and Japan particularly in the context of the fight to avoid protectionism, to which Mr Simonet powerfully referred. When I was in Tokyo in October, the Japanese Prime Minister and I agreed that, whereas the links between Japan and the United States, and between the Community and the United States, were clearly perceived, those between Japan and the Community were lesser and should now be reinforced. We wish to improve and strengthen our relationship with Japan, but all the Community Institutions — Parliament, Council, Commission — are naturally extremely concerned about the size of the Japanese balance-of-payment surplus, and its effects on the world economy. The European Council invited me to pursue and intensify our consultations on this subject with the Japanese Government, and I have since done so. The House will, I believe, be interested to know that I have just learnt that the new Japanese Minister responsible for international economic affairs, Mr Ushiba, plans to come to Brussels for talks with my colleagues and myself on Friday of this week. From the beginning, I have made clear to the Japanese Government the Community's vital interest in the measures they have under consideration to correct the imbalance in their balance-of-payments. Preparation of these measures has followed the urgent representations made first by the Commission, and later by the United States, during the last couple of months. Some elements in the package were announced last week, and some more are being announced today. They seem to go in the right direction, but how far they go is a point I shall wish to discuss with Mr Ushiba, clearly a central point for that discussion.

I now return, Mr President, to my account of the European Council, to express the Commission's relief and satisfaction that the problems which arose within the Community over the interpretation of Article 131 of the Act of Adhesion of the United Kingdom, Ireland and Denmark, should have been resolved.

Without this, the introduction of the European unit of account into the budget from 1 January next year, might not have been possible. I cannot exaggerate the importance of this decision from which so much will flow in the future. You are already discussing it, and I will not say more now.

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You are also examining the decisions of the European Council on the Regional Fund. Clearly, these were not all we had hoped for. The views of this House and the Commission, on both the amounts and the character of the Fund, are very close. I do not want to labour our difficulties here. They are already known to you. Let me say simply that the Commission regards the Regional Fund as an essential instrument for promoting balance in the economic development of the Community. It will become still more important in the future, if the problems created by enlargement are to be met, and if we are to move, as I hope, towards economic and monetary union. In particular, we hope that the Council will respond to the wish, clearly expressed by both the Parliament and the Commission, to see the introduction of a non-quota element.

Finally, I welcome the Council's decision to approve, in principle, the creation of a European Foundation. This was, as the House well knows, one of the recommendations of the report which bears the name of Leo Tindemans. It is, therefore, all the more gratifying that agreement in principle should have been reached during the Belgian Presidency.

Let me conclude by saying Mr President, that it has been a particularly distinguished presidency. If Henri Simonet's account of it this morning erred, it was on the side of modesty. He himself has played an incomparable role in pushing things forward, finding, when he had to, the bases for compromise, and using his unrivalled energy and ingenuity to produce the results which have been laid before you. It has been a pleasure and an inspiration to work with him; on behalf of the Commission, I express our gratitude for a most notable and successful presidency.

*(Loud applause)*

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

**Mr Fellermaier.** — *(D)* Mr President, ladies and gentlemen, as the first member of this House to speak, I would like to thank Mr Simonet most sincerely, on behalf, of course, of the whole Socialist Group, for all the work he has done for Europe in the past six months. He has indeed been a hard-working President of the Council, not only in the Council itself, but also in his commitments *vis-à-vis* this House, commitments which he has taken very, very seriously.

It is right and proper that we should acknowledge this publicly here on the day the Belgian Presidency in this House comes to an end.

If we look at what the President of the Council said on the three topics he brought out in his speech — the financial and economic situation, the matters which the Council of Ministers had been unable to settle and which therefore fell to the European

Council, and the question of political cooperation in Europe — it is obvious that this month's summit meeting of the Heads of State or Government — which was really something of a fireside summit — produced a number of decisions which will give a vital boost to the process of integration within the European Community. We therefore welcome what the Heads of State or Government managed to achieve recently in Brussels, because it shows that the European Community, despite its many crises and setbacks, is more than just a fair-weather organization and is quite capable of taking the rough with the smooth. The Community has demonstrated this again and again in recent months under your presidency, Mr Simonet, both internally and externally. I am grateful to you for emphasizing the successful efforts which have been made to avoid a relapse into narrow-minded national protectionism; the economic war you referred to would all too quickly become reality if we were to revert to national protectionism at the stage we have now reached in economic integration and in view of the European Commission's declared intention to revive the idea of economic and monetary union. This, given the efforts being made to liberalize world trade as a means of bringing about a better balance and a greater degree of mutual dependence between North and South, would mean figurative double minus being chalked up on the international stock exchange quotation boards. I think this European Council demonstrated clearly that we are all in the same boat and that purely national remedies are no longer adequate to deal with the crises in the steel and textile industries and with the problem of unemployment — particularly unemployment among young people. International economic relationships and economic and trade relationships within the Community have become too closely interwoven for these problems to be tackled at national level.

Let me add one personal word to the President of the Council. We realize that his position was not an easy one since he also had a second ministry to run in the Belgian Government. Despite this, he has devoted an enormous amount of energy to the cause of European integration.

I should therefore like to say on behalf of the Socialist Group that his efforts and the efforts of the Belgian Presidency will be a yardstick by which future presidencies will be judged. And this goes also for the relations between the presidency and this House.

And while we are on the subject, my Group would like once again to raise the question — clearly and publicly — of whether the six-monthly rotating presidency of the Council is really still justifiable. After all, the presidency is incapable of acting *alone*, being simply *primus inter pares* within the Council. You said, Mr Simonet, that the European Commission must act both as the guardian of the Treaties of Rome

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and as the engine behind the moulding and shaping of the Treaties of Rome and the process of European integration. You used the image of the stoker stoking the boiler. I see the presidency as standing beside the stoker to ensure that the right mixture is fed in. Getting the mixture right is part and parcel of the stoker's art. I think six months is simply too short a time. We should therefore call on the Heads of State or Government to examine once again the question of whether we ought to adopt a twelve-monthly rota. This would give a greater degree of continuity, because, at the moment, the various Councils and specialists have hardly got into their stride, the President of the Council has hardly initiated his dialogue with Parliament and the President of the Conference of Foreign Ministers has hardly got round to following the Davignon procedure and presenting himself to the Political Affairs Committee before he has to take his leave and be replaced by the new President.

Mr Lange and Mr Patijn will be commenting on the detailed results of the European Council. Although the re-determination of the European Unit of Account, the authorization to raise loans on the capital market and the decision on the future of the Regional Fund represent a great step forward, it is worth asking whether the European Council is being called upon to do too much or to do work which is really someone else's province; because as soon as things begin to get a bit tricky in the Council, the solution is always to take the easy way out by passing the buck to the Heads of State or Government, without any clear idea as to what the procedure should really be and how and by whom the decisions should be taken. We realize of course that when it is a question of raising Community loans around a thousand million European Units of Account the finance ministers have to put into concrete terms what the Heads of Government may possibly have had in mind. What concerns us here, of course, is whether Parliament is to play a part in this process and whether taking up Community loans to finance European Community projects is a binding Council decision. Or is the European Parliament simply to be bypassed and this loan made the exclusive concern of the European Investment Bank?

This, Mr Simonet, is a question which you ought to try to answer here and now, because it concerns the relationship between the two Community institutions, Council and Parliament. The question has to be asked now because leaving these provisions unclear could have an adverse effect on relationships between a directly elected Parliament and the Council.

And while I am on this point, I should like to ask another question on the relations between the Council and Parliament because I realize, Mr Simonet, how much work you have put into them. We welcome the fact that this week, the President of the

Council of Overseas Development Ministers came before Parliament — of his own accord — to tell us of the outcome of his Council's meeting. We do of course appreciate the Council's efforts to give notice of its decisions, as it were, live in this House; I just wonder whether this is up to the Council concerned, or whether this is a new departure in the Belgian Presidency which might be adopted by other presidencies, so that whenever important decisions are taken at meetings of Councils of Ministers, the President of that Council has an obligation to report to the European Parliament?

I should have thought that it could be of interest to us if, for example, the Council of Agriculture Ministers were to come before this House whenever critical matters have been discussed, and tell us in person what compromise they have arrived at so that we do not have to be informed in a roundabout way via the Commission. We should like to hear from the outgoing President of the Council whether this is going to be a permanent feature of the Council of Ministers' future work. This is something we must be clear about in view of the fact that we are responsible — in an acting capacity — for the relations between the future directly elected Parliament and the Council of Ministers and the European Council.

Mr President, we have been asked to stick to our allotted time, and I shall leave it there. Mr Simonet, you said at the end of your speech that the Belgian Presidency approached its task with a mixture of modesty and firmness. Allow me to say in conclusion that this combination of modesty and firmness made the Belgian Presidency a highly effective one, and the thanks of this House go to you and your Prime Minister.

*(Applause)*

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

**Mr Klepsch.** — *(D)* Mr President, ladies and gentlemen, there is no doubt that the results of the European Council on 5 and 6 December have been favourably received by the general public; we are pleased to see that the decisions taken by the Council have met with such approval. Viewing the matter rather superficially, one might indeed believe that Europeans are once again able to agree.

The European Council has succeeded in smoothing the path for the introduction of the European Unit of Account in the Community budget. It has agreed on the funds to be allocated to the Regional Fund for a three-year period. It has approved in principle the creation of the new instrument for Community loans and advocated a new Community approach to those regions and sectors which are structurally weak. It has reconfirmed the goals of Economic and Monetary Union. As a result of these timely decisions, some

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dossiers have been given the green light, as the President of the European Council, Mr Tindemans, pointed out, and consequently the way is now open for further progress towards integration if sufficient resolve exists to achieve this. We are not unappreciative of the value of this decision for the smooth running of the day-to-day business of building Europe.

However — and this must be said — these decisions could all simply have been taken, and should all have been taken, by the Council of Ministers. The fact that the Heads of State or Government had to concern themselves with these often highly technical accounting matters and — as Mr Simonet has said here today — the fact also that in the Councils it was not possible, for a considerable time, to reach agreement on at least two issues, show that the institutions of the Community are not operating as smoothly as they should be. This defect is not only regrettable, it is also highly dangerous. And it is not concealed by the decisions of the European Council, for which the Belgian Presidency and Prime Minister Tindemans fought so hard. In this context we should also like to express our gratitude to the President-in-Office, Mr Simonet.

But the bigger achievement — since we are, as it were, appraising the presidency which is drawing to a close — is the decisions which have been taken during the last six months within the Community institutions, and we should also like to express our recognition of this. The outcome of the European Council on 5 and 6 December gives no grounds for glowing enthusiasm. These results are, in fact, rather modest in the light of the problems mentioned by those who have spoken here today. We do not wish to hide our disappointment that those decisions which would have served as guidelines and which should have been taken at this summit conference were not in fact taken.

Looking at the decisions as a whole — I shall say something about that in a moment — I believe I am right in saying that some matters were settled which had been lying for far too long on the Council shelves. But when the European Council was set up, was the intention to create yet another institution to solve those problems which could not be solved by the Community institutions already in existence? Mr Simonet described the Permanent Representatives as the stokers who keep the boiler of European development alight. But, in my opinion, they put on only enough fuel to keep the boiler from going out. I do not think that is nearly enough in view of what really needs to be done.

Ladies and gentlemen, we expected the European Council to provide some sort of guidelines on the complex questions of the enlargement of the Community. This is a subject which we are all discussing, and

the Heads of Government might have been expected to give some thought to the large number of unanswered questions and to express some opinion on this matter. I shall quote only one example which requires serious consideration. I should be interested to know, for instance, how much attention was given in the discussions to relations between the Community and the associated State of Turkey. We all know that Turkey, in its present state of near bankruptcy, needs our aid and support more than ever. Has the Council done anything to alleviate this situation? What is the political lesson to be drawn by an associated state which has fulfilled all the requirements of the Agreement, and which is a staunch friend of the Community? And I would like to make the point — Mr Simonet did mention this in his summing-up — that something rather more definite might have been expected from the Council with regard to the North-South dialogue.

However, I do not intend to do what Mr Fellermaier rightly did, that is to enumerate the major problems which remain unresolved, although we were given no decisions which could be regarded as guidelines for the solution of these problems. Instead, I would like to say a few words in appreciation of the results of the European Council meeting.

Firstly, the Regional Fund. The Commission and the European Parliament requested an allocation of 3 000 million units of account for the Regional Fund. In the event, the Heads of Government have presented us with a *fait accompli*, and are prepared to allocate 1 850 million units of account for the next three years. Admittedly this is a relatively small amount when compared to the original request, but this decision does represent considerable progress and we wish to acknowledge this.

The budgetary discussions have naturally also given rise to a totally new problem for us. The European Council has decided to make available to the Regional Fund 1 850 million units of account for the period from 1978 to 1980. The public will expect this sum to be actually granted during this period, as only then will the aim of providing support be achieved. The European Council should be aware of this expectation and realize that it would lose much of its credibility if the granting of these funds during the three-year period were to be blocked by the finance ministers. We all know that this danger exists should the commitment authorizations in the initial period be kept down to such an extent that subsequent allocations are not sufficient to use up the whole amount. In this respect the approval of the budget will be a test of the seriousness of the political resolve of the European Council. I would like to place great emphasis on this point with regard to the Regional Fund, as our declared aim is a considerable increase. We continue to regard this as necessary, because we

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know that the removal of regional disparities is of great importance for progress in economic and monetary integration. We call for an end to the usual struggles over quotas and urge that a proper regional policy be developed and pursued.

The Council has endorsed the objectives of economic and monetary union. But what exactly does this mean? It has passed the Commission's communication, which is certainly not complete in all respects, to the economics and finance ministers and their advisers for further study and discussion. Unfortunately, this is familiar from past experience, and here I would like to comment on behalf of my Group, precisely because the Belgian Presidency of the Council has achieved a considerable amount in the last six months, that we have for some time been expecting the Council to give some indication of its position with regard to furthering the proposals set out in the Tindemans report. If the decisions of the Council continue to mean that those tasks which it took upon itself and those tasks which it has delegated have yet again been passed on to ministerial and expert bodies, and subsequently we simply hear this, without being given any concrete results, we feel we must protest. We are not prepared to accept that the idea of reviving progress towards economic and monetary union should merely be given a splendid burial, but after the discussions held by the Council of Finance Ministers prior to the meeting of Heads of Government we are very much afraid that this is what will happen. The European Council its agreed at its meeting in Rome last March to put this subject on the agenda of the December meeting. I am pleased that it has now enabled the Commission to deal properly with this subject on the basis of some definite ideas, as the possibilities of real progress towards economic and monetary union require to be examined. In this respect a clear political objective concerning increased integration is necessary if we are to overcome the crisis of public confidence in our economies, and at the same time further economic recovery and reduce unemployment. This is psychologically vital. The growth strategy put forward by the Council can only be brought to fruition in a climate of general confidence.

I would like to stress that we do not want to see this initiative by the Commission put on the shelf. For this reason we welcome the Commission's intention, which was communicated to and noted by the European Council, to discuss this important subject with the European Parliament.

We are girding our loins for this debate and request that the Council of Economics and Finance Ministers should be guided by Community principles when discussing definite proposals and immediately take the first steps towards revitalizing the objective of economic and monetary union.

I would like to say here, with regard to European Union, a subject which was hardly been discussed

today, that we consider the way the Heads of Government have dealt with the Tindemans report to be absolutely scandalous. In November 1976 they themselves requested the Council of Foreign Ministers and the Commission to report on progress. We have not yet been informed of the content of these reports, but they can only contain the regrettable conclusion that progress towards integration is at a standstill, that the Tindemans proposals are not being discussed, and that the measures proposed in the report are, for the most part, not being implemented.

We had expected the Commission to show rather more initiative and cohesion in this area, and to provide some more balanced proposals. There is no alternative to integration, and we note both with surprise and pleasure that some Heads of Government have completely changed position on this question. Now they speak out — I am thinking, for instance, of the German Chancellor, Mr Helmut Schmidt — against those who belittle the Community, and express their admiration of the achievement of the Community in withstanding the enormous strains put on it by the worldwide economic crisis, although these very same individuals have in the past made generalized and specific jokes about the 'Eurocrats in Brussels.'

I have already expressed our disappointment at the outcome of the meeting of the Heads of Government. They did little more than rescue some few projects which had become bogged down at ministerial level. The European Council did not fulfil its true task of providing impetus. Some important matters were not even put on the agenda, such as the strengthening of the powers of the Community institutions and the improving of the decision-making process — particularly the reintroduction of majority voting, which is urgently necessary, indeed indispensable, in view of the forthcoming enlargement of the Community. It cannot be said that the Council was of outstanding political importance. I must stress that it is not sufficient simply to seek to avoid destroying what has already been achieved. The alternative of a customs union plus an agricultural market to the economic and monetary union and European Union for which we are striving is not a feasible proposition. Without further economic and monetary integration the achievements of a policy of integration which has extended over 20 years cannot possibly be maintained.

I would like to add that at this Council new initiatives were certainly discussed, as it were, in the wings. There was, for example, the suggestion put forward by President Giscard d'Estaing of France concerning the possibility of some coordination of police law within the Community in order to permit joint action against crime. We regard this as an extremely important proposal which should not be allowed to sink into oblivion.

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Finally, we would like to comment on a point which depresses us particularly. This House requested the Council most urgently — and I remember very well the discussion which we had with the President-in-Office, Mr Simonet — to set a date for the direct elections to the European Parliament. I must say quite simply that, in this respect, we find the outcome of the Council especially depressing. This House is strongly of the opinion that the peoples of the European Community have a right to see this problem resolved without further delay and to know when the first direct elections to the European Parliament really will take place. Only when this date is definitely fixed will the political debates resulting from the election campaign for the direct elections really begin and the battle between the political parties get under way and attract public attention.

Mr Simonet indicated to us in this last discussion that he had a date for these elections in mind which he thought he would be able to get accepted. It is possible that, on this occasion, we did not understand him properly and thought that he would do this at this Council meeting. We expressly told him that Parliament would not quibble about a few days, weeks or months, but that the most important thing was that the date should be fixed. We find the outcome of the Council particularly disappointing as nobody knows when the next meeting will take place at which this date can be definitely decided upon. Although we have been told today that the proposed date of May/June is still regarded as feasible this has little credibility in the eyes of the public, particularly after the decision which was taken yesterday evening in the House of Commons, and we are well aware of the technical difficulties involved in passing and implementing electoral laws in all nine Member States of the Community. This is why we are particularly depressed that the public has not yet been told the real date. I can only say on behalf of my group that this has been a great disappointment for us.

The President has asked me to bring my speech to a close. In conclusion, I would like to add a few words on the achievements of the Belgian Presidency. In the past six months my group has cooperated willingly with the Belgian Presidency. We were fully aware that a government headed by Leo Tindemans, who formulated and presented, on behalf of the Heads of Government, proposals for the further development of the Community in the next four years, would do all in its power to help the Community develop, and I would like to express my gratitude to Mr Simonet for his willing cooperation with Parliament and the political groups in this House.

It is also, in our opinion, unfortunate that the period of the presidency is so short. However, we are aware of the complexity of this whole problem. We have on previous occasions expressed our support for the idea, also included in the Tindemans report, that the term of the presidency should be one year. We should simply like, here today, to express our gratitude for all

you have achieved in these last six months, and we hope that some of the aspects which you have pointed out for the future will be vigorously pursued during the next six months.

*(Applause)*

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

**Mr Berkhouwer.** — *(NL)* Mr President, I should like to start with a sincere word of praise to Mr Simonet on behalf of my group.

With the British Presidency for the first half of the year, we have had two different presidencies of the Council this year. I remember what the entire European press was writing in the first month of the year that is now drawing to a close, to the effect that, with the British Presidency of the Council and a British President of the Commission, the Community would soon virtually be taking on a British character.

Looking at the matter objectively, however, it is obvious that such has not been the case. The second half of 1977 saw the Belgians take over the presidency, and in that time the Community has not taken on a Belgian character either. Nor do I think we would have wanted either of these things to happen; we do not want a Community which is cast in a British, Belgian, German or any other mould, or which bears the hallmark of any one of the Member States. What does matter is that all nine Member States should bear the stamp of the Community. Mr Simonet has made an enormously important contribution to this process and we owe him a large vote of thanks.

And so to the European Council. The latest meeting of the European Council came to an end this month on the day when we in the Netherlands celebrate the feast of Saint Nicholas. Most of the commentaries on the meeting were favourable. It is the same kind of situation really as that of a professor examining a student: you pass someone on the strength of what he does know and you turn a blind eye to what he doesn't know. It's the same with the European Council. We give the Council credit for what it has achieved, and we disregard what it has failed to achieve. After all, in this life there are always more things left undone than are done. By the same token, my group's assessment of the Council is, in the main, favourable. I hardly need to go over the points again. They have all been dealt with. The previous speakers all pinpointed the items which were brought to a successful conclusion at the European Council.

I should therefore like to concentrate exclusively on a matter which concerns the European Parliament. At the end of his speech, Mr Klepsch touched on a question which will be the main point of my speech: the consolidation of parliamentary democracy in the Community.

## Berkhouwer

I should like at this point to call your attention to the request we addressed to Mr Simonet at the previous part-session, at which he was also present. We asked the Council to take the decisive step towards fixing the date for direct elections to the European Parliament.

This matter was discussed in the Council and we now have a text before us which says that the Council again decided to express its wish that the elections be held, as planned, in May or June 1978. That is what it says here in black and white. As far as the British arrangements are concerned — which, after last night's events, have now been largely settled — the Council said:

... that it expressed the hope that the legislative procedure in that country would be completed in time to comply with these objectives. It also noted the British Government's intention to use its best endeavours to this end...

In other words, the British Government said in so many words at this last meeting of the European Council that it would do everything in its power to see that the May/June deadline was adhered to.

Now, however, we are being told that we can forget this as a result of last night's vote in the House of Commons. Personally, though, I do not believe that all hope is now lost. We shall now no doubt be inundated with fresh deadlines, but in view of the fact that the British Government said at the European Council that it would do everything in its power to comply with the original deadline, I base myself on the two following basic principles. Firstly, promises and agreements must be respected. My reference here is the Act of 20 September 1977. Secondly, good faith must be presumed until bad faith is proved. So long as there is no evidence of bad faith, I shall stick to my view that the British Government will keep its word.

Of course, my Liberal friends in Great Britain and here in this House are very disappointed at the system which has now been decided upon by the House of Commons, the 'first-past-the-post' system. Of course, this decision lies with the sovereign British Parliament, but I reserve the right to say, as a liberal European, that we are extremely disappointed at the British Parliament's decision to adopt this old-fashioned, archaic and unfair system, by which millions of voters are to all intents and purposes disenfranchised. When all is said and done, this is a European matter; what we are talking about is the composition of the European Parliament, whose job is to represent the views of the people of Europe.

'Democracy is government by consent' and this system means that no account is taken of the 'consent' of millions of voters. That is why we greatly regret last night's decision.

However, although the British Government could have anticipated this result, they still said they would do everything in their power to comply with the dead-

line. That being the case, the European Parliament must now ask the Council of the European Communities to implement the Act of 20 September, because the implementation of this Act does not depend on any decision on the part of the European Council. This is something Mr Simonet certainly knows, and I am therefore pleased to see that he is still here in this Chamber.

He can convey our request to the Council and inform the Council of the motion for a resolution which I have the honour to propose on behalf of my group, with a request for urgent procedure.

The motion for a resolution reads as follows:

### *The European Parliament,*

— noting the decisions taken by the national parliaments for the ratification of the Act concerning the election of the representatives of the Assembly by direct universal suffrage,

Requests the Council of the European Communities to submit to it as soon as possible proposals for determining the period referred to in Article 9(1) of the Act during which Community elections are to be held in the Member States.

What, Mr President, you may ask, is the point of this resolution? The point is to prevent this matter being dragged out *ad calendas graecas*. There are two alternative courses of action here. Either you can wait until everything has been settled in the nine national parliaments. Or the Council — in its capacity as a Community institution — can take a decision compelling the national parliaments to make the necessary arrangements within a period to be laid down by the Council in accordance with the Act. And there is nothing to prevent Mr Simonet from raising this question in the Council — this Community institution — during his presidency, which still has the rest of this month to run, and pointing out that the British Government gave a solemn undertaking in the European Council to do everything in its power to keep to the stated deadline.

In that case, it must be possible for the Council of Ministers to implement the Act. There would be no need to wait for the next meeting of the European Council, which is not scheduled to take place until March or April next year. By then it would be far too late. All that is necessary is for the provisions of this solemn Act to be put into effect, and to do that, this matter must be placed on the agenda for the next regular meeting of the Council on the basis of the solemn undertaking given by the British Government. If the British Government really does intend to adhere to the deadline, it is high time something was done. After all, 'where there's a will, there's a way'. If the political will is there in Great Britain, it must be possible.

If, for the sake of argument, the date were to be fixed for some time in June and the British legislature knew that, it must surely be possible to fix the boundaries of the constituencies within the time available,

**Berkhouwer**

now that — following last night's vote — the legislative machinery is being put into action, and the date for the elections fixed. I repeat: 'Where there's a will, there's a way', and my group aims to show the way by means of this motion for a resolution. This House can no longer content itself with expressing pious hopes; humble requests to the European Council are no longer sufficient. The next meeting of the European Council is not until the end of March or the beginning of April, which is far too late. It is up to us now simply to point out the provisions of Article 9:

Elections to the Assembly shall be held on the date fixed by each Member State .... within the same period .... The Council, acting unanimously after consulting the Assembly, shall determine the period referred to .... for the first elections.

The Council now has no option but to go along with this proposal if — in its capacity as a European Community institution — it intends to take the European Council's decision to stick to the original deadline seriously. The only way that can be done is for the Council to put the necessary machinery into operation as quickly as possible in accordance with the Act of 20 September 1977. That is the aim of our draft resolution, for which we request the urgent procedure. A decision will then have to be taken tomorrow on whether the matter is to be treated as urgent. It is my belief that we must ask the Council this very week for a decision on the matter.

I have heard that the next meeting of the European Council will be held in Denmark, preferably in a castle, in front of a roaring fire (and not in the permanent representatives' cross fire). I have but one wish, and that is that the choice of venue should not be Elsinor castle, the home of Hamlet's ghost, that epitome of indecision.

I know Denmark and I know that many very beautiful little castles are to be found there. I hope the meeting will be held in a simple little castle and that this little castle will be the scene of great decisions, decisions which will be at least as important as those which were taken at the successful meeting of the European Council in Brussels under the chairmanship of Mr Simonet.

I wish Mr Simonet every success for the remaining part of this month in the hope that he will follow the path we have mapped out for him.

*(Applause)*

**IN THE CHAIR: HANS-AUGUST LÜCKER***Vice-President*

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

**Mr Brugha.** — As a member of the Group of European Progressive Democrats and as a member of my

own party, Fianna Fail, may I first of all, Mr President, thank you for the opportunity to speak here to my colleagues. Also, since I speak for the first time, I am reminding myself of the original motivations that led to the formation of the Community. Amongst the reasons that I welcome the continuation of the Community are, not least, the removal of the fear of war, of the threat of the loss of personal and political freedom and all the ills from which European nations suffered until towards the middle of this century. This is still an inestimable benefit to the people of Europe and a permanent example of what the right kind of political leadership, democratically supported, can achieve. Nevertheless, Mr President, there is always the danger that a fading memory of the dark past might weaken our joint determination to move forward together. After all, in times past it took less than a generation for people to forget the horrors of war and so allow themselves to be misled into another one.

The Paris Summit of 1972 represented what might be termed the high point of idealism within our Community. At that summit the need for an adequate regional policy was discussed. Why? Because this was seen as a prerequisite for economic and monetary union. Why again? Because economic and monetary union was viewed as a necessary condition for political union, European union. Since that date, 1972, the Community has, in many respects, lingered on although perhaps the word is a bit critical. In referring to the things that have not been done, I should first of all thank in particular the outgoing President, Mr Simonet, for the work that he has done and thank former presidents, members of the Commission and members of the Council, because whatever may be the disappointments, the actual continuity of this Community is of benefit to mankind.

Amongst examples I will give of the aspects that do not satisfy us is the widening gap between the poorer and richer regions. We are not any closer to economic and monetary union, and European union would now seem — and I hope I am not being too pessimistic — to be like a child's dream, very distant and quite unreal in present circumstances. All our economies are experiencing serious difficulties, particularly with regard to unemployment and the prospect of enlargement, which we welcome, looms also over the Community.

Furthermore, it seems to me that the only major valid achievement of the Community, the common agricultural policy, is increasingly under attack.

It is evident, Mr President, that in the present circumstances Member States have unfortunately adopted a more selfish, protectionist approach to problems, to the detriment of the Community and Community solutions. However understandable this may be, it clearly runs counter to the spirit and the letter of the Rome Treaty and to the ideals of a united Europe.

**Brugha**

Some Member States, who have clearly benefited in many ways from their membership over the years, do not want to respect commitments. Public opinion in these countries does not understand why a government should contribute to the Community budget, for example, while unemployment persists at a high level. The Community itself must share responsibility for this situation, since it has not always adopted policies that the ordinary citizens in our countries can identify with and so appreciate the advantages of Community membership.

On the other hand, there are Member States who wish to have the best of both worlds; they wish to benefit from the Community without making the necessary political commitments to the EEC. If there is no political commitment by Member States in the Council of Ministers, then we will not have Community solutions, which is the only way out of our present difficulties.

This then is the scenario that the Heads of Government faced at this December's European Council meeting in Brussels. In addition, of course, direct elections and democratization of the Community were to be a major focal point. At the outset, I would like to emphasize that meetings of the European Council were envisaged originally so as to give the Community political direction at the highest level, and create the political will that is obviously lacking at the present time between the different Member States. This, in time, would have allowed the EEC to re-adjust its sights to concentrate on what could be achieved in the short term, to shorten the time-scale, be it for economic and monetary union, social union or democratization of the institutions. Experience so far has shown that this is not the case. The European Council has now become a sort of appeal court when the Council of Ministers fails to arrive at decisions which it is obliged to arrive at under the Treaty.

The fixing of the amount of the Régional Fund must not become a constant preoccupation of the Heads of Government. It must become part and parcel of the Community framework, and the size of the fund should be agreed to in the normal budgetary way. A regional fund must be accompanied by a Community regional policy, and this will not come about if the Member States are constantly haggling over the size of this fund. A Community regional policy, backed up by a realistic regional fund, must be viewed as the mechanism by which balanced development can take place within the Community. The gap between the well-off and the less-well-off regions can only be narrowed by the application of a realistic regional fund which is substantial enough to ensure progress.

A serious discussion of economic and monetary union is long overdue. Economic and monetary union is the one single factor that will restore order in the operation of the common agricultural policy and will also bring about balanced development and growth in the Community, which we all wish to see. Economic and

monetary union must no longer be viewed as a long-term objective. The economic problems that are facing the Community at present require immediate action. Measures must be adopted to deal with problem areas and in turn create the climate which will allow for accelerated moves to economic and monetary union. The Community must have a strategy which will bring about a staged development towards economic and monetary union.

For example, unemployment is the most serious of our present difficulties. It is all the more disturbing when one considers that demographic surveys show that between now and 1985, many more will enter the labour force than leave it. The labour force will increase by 10 %, more than the growth in population in our Member States. In addition, certain sectors — steel, textiles, footwear — are suffering and require particular assistance. The Community must ensure that these sectors with a high employment content are protected, and that measures are not adopted by any one Member State which will distort trade within the Community. An example that I have in mind here is, for instance, the United Kingdom employment subsidy and its effects.

A phased plan, and convergence of economic planning in the Member States, could contain three major steps. First coordination of national efforts, planning and the planned use of resources. Secondly, agreement on a number of practical measures, including Community loans; regional fund assistance should deal with sectoral problems and infrastructural requirements in less-developed regional areas. Thirdly, following the achievement of these objectives, the conditions should then prevail for practical moves towards economic and monetary union. At that point, Mr President, we can begin to identify the shape of economic and monetary union to come.

Now in political terms, one of the most important factors that we should be dealing with is the question of direct elections. We are ready — I speak for my country. Others are ready, but surprisingly enough, it would appear that, following last night's reported decision, delay will now come only from the oldest parliamentary system in the world, Westminster, where political difficulties are providing major obstacles. Delay in this area, Mr President, is serious. It is hardly an exaggeration to suggest that the degree of our commitment to democratic principles and our credibility in this respect can be brought into question, if we delay direct elections indefinitely. The public standing and moral position of the structures of the Community rest, I believe, to an extent on an early introduction of direct elections. Finally, I believe that the immediate future for us depends on the input of democratic views into our institutions by direct universal suffrage. This will give us strength, and the question now is, how long do the citizens of Europe have to wait for that essential development?

*(Applause)*

**President.** — I call Lord Bessborough to speak on behalf of the European Conservative Group.

**Lord Bessborough.** — Mr President, I would like to start by saying how very much my leader, Mr Geoffrey Rippon, regrets not being present here today to hear the two historic speeches by Mr Simonet, the President-in-Office of the Council, and the President of the Commission, but I think that both presidents will know full well the reasons for his absence. I would also like to express my regret that it was not possible for me, owing to circumstances quite beyond my control, to be in this Chamber for the start of Mr Simonet's admirable speech — a speech that would have been greatly welcomed by my leader.

I would like to refer to some of the points which the President of the Commission made. First of all, I would like to say how much I agree with him that Mr Simonet is entitled to speak with some satisfaction, and with great pride, of what has been done during his term of office. I would like to say how interested we were to hear the remarks of the President of the Commission on the whole question of economic and monetary union, and we were glad to hear that Mr Jenkins was encouraged by the Council's reception of the Commission's proposals in this respect. Certainly, I would say that the corpse is showing very considerable and very happy signs of life, and I know that my group would welcome carrying the discussion into the other Community institutions such as the Parliament, the Economic and Social Committee and the future tripartite conferences. I am quite certain that a number of members of my group would strongly support the President of the Commission in his determination to pursue these economic and monetary aims and, especially, as he said, in regard to unemployment. In that connection, I am sure that we shall need the kind of major new stimulus to which the President referred.

We also noted with interest what Mr Jenkins said about the new applicant countries, having made it clear that they do not want to join the Community in order to weaken it. They clearly want a Community stronger and more coherent than it is today. I think I am right in saying that other countries in other parts of the world, such as China, also take this same view and hope that the Community will become stronger.

I welcome, of course, what the President of the Commission said in regard to relations between the Community and Japan, and I agree that these should be now reinforced. But I think we should not forget China, and I am sure that neither the President of the Commission nor the Commission as a whole is doing so. We may rest assured that he and his colleagues are going ahead actively with negotiations towards the framework agreement on trade and cooperation, on which the Council gave the go-ahead quite recently.

I would like to say how much the chairman of our group would welcome the decision in regard to the

creation of the European Foundation. This is something which I know he has had very much at heart, as has, of course, Mr Leo Tindemans.

Finally, I will not comment as a member of another place in the United Kingdom, and in the absence of my leader, on the House of Commons' vote last night on our electoral system in regard to elections to the European Parliament. But I have noted what our colleagues, Mr Klepsch and Mr Berkhouwer and the previous speaker, have said on this subject, and I shall certainly draw it to the attention of my right honourable friend. I will merely now repeat the warmest possible congratulations on behalf of my group both to the President of the Council and to the President of the Commission for their very statesmanlike and encouraging speeches.

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

**Mr Galluzzi.** — (1) Mr President, ladies and gentlemen. In view of the quite understandable differences which exist between the various parties in our group on such major and far-reaching problems, may I say, on behalf of the Italian Communists, that I have my doubts, Mr Simonet, as to whether the heads of government of the nine Member States, at the recent European Council in Brussels, really took into account in their deliberations and decisions the urgency and gravity of the crisis facing Europe, or of its implications and significance.

In other words, ladies and gentlemen, I doubt whether they fully realized that the serious problems they had to discuss and tackle — from inflation to rising unemployment, from the fall in growth rate to the difficulties facing entire sectors of industry, from growing budget deficits to the serious imbalances between and within the Member States — are not simply the symptoms, albeit serious, of one of the usual cyclical crises which result from alternating periods of recession and growth, but reflect a structural crisis deriving mainly from the profound changes which have taken place in the world economy and which can no longer successfully be combated — as Mr Jenkins has just pointed out — by traditional methods.

There has been no lack of verbal recognition of the seriousness of the crisis, of warnings against underestimating its structural aspects, or of appeals for it to be tackled with new methods and on a joint basis — this was the central theme of Mr Simonet's speech to Parliament in the debate on the economic situation in the Community — and going by the statements from some quarters about the need not only for a commitment, but even for a common policy and plan, this appeal was also made in Brussels.

## Galluzzi

However, when it came to proceeding from words to action, i.e. to adopting directives and measures to translate this awareness and all this talk into deeds, the result, ladies and gentlemen, was as usual — procrastination, compromise, expediency, the rejection of any coherent policy capable of going genuinely and speedily to the roots of the crisis. Mr Spinelli, whose experience in Community matters is greater than mine, could quite rightly remind me that this is nothing new, since on nearly every occasion the Council — which should be giving a lead to the Community — has been faced with urgent decisions, it has ended up by producing discussions and conclusions governed by nationalistic thinking.

On this occasion, however, the Council was to have given its opinion on specific assessments and proposals, on a detailed action plan for short, medium and long-term measures. This plan had been drawn up by the Commission, which had submitted to the heads of government — in an analysis which, while perhaps incomplete, was certainly courageous — the real facts of the crisis and had proposed a course of action which, although abstract and over-ambitious in parts, provided a genuine basis for a thorough consideration of how to tackle the most disturbing aspects of the crisis facing us.

Faced with this analysis and this set of proposals, the Council's main concern and that of Mr Simonet was to try to achieve a balance between formal decisions and an informal exchange of views on the major problems, the sense of which, to tell the truth, I do not quite understand. However, in trying to reach a balance they ended up by falling between two stools, with the result that the decisions reached were negative or inadequate. To mention only the main ones, there was what amounted to a refusal to increase the resources of the Regional Fund, despite all the talk about the need for a variety of coordinated measures to combat the regional disparities and about the importance of the regional policy as a means of solving social problems as well. The refusal is evident from the position adopted on the so-called 'Ortoli facilities'. These were approved by this House on an experimental basis and by the European Investment Bank, but their essential feature — that of a direct intervention — was rejected, as was the adoption of the financial instrument by the Community.

It is true that Mr Simonet has just told us that the ministers had lengthy discussions on the economic situation in the Community — with particular reference to a renewed initiative on Economic and Monetary Union — on problems in the industrial sector in the Community and on the appropriate means of overcoming the problems facing us.

However, after these lengthy discussions, Mr Jenkins — I am sorry he is no longer with us, but I am sure his colleagues will pass this on to him — all the

Council could think of doing was to suggest you act as a latter-day Pier Capponi and simply go on ringing your bells — it must be remembered that it was you who first rang these bells in Florence — but it is the finance ministers who will remember to sound the trumpets, and it is the finance ministers who have apparently been asked to reconsider the document submitted by the Commission — and to reconsider it at length, since these problems will be discussed again in the spring or even in the summer.

I don't think it is going too far, ladies and gentlemen, to say that, once again, the Council has shown its inability to take decisions, to have the courage to assume its responsibilities as a Community institution, to overcome selfish constraints and considerations and to act in the common interest to bring Europe out of the crisis. It has revealed its total inability to go beyond a mere meaningless review of the problems or equally meaningless anti-protectionistic proclamations — forceful, but imprecise and hence useless — and to embark, instead, on a new process of *rapprochement*, of integration — which we Italian Communists maintain is urgently required if our national interests are to be successfully defended.

Clearly, there cannot but be differences between the position of the Commission — which, by its very nature, tends to give more consideration to general needs, to Community needs — and that of the Council, which in practice directly reflects the more or less justified concerns of the individual Member States. Today more than ever, however, at a time of such serious international and structural crisis, these differences must give way to a unity of purpose, to an overall view of the common problems and of the decisions which will have to be taken in the interests of us all.

We firmly believe that no one should underestimate the differences between the various Member States or the need for national redevelopment policies for the individual countries, if there is to be a greater degree of harmonization and consistency in the European Community.

The experience of the last few years, however, the frightening increase in the imbalances between and within the Member States, show that national policies — no matter how far-reaching — are no longer sufficient. In a Community such as ours, which has such a high level of interdependence and is facing such a serious crisis, it is difficult for any individual country — regardless of whether it is rich or poor, strong or weak — to overcome its problems by itself.

This is why there is a need for joint action, for action — and I shall be frank — which we Italian Communists feel must not be limited to the establishment of a reference framework or of general recommendations or guidelines. What is needed — and in this I agree with the articles of 2 and 3 December in the 'Handels-

**Galluzzi**

blatt' — is the courage to have a reorganization of powers and of the decision-taking procedure at Community level.

Such an undertaking naturally raises the whole problem of the content of a Community policy and of the democratic supervision of its drafting and implementation. This is a major problem, ladies and gentlemen, and one which concerns us all — not just the European Parliament, but all the Community institutions, the political parties and the trade unions. It is a problem on which we Italian Communists are prepared to talk with all those who are willing to achieve progress in this new field of movement and action.

To provide a starting point for these talks, we feel that, while the Commission's proposals contain interesting hints and suggestions, there are also serious limitations and ambiguities. We believe it is impossible to separate consideration of the practical measures — essential though they may be — from consideration of the structural and policy changes required, from consideration of the essential features of the development model we now need if we are to overcome the crisis, and hence from consideration of what forces we intend to involve in tackling these problems. There can be no doubt, however, that the approach and method must remain that chosen by the Commission, i.e. that of an independent policy binding at Community level.

To achieve this, however, we must be frank and say that a clearer and more explicit resolve and political decision are needed — a political decision, ladies and gentlemen, which will depend on the commitment at national and European level of all the forces of democracy, of their ability to overcome age-old barriers and outdated systems and to achieve the necessary agreements and convergence to ensure that the grave problems facing us all are finally tackled at a new level, with new methods and with new solutions.

*(Applause from the Communist and Allies Group)*

**President.** — I call Mr Bertrand.

**Mr Bertrand.** — *(NL)* Mr President, I should like to begin by expressing my gratitude to the President-in-Office of the Council and the entire Belgian Presidency for the way they have conducted the affairs of the Presidency over the last six months. There can be no doubt that in this period the Council has shown clear signs in its contacts with Parliament of its willingness to consult Parliament, and I am thinking here in particular of Mr Simonet and Mr Byskens, and of the broad-mindedness and goodwill which the latter gentleman showed throughout the budgetary procedure in his efforts to solve the outstanding problems. But I should mainly like to congratulate the Belgian Presidency on the results they have achieved. In our own country, we are certainly no nationalists — quite

the contrary. But we sometimes become rather nationalistic when we cross our own national borders. I should therefore just like to summarize what has been achieved under the Belgian Presidency so that the facts can be enshrined in the annals of this House for the difficult years which lie ahead.

Under the Belgian Presidency, majority decisions have been taken in a variety of Council meetings, a development which we can only applaud. Such was the case with the location of JET and such was the case also in the Council of Transport Ministers and in the Council of Ministers for Social Affairs. One can now see the first signs of the kind of development we have been urging for years. Secondly, the European Unit of Account was introduced, so that with effect from 1 January 1978, the Community will be able to operate entirely on own resources and Parliament will be able to exercise its budgetary rights to the full with effect from the coming budgetary year. Thirdly, we have the creation of the Court of Auditors. And these are just a few of the events which have taken place under the Belgian Presidency and which make that Presidency worthy of our congratulations, not least on the strength of the preparatory work for the last European Council.

Mr Jenkins has already pointed out that the results of the European Council in Brussels were completely different from those achieved at the London European Council, where there was much verbiage but precious few decisions, whereas in Brussels on 5 and 6 December, there was much less talking and much more decision-making.

As a result, the European Council is increasingly taking on the character of a normal Council and the other two objectives are being forced somewhat into the background. The more the European Council takes on the duties of a kind of appeal court — acting as a Council of Ministers — the less emphasis is placed on the political aspect. Consequently — and this was the case at the last European Council — the real problems are being pushed to one side in a way we find rather disillusioning.

This is particularly true of the three subjects the President of the Council went into in his speech: namely, the economic and financial situation, the problems which had been passed on to the European Council by the Council for arbitration and thirdly, the question of political cooperation.

On the question of the economic and financial situation, we can only express our pleasure at the fact that the Council was — at short notice — able to give us an extremely accurate account of the objectives which must be attained in this field. You have already summarized these objectives: strengthening economic and political coordination, strengthening monetary solidarity, boosting and extending the Community's financial resources and pursuing Community solu-

**Bertrand**

tions to the structural problems in the textile, steel and shipbuilding industries, to name only a few. But there is something you failed to mention, Mr President, something which, as far as I am concerned, is the most important of all the problems facing us, and that is the question of what kind of instruments should be used for the rapid achievement of our stated aims. I should like to know which instruments are to be created, how they will operate and what specific directives have been issued on this by the Council.

Firstly, in what way is economic and political coordination to be strengthened? Has agreement been reached on whether the various kinds of national cyclical and structural instruments will be adopted in a Community context to provide a basis for a Community solution to the problem of coordinating economic and political factors? This is a specific question and is in my view an important one.

Secondly, to what extent will the new instrument for strengthening monetary solidarity and increasing financial resources become a genuine Community instrument?

If my information is correct, the European Council has already approved, in principle, the idea of the Commission raising loans. But at the same time, it was decided that these Community loans — negotiated by the Commission — should be managed by the European Investment Bank and no clear indication was given of precisely who would have to take the initiative on the question of these loans. Nor did the European Council touch on the size of the loans. How much will the Commission be allowed to borrow?

Secondly, the European Council has laid down no guidelines to indicate how the loans should be arranged and recourse had to the money market.

A third question is how these loans will be earmarked for the various sectors. What procedure will be adopted here and what will be the relationship between the Investment Bank — which will be managing the loans — and the Commission — which will be empowered to raise the loans on the open market? None of this has been clearly stated and hence we have at the present time no idea whether this is a Community-level operation with the Commission in charge or an intra-governmental action effected through the agency of the Investment Bank. We need to know for sure in what direction this instrument will be taking us.

Finally, the decisions taken at the European Council on the economic and financial situation are — in a long-term perspective — truly disappointing. Whenever the Economic and Monetary Union comes up for discussion, we simply hear that the European Council has noted with satisfaction the European Commission's communication and that it has again affirmed its commitment to Economic and Monetary Union.

Mr President, the same nine Member States decided at the Paris Summit in October 1972 that European Union should be brought about by 1980, and that the second stage absolutely must be implemented. At the European Summit in December 1974, the same nine heads of government said that in principle they upheld the aims of Economic and Monetary Union; and now in 1977, you say exactly the same all over again, without taking any concrete decision. You must realize that all this is a very great disappointment to us. And why? Because I entirely agree with the Commission that if we seriously intend to enlarge the Community by a date which will be acceptable to the applicant countries, there can only be any future for the Community if the enlargement negotiations are accompanied by real progress towards the Economic and Monetary Union, so that this Union can be introduced at about the same time as the accession of the three applicant countries.

The Community will only be able to survive this new stage of enlargement with all its attendant problems if quantitative growth is matched by a qualitative step forward. This decision on the part of the Council is therefore the kind of disappointment we cannot afford to ignore. These were the comments I wished to make on your theme of the 'industrial and economic situation.'

Enough has been said on the question of direct elections, and there is no need to come back to the subject. We now know the result of the division in the House of Commons — 319 for the traditional system of voting and 222 in favour of proportional representation. This result means that it will no longer be possible to hold the elections in May/June and that they will therefore have to be put back to a later date. We must be prepared to recognize this fact. I too would have preferred it if the European Council — which must have been aware of the probable outcome of the vote on 5 and 6 December — had decided there and then not to take up this equivocal stance vis-à-vis the general public. I entirely agree with Mr Berkhouwer that the Council of Ministers for Foreign Affairs must deal with this problem.

Finally, as far as political cooperation is concerned, I should merely like to say, Mr President, that we trust the European Community will fulfil its historic rôle and will steer the North-South Dialogue away from any blind alleys. In my opinion, we have a duty to play a part in the development of a new world order by seeing that the North-South Dialogue is manoeuvred out of its present impasse and back on to course. I would therefore ask the Council to take courageous initiatives in the framework of political cooperation in order to show in this area, too, that we count in international affairs.

These, Mr President, were the remarks I wanted to make on the recent European Council.

*(Applause)*

7. *Statement by the Commission on the Euratom-Canada interim agreement*

**President.** — As agreed this morning, the next item is a statement by the Commission on the Euratom-Canada interim agreement on uranium supplies. I call Mr Brunner.

**Mr Brunner, Member of the Commission.** — (D) Mr President, ladies and gentlemen, this morning the Commission has approved the interim agreement which we reached with Canada on uranium supplies. These negotiations were difficult; but we conducted them in a spirit of partnership. We shall now submit the result to the Council; on 20 December the Council of Foreign Ministers will take a decision on it. In our view it is a good thing that this is to happen while Mr Simonet is still President. This would be a fitting conclusion to the efforts which he has devoted to the Community throughout his period of office.

What does this agreement mean? It is an interim arrangement for three years. We had to establish a balance, on the one hand meeting the Canadian requirement that they should be able to follow what happens to the Canadian uranium exported to Europe. The Canadians now know that they can make sure that Canadian uranium is not being misused. On the other hand, we had understandably to insist that we should not be unnecessarily obstructed in using this material. We succeeded in achieving this balance. We have a consultation formula which takes account of the interests of both sides.

What does the agreement mean from a practical point of view? It means that the embargo on Canadian uranium can be removed before the end of the year. It will be possible to restart deliveries. Since very considerable uranium stocks have built up over the last year, these deliveries will be fairly large. There is no need for me to tell you how important this is for European energy supply. For this, i.e. the supply of electricity produced by nuclear power, it now means security of supply over a long period. The Commission is of the opinion that the result is balanced and that both sides have thereby made a contribution going beyond the scope of the practical problem itself. Both sides have made a contribution towards non-proliferation by showing how an arrangement can be made among partners in this difficult area, while the international discussions in the IMC as part of the study on the international fuel cycle are still going on. But both sides have at the same time also shown that in a spirit of partnership they are helping to stabilize traditional trade channels. I think that this trade aspect is equally important. I think that both sides have at the same time contributed to consolidating their mutual relations. We hope that the Council approves this agreement.

**President.** — Mr Brunner, Parliament has listened to your statement with great interest. I thank both you and the Commission for conducting the negotiations. In fact you yourself pointed out that Mr Simonet's Presidency is further enhanced by this addition to the work which he has done in the last six months as President-in-Office of the Council.

At the moment it is not intended to hold a debate on your statement.

I call Mr Dalyell on a point of order.

**Mr Dalyell.** — Mr President, when a Commissioner comes to make a statement of this kind, it is highly unsatisfactory that he should not be able to be questioned on matters of clarification. Let me make myself clear. I am sure that Commissioner Brunner would welcome questions of this kind. But, really, to come to a Parliament, to make a statement and then not to allow questions of clarification is a ridiculous procedure.

**President.** — Mr Dalyell, if you have any comments to make or questions to ask on this matter, I would ask you to do so this afternoon, because it has been generally agreed that we now suspend the proceedings.

The proceedings will now be suspended until 3 p.m., when we shall begin with Question Time.

The House will rise.

*(The sitting was suspended at 12.55 p.m. and resumed at 3.10 p.m.)*

*IN THE CHAIR: MR COLOMBO*

*President*

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

8. *Urgent debate*

**President.** — I have received from Mr Berkhouwer, on behalf of the Liberal and Democratic Group, a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on elections to the European Parliament by direct universal suffrage (Doc. 449/77).

I shall consult Parliament on the adoption of urgent procedure at the beginning of tomorrow's sitting.

9. *Question Time*

**President.** — The next item on the agenda is the continuation of Question Time (Doc. 437/77).

We shall begin with the questions to the Council of the European Communities. The President-in-Office of the Council is asked to answer the questions and any supplementary questions.

**President**

Since the author of Oral Question No 27, Mr Edwards, is not present, this question will receive a written answer<sup>1</sup>.

I call Oral Question No 28 by Sir Geoffrey de Freitas :

What recent discussions on the future of the steel industry have there been among Ministers of the Community and with what result?

**Mr Simonet, President-in-Office of the Council.** — (F) The problems of the iron and steel industry were discussed by the Council at its meeting on 21 November 1977. At this meeting, the Council shared the Commission's concern at the seriousness of the crisis which the Community iron and steel industry is currently undergoing within the context of the world-wide iron and steel crisis. It acknowledged that a common approach towards the crisis was necessary and that to this end, it was essential for undertakings to tighten up their discipline in applying price and production rules. The Council agreed to resume its examination of iron and steel problems at its meeting on 19 and 20 December next.

**Sir Geoffrey de Freitas.** — In view of the alarming reports coming out of Washington about possible import restrictions, will the President-in-Office remind governments when the Council meets next week that, unless they work closely together as befits a community of several nations, the United States may well deal with them separately, to the great disadvantages of the citizens of their countries.

**Mr Simonet.** — (F) As I have already said, this problem has already been considered by the European Council too. On that occasion the members of the Council stressed their wish to avoid any measure which might have adverse effects on the Common Market and to pursue, at the level of the Commission, the negotiations initiated a few weeks ago with the American and Japanese Governments with a view to finding a solution which would take account of the main concerns of these three major steel producers. I might add that the Commission intends to submit — or has perhaps already submitted — a number of proposals to the Council of Ministers for Economic Affairs aimed at stabilizing markets, prices and production, which should serve as a basis for the dialogue with the other two groups of producers. There is no point in us trying to reach an agreement at world level if the Community does not put its own house in order.

**Mr Osborn.** — Would the President-in-Office bear in mind that there are drastic changes in the forecasts of world demand, and would he make it possible for producers to come together, bearing in mind that in the 1930's there was no arrangement to prevent undercutting of prices, at a time when exporting, and dumping particularly, caused a catastrophic situation in many of the steel areas, including the area in which my constituency is situated?

**Mr Simonet.** — (F) This is one of the very questions which the Council is discussing. The situation mentioned by Mr Osborn is unfortunately not peculiar to his constituency. It is also the lot of other regions of the Community which are similarly chopped up into several electoral districts. Mr Osborn has put his finger on one of the major problems of structural adjustment with which the Community is currently faced and will no doubt continue to be faced for several more years. Thus, in my country, where the steel industry used to be extremely profitable, there are now plans to lay off thousands of workers. I can assure you therefore that most of the Member States, as well as the Council, are aware of the problem.

**Mr Normanton.** — The House knows full well, and respects very highly, the total integrity and the total commitment of the President-in-Office to the idea of a Community approach, but am I not correct in saying that the extract from the official communiqué, which the President-in-Office quoted to us today, is neither more nor less than a classical example of fine words, and that the real crux of the issue is a total lack of political will in the European Council, the one single ingredient and the only ingredient which is going to solve our major economic and political problems in Europe?

**Mr Simonet.** — (F) I do not agree with Mr Normanton, or rather, I agree with him when he says that I am a man of integrity,

(Laughter)

but not when he describes the Council communiqué as a classical example of fine words. On the contrary, I can assure Mr Normanton that the Council of Ministers is very aware of the gravity of the situation.

There was a time when I spoke about the steel industry in a different capacity from that of President-in-Office of the Council. Since then I have been struck by the change in climate in the Member States, particularly in some which were most strongly opposed to intervention. This change came about between September last year and October or November this year. All the Member States are now convinced, I think, that the current developments in the steel industry are bound to lead to a major crisis, not only for certain areas but probably for the Community as a whole. This is why the Council will have to take measures — something I would not have dared say last year.

**Mr Scott-Hopkins.** — Is the President-in-Office aware that, when the deputation from the European Parliament was in Washington recently, the United States made it quite clear that they were convinced that most of the steel exported to the States from the European Community was subsidized at various levels and by various methods in nearly every single European Community country? What has the Council decided to do about this? Are they preparing papers

**Scott-Hopkins**

on this? Could this House be informed what the various levels of real subsidies are, as opposed to what the American State Department thinks they are? Is there any way whereby this can be got round? The deal with the Japanese, as far as the Community was concerned, seems to have consolidated the American view that it will be necessary to put countervailing duties, or some other system like that, on any exports of steel from the European Community to the United States, which is a very grave situation.

**Mr Simonet.** — (*F*) We must distinguish between two kinds of subsidy. Firstly, there is the financial assistance which most of the governments of the Community — e.g. those of Great Britain, Belgium and France — grant directly or indirectly to the steel industry to avoid thousands or tens of thousands of workers being put out of a job, which would probably be intolerable from the social and political point of view, and secondly, the systematic organization of a machinery for the granting of subsidies by a particular government to certain undertakings in order to enable them to sell on external markets at lower prices than those they apply within the Community. The market is obviously not functioning normally in either of these cases. It is quite clear that in certain regions of the Community the steel industry has no hope of survival unless it receives state subsidies in one form or another, and that nobody will accept responsibility for curtailing these subsidies in the immediate future. However, this situation must clearly not be allowed to become part of the economic structure of the Community, even though the idea of a government voluntarily omitting to help its industry in the present circumstances is inconceivable. The cases of dumping are also being looked into. It is possible that the American Government may take measures in this field, but it would be dangerous and unacceptable for us if anti-dumping measures were used to afford protection to American steel undertakings against the effects of the crisis, which is also being felt in that country. In other words, we will not impose import restrictions, except in flagrant cases of dumping, such as certain producers have indulged in, and we trust our partners will also refrain from doing so. We are, however, also aware that we will not find a real solution to the problem of over-production or over-capacity on our steel markets without negotiations — which will be difficult — with other major steel producers. Even if the market continues to grow steadily and the economy picks up again, it remains true that new factors have emerged as regards production which point to an increasing number of new producers gaining control of an increasingly large share of the market.

**Mr Cousté.** — (*F*) The President-in-Office of the Council rightly stressed the gravity of the situation in the steel industry, but I think I should remind you that we would probably do better to declare a state of

manifest crisis. Would it not be in our interests to recognize this fact and take appropriate measures rather than accept a situation which we recognize as serious if not catastrophic, while by virtue of the Treaty establishing the European Coal and Steel Community we could — provided the Council took the necessary decision — declare a state of manifest crisis with all this implies?

**Mr Simonet.** — (*F*) This will probably be one of the points dealt with on Monday by the Council of Ministers for Economic Affairs, but I think I should point out to Mr Cousté that if we were to declare a state of manifest crisis this would be a palliative which would enable us to take longer-term measures, but would not make the problem go away. I also think we should be cautious. We do not want to declare a state of manifest crisis at Community level, since if we do, the other producers who are in competition with us will in all probability immediately draw the same conclusions and limit their own production.

**Mr Evans.** — Would the President-in-Office not agree that one of the major reasons for the manifest crisis in the steel industry is the lack of world economic activity? Would the Council not embark on discussions with the Commission to promote growth in the world's economic activity and, particularly, persuade one or two members of the Community to start taking a lead in this exercise and start reflating their economies?

**Mr Simonet.** — (*F*) It would be nice if we could attribute the crisis in the steel industry to a lack of world economic activity. Unfortunately, this is only a theory. It is true that those hardest hit by this crisis are the most efficient producers, but this is not the nut of the problem. The problem lies in the fact that most of our steel-producing regions have ceased to be competitive *vis-à-vis* certain producers such as Japan, and if one considers the growth figures for the production capacities of new producers, such as Spain, Australia and South Africa, it is clear that they have expanded their capacities more than would be necessary to cope with what used to be their normal share of the market. This leads me to the view that even if a recovery in the world economic situation could lead to increased activity, it would not do anything to solve the more fundamental structural problem.

**Mrs Ewing.** — Could I ask the President-in-Office whether there is, on the part of the Council, an attitude or a policy for the future with regard to the EEC's self-sufficiency in the steel industry and, if so, could we hear about it? In the recent discussions did they talk about the catastrophe and the unemployment crisis in Scotland, when thousands of steel workers are going to be facing redundancy with no alternative employment available? If we have this situ-

Ewing

ation in many parts of the Community, could we at least look favourably on areas where there is no alternative employment for highly skilled people?

**Mr Simonet.** — (*F*) However difficult the situation of Scottish workers may be, it is not unique. It exists in other industrial areas of the Community.

I am, in fact, not quite clear what Mrs Ewing is getting at, but I hope she is not thinking of a policy whereby the Community would become a completely closed market as regards steel products. The Community is obviously self-sufficient, but the problem facing it is the need to export steel! If we take the view that the Community can protect its producers by isolating them from the rest of the world, this is simply inviting other countries to isolate themselves from Community producers, which is something which we must try to avoid.

**President.** — While acknowledging the fact that the discussion arising from this question is of the greatest interest, I should nevertheless like to point out that it has already taken up about 20 minutes. I should therefore like to remind all the honourable Members that Question Time is intended exclusively for putting questions and not for going into specific subjects in detail. I should like to point out at this stage — so that any subsequent action on my part will not be considered as a discourtesy to any particular member of Parliament — that if anyone begins putting forward a particular viewpoint rather than asking a specific question I shall immediately forbid him to continue.

I naturally also urge the representatives of the Institutions to whom the questions are addressed to reply as succinctly as possible.

I call Oral Question No 29 by Mr Cousté:

Whereas the principle of the freedom of establishment and the mutual recognition of diplomas is firmly established in the Community and whereas a large number of French graduates from the Cureghem Faculty of Veterinary Medicine (University of Liège) are currently debarred from practising in France, does the Council intend finding a solution to the problem of these young people who have placed their trust in the application of the Treaty of Rome? In particular, does it intend adopting the directives on the mutual recognition of veterinary diplomas submitted by the Commission on 1 June 1970, on which Parliament delivered its opinion on 7 February 1972 (whereas the Council's Working Party on Veterinary Questions appears to have met for only the second time on or around 20 October 1977)?

**Mr Simonet, President-in-Office of the Council.** — (*F*) On 7 July 1976, in reply to a question put by Mr Cousté, the President-in-Office of the Council indicated the general problems which faced the Council whenever the question of mutual recognition of diplomas, certificates and other evidence of formal qualifications arose in the context of freedom of establishment.

As regards the particular case of veterinary surgeons, it is impossible at this juncture to predict on what date the directives on mutual recognition of diplomas will enter into force.

Although work is actively continuing there are still numerous problems to be resolved, particularly as regards efforts to achieve the broadest possible harmonization of the field of activities of the members of this profession.

**Mr Cousté.** — (*F*) Since harmonization is very difficult because of problems between the Nine, I wonder whether it would not be possible to find an agreement at least between Belgium and France, since the University of Liège offers a qualification in veterinary medicine, and there is a considerable need for veterinary surgeons in France.

**Mr Simonet.** — (*F*) The best I can do in my capacity as President-in-Office of the Council is to suggest that Mr Cousté explore the possibility of applying the rules governing the free circulation of agricultural products to members of the veterinary profession. That might be a solution to the problem. However, in my capacity as Belgian Minister for Foreign Affairs I can see what might be done along the lines he suggested.

**Mr Scott-Hopkins.** — Does the President-in-Office of the Council, after having given such a splendid reply, not feel there to be a slight problem over this? It is the recognition of qualifications, not only in the veterinary field, but in other fields as well. I understood that, over the last two and a half years, when he was in a different capacity, the Council and the Commission were trying to harmonize this, to achieve understanding between all the nine countries, not only on veterinary qualifications but in other areas as well. Has any progress been made in this matter?

**Mr Simonet.** — Quite right.

(*Laughter*)

**President.** — I call Oral Question No 30 by Mr Dalyell:

What has the Council learned about decision-making in the Community, as a result of the delay in reaching a conclusion about the siting of JET?

**Mr Simonet, President-in-Office of the Council.** — (*F*) Whatever the delay which may have been caused by the need for the unanimous agreement of all delegates on the siting of the JET project, the Council can only continue in the future to seek unanimous agreement whenever the Treaty so requires in connection with a Council decision. In such cases, it will be for delegations who wish neither to oppose a decision nor to support it, to consider abstaining when it comes to the vote. Such abstention would not prevent the Council from reaching a unanimous decision.

**Mr Dalyell.** — A large part of the trouble stems from the revolving nature of the presidency. Does not Mr Simonet agree with his colleague, Mr Claes, that it really is nonsense in a tactical area to have a presidency for only six months? Is it not a fact that it takes two months to learn the job, two months to do it, two months to hand over, and that part of the trouble with JET was that there was little continuity at the presidency level? Would there have been jet-lag if it had been properly organized?

**Mr Simonet.** — (F) No, I think the six-month presidency is a completely different question. As far as JET is concerned continuity has not been a problem, since we have been discussing the question of the site for nearly two years and all the Ministers for Foreign Affairs should be aware of the difficulties involved. The actual reason for the delay is that it was a long and hard job to find an area of unanimous agreement between the various candidate countries, to produce a short list of candidates and finally, following difficult negotiations, to persuade the candidate whose site was not the first choice of the majority of the other countries involved to fall in with the majority decision. This took a great deal of time, but had nothing to do with the length of the presidency.

**President.** — I call Oral Question No 31 by Mr Nyborg :

Is the Council aware of the adverse trend in certain third countries (including Norway and Sweden) towards giving state aid to industrial undertakings, the negative repercussions of which on the competitive position of Community undertakings are considerable, and does it intend to ask the Commission to introduce countermeasures in this field?

**Mr Simonet, President-in-Office of the Council.** — (F) Article 23 (1) of the Agreements concluded between the Community and Norway and Sweden provide that :

The following are incompatible with the proper functioning of the Agreement in so far as they may affect trade between the Community and Sweden/Norway ...

(iii) any public aid which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

In addition, Article 23 (2) provides that :

should a Contracting Party consider that a given practice is incompatible with this Article, it may take appropriate measures under the conditions and in accordance with procedures laid down in Article 27.

The Council assures the honourable Member that it will keep a careful watch on developments in this situation.

**My Nyborg.** — (DK) What we are talking about here is a crude form of protectionism which is extremely harmful for undertakings within the Community, not

least in Denmark. A large number of industrial undertakings are suffering greatly from the policy conducted in the two Scandinavian countries mentioned, i.e. Sweden and Norway. Sectors affected include shipbuilding, the manufacturing of shingles and other wood products and a whole series of other articles. This situation has reached such an advanced stage that many undertakings within the Community may have to close down. I should therefore like to ask the Council whether or not it intends to request the Commission to look into the matter in the very near future and take the necessary measures.

**Mr Simonet.** — (F) It is up to the Commission to look into this matter.

**Mr Prescott.** — Will the President of the Council accept that this House is passing measures which provide for both import restrictions and the possibility of giving government subsidies and state aid to private industry, as a means to meet the problems of unemployment? Therefore, is it not possible that the Rome Treaty clauses are incompatible with regard to competition and our economic policies, and not the maintenance of competition?

**Mr Simonet.** — (F) It is true that this policy is conducted in certain Member States. It is also true that this policy is incompatible with the Treaties in that it distorts competition. It is not my job to defend the European Parliament. It was certainly not the resolutions adopted or texts ratified by Parliament which gave rise to this situation. It is the Member States who are distorting competition as a result of their regional aid policy, and the Commission is trying to eliminate all kinds of aid which distort competition. This is why it is endeavouring to ascertain the impact of such measures on the conditions of competition. It is certainly not the Community which is responsible for this situation nothing could be further from the truth.

**Mr Haase.** — (D) Would Mr Simonet agree, therefore, that it is important that the Council should finally get round to passing the Community regulation on competition, by which I mean the supplementary regulation on competition law which is currently before the Council.

**Mr Simonet.** — (F) The honourable Member is referring to the draft regulation on the control of mergers. This is not, however, directly connected with the problem of subsidies granted to industries in certain third countries. These are two different problems.

**President.** — I call Oral question No 32 by Mr Lagorce :

Like many people I was astonished to read in the weekly 'Euroforum' that no Council of Health Ministers of the Nine had met to date. Since there are many important problems in the health sector which can only be solved

at European level, may we expect the Council of Health Ministers of the Community to meet shortly?

**Mr Simonet, President-in-Office of the Council.** — (F) I am in the fortunate position of being able to inform the honourable Member that the Ministers of Health of the nine Member States met yesterday to discuss a number of major topical problems in the health sector, such as the economic aspects of health, future policy on health education, the battle against certain diseases and mutual aid in the event of disasters and outbreaks of exceptionally serious diseases. Cooperation in this area has thus now been instituted, and the Member States intend to continue and strengthen it in the future.

**Mr Lagorce.** — (F) I should like to thank Mr Simonet for his reply although I was already aware of what he mentioned, having read the newspapers. Is it true that the fight against drug abuse, alcoholism, cancer and smoking, for example, cannot and will not form the subject of the next meetings of the Health Ministers? In addition, has the World Health Organization already established contact with the Community as such, as opposed to bilateral contacts with the Member States?

**Mr Simonet.** — (F) Mr Lagorce appears to be better informed than I am, since he knew what I was going to say in reply to his question even before I had said it, from reading the newspapers which I have not had time to do. I should be glad to give him a copy of the press statement which contains a very precise summary of the Council's discussions. I will not read it out now because I have not had time to study it myself. I can, however, send him a copy.

**Mr Prescott.** — I wonder whether the President-in-Office of the Council, in his desire for so much harmonization in the Community, would be prepared to consider the events of yesterday when, in one room, the Commission and the Council were meeting on agriculture to discuss the problems of eating more butter, while the Council of Ministers were meeting in the next room to talk about the dangers of eating too much butter. Perhaps if these two committees were to get together and harmonize in that area, we could take a positive step forward.

(Laughter)

**Mr Simonet.** — (F) I realize that this is a major problem. Firstly, I should like to point out to Mr Prescott that I am not in favour of harmonization for harmonization's sake. I should, however, like to ask him a question in turn, if I may. Does not Mr Prescott think, in view of the energy with which he defends the rights of individual Member States against the harmonization mania of the Community, that there may be at certain times within his own government some ministers who feel that people do not eat enough butter and others who feel that people eat too much?

(Laughter)

**Mrs Kellett-Bowman.** — Does the Minister not find it somewhat confusing that health matters overlap in no less than nine directorates-general in the Commission, and would it be possible for him to put in a good word so that these matters could be rationalized within the Commission?

**Mr Simonet.** — (F) The fact that I used to be a member of the Commission does not give me a right to comment on its organization. This question should be addressed to Mr Jenkins.

**President.** — I call Oral Question No 33 by Mr Inchauspé:

Is it true that the President of the Council told his colleagues:

'We are in favour of enlargement but we are not prepared to accept the economic and financial consequence'? If so, what policy does the Council intend to adopt with regard to the accession of the three applicant states, particularly Spain and Portugal?

**Mr Simonet, President-in-Office of the Council.** — (F) The honourable Member is aware that it is not customary for the Council to adopt a position on words attributed to its members or its President, and that the Council's discussions are confidential. With reference to the line to be adopted by the Council in the case of Spain and Portugal, the Commission has yet to deliver the opinion provided for by the Treaties on the basis of which the Council will then have to act.

Under the provisions of accession in the Treaties, the conditions of admission must be the subject of negotiations and then of agreement between the Member States and each applicant State. As regards Greece, the substantive stage of the negotiations in certain spheres is about to begin. It is therefore premature to take stock of positions within the Council other than the general ones adopted in 1976 for the opening of negotiations with Greece which were brought to the attention of the European Parliament last spring.

**Mr Inchauspé.** — (F) Pending the final accession of Spain to the European Community, would it not be a good idea to re-enact immediately the agreement of 1970 which expired at the beginning of this year and which has in practice been maintained, albeit unofficially?

**Mr Simonet.** — (F) Spain has not asked for this.

**President.** — I call Oral Question No 34 by Mr Jahn:

What does the Council intend to do to expand trade relations with the ASEAN countries in order to bring about gradual stabilization in this economic area of Asia?

**Mr Simonet, President-in-Office of the Council.** — (F) I would first like to point out that exports from ASEAN countries benefit from the generalized preferences arrangements, that in 1977 certain ASEAN countries received Community aid for non-associated countries, and that a number of sectoral arrangements were concluded with several of these countries as regards jute, handlooms, handicrafts and textiles.

With a view to strengthening the links between the two regions, the Commission and the ASEAN countries concluded an agreement in May 1975 involving in particular the setting up of a joint study group. In this context special attention is paid to matters to do with the promotion and development of trade. For its part, the Council also attaches great importance to the development of relations within the ASEAN countries. For this reason, it agreed with this Association to introduce a dialogue procedure at ambassadorial level. The first dialogue meeting was held in Brussels on 29 November 1977 and was the occasion of down-to-earth discussions, particularly as regards cooperation and investment, which were greatly appreciated by both sides. The Council sincerely hopes that all these contacts will create the conditions for a broader and a more fruitful cooperation between the two regions. It is moreover prepared to give favourable consideration, in the light of the experience gained through the dialogue, to the possibility of a meeting at a later date between the ASEAN countries and the EEC at ministerial level.

**Mr Scott-Hopkins.** — Can the President-in-Office say whether there have been any requests from the ASEAN countries for any grant aids and any loans for the development of various industries there? When this House sent a deputation under President Spénale, there were several requests from Thailand, and particularly Malaysia for this, and for further access over and above the Treaties. Can you say what progress has been made?

**Mr Simonet.** — (F) No official request for financial aid has been received. The Council has received a document from this Association dealing with a variety of matters including the possibility of applying measures provided for by the Lomé Convention. The Council has not, however, discussed this document as yet.

**President.** — I call Oral Question No 35 by Mrs Ewing:

In view of the rapid approach of 1 January 1978, which is the United Kingdom's date for rationalization of the green pound arrangements, what steps does the Council propose to take on 1 January 1978 to speed up this process?

**Mr Simonet, President-in-Office of the Council.** — (F) The Council received on 4 November 1977 from the Commission a proposal for a regulation in the agri-monetary sphere on the fixing of representative rates in the agricultural sector. Moreover the Commission has submitted a report to the Council on the use of the EUA in the common agricultural policy. No formal Commission proposal accompanied this report, however. At its meeting of 7 and 8 November 1977 the Council agreed to consult the European Parliament on the proposal for a regulation. Preliminary technical discussions have begun within the Special Committee on Agriculture.

**Mrs Ewing.** — Is the Council aware of the effects on livestock production in the less-favoured hill areas in Scotland and other parts of the UK, arising from the UK Government's refusal to devalue the green pound? With only three weeks to go until the promised full integration, is the Council aware that the total uncertainty resulting from the UK Government's failure to give even near-parity with the other farmers of Europe, is actually crucifying the very regions that the less-favoured areas directive was designed to keep alive?

**Mr Simonet.** — (F) I can assure Mrs Ewing that although the Council may not be aware of the problem she has just mentioned, it has nevertheless certainly never felt that the British Minister of Agriculture was neglecting the interests of the United Kingdom within the Council.

(Laughter)

**President.** — I call Oral Question No 36 by Mr Kavanagh:

Will the Council request the Commission to present proposals, for immediate adoption, to deal with control of multinationals in order to prevent the recurrence of situations such as that which recently developed in Ireland where the multinational company AKZO closed its subsidiary Ferenka precipitately, causing serious unemployment, without complying with the national legislation, or the appropriate Community directives on collective dismissals and maintenance of acquired rights?

**Mr Simonet, President-in-Office of the Council.** — (F) The question of preparing a code of conduct for multinationals is under consideration in the appropriate international bodies and the Commission is taking an active part in the proceedings.

No specific proposals regarding control of multinationals are before the Council at present but it has already adopted a number of instruments which should mitigate the social effects of certain economic measures.

In order to implement the protective measures of the Council Directive of 17 February 1975 on collective

**Simonet**

redundancies, Member States had two years from that date to adopt the necessary laws, regulations and administrative provisions.

The relevant Irish legislation, which is the Protection of Employment Act 1977, has been in operation since 10 May 1977.

**Mr Kavanagh.** — In view of the fact that the same multinational, Akzo, announced on 27 September 1975 that one of its branches, ENKA, intended to reduce its work-force from 43 000 to 37 000 by the end of 1977, and that the consequence of that step was the subject of an oral question with debate on behalf of the Committee on Social Affairs and Employment in this House, on 14 October 1975, does the President-in-Office not agree that the Commission had adequate notice to adopt a Community initiative against this multinational, which totally disregarded national legislation and created widespread hardship in one of the most depressed areas of the Community, Limerick, by throwing 1 400 people out of work without applying the provisions of Directive No 75/129 on collective redundancies, which is now included in Irish national legislation?

**Mr Simonet.** — (F) Some of the arguments I hear put forward in this Parliament strike me as a rather self-contradictory. You cannot accuse the Commission and the President-in-Office of the Council of fanatically trying to harmonize everything that happens within the Community and at the same time ask it to deal with a question which only concerns the government of one Member State. The government of the Member State in question is responsible for applying its own legislation, not the Community.

**Sir Geoffrey de Freitas.** — That is well understood, but is it not a fact that the Council could do more to encourage ministers to give more attention in their own countries to the serious problems caused — if it is true as alleged here — when the national laws are being broken?

**Mr Simonet.** — (F) Sir Geoffrey, like yourself, I am a fairly good European, but there is one thing I would never do. If I were to take advantage of my position as President-in-Office of the Council to start preaching to my colleagues and telling them off for not applying their own legislation, I would no doubt come in for a certain amount of criticism from you and some of your colleagues. You yourself are a member of the House of Commons and you will no doubt agree that the application of national legislation is a national matter in so far as it does not affect the interests of the Community and the other Member States.

*(Applause from certain quarters)*

**Mr l'Estrange.** — Is the Council aware that at present, under existing law and regulations, it is too

easy for multinationals to move into a particular country while the going is good, to make money and then, if recession takes place, to pull out and leave the workers without jobs or their livelihood? Will the President-in-office not agree that this is an urgent matter, and could he give us any hint of when the code of conduct that he has mentioned earlier, will be introduced?

**Mr Simonet.** — (F) I am fully aware of this. I will even go so far as to say that one of the reasons why many people in Europe deplore the Community's inability to bring much force to bear in political matters — a relatively new field — lies in the fact that the Community authorities are not in same negotiating position as the multinationals. In effect, it is like fighting the Second World War with the weapons used in the Franco-Prussian War of 1870. The multinationals have the advantages of mobility, decisiveness, flexibility and the possibility of playing one Member State off against another or the Community against other countries which the Community as a political force clearly does not. This is the very reason why we want the Community to be something more than a customs union with the occasional common policy. It should become a decision-making centre which can negotiate on equal terms with the most powerful elements in the private sector.

**Mr Herbert.** — Will the Council propose measures, or support the measures being taken by the Irish Government, in its efforts to solve the huge social and grave unemployment problems of the Limerick region, caused by the closure of the Ferenka plant?

**Mr Simonet.** — (F) There are, within the Community, a variety of mechanisms specifically designed to solve the problems of the regions most hard-hit by structural unemployment. I do not feel that Ireland has any particular reason to complain in this respect. The Council is certainly aware of the grave problems affecting certain regions of the Community.

**Mr Prescott.** — The President-in-Office has expressed a number of fine sentiments about the control of multinationals, but is he not aware that the Council has ignored recommendations, both from the Commission and this House, for the control of multinationals? It has, in fact, implemented one control of multinationals which requires Third World countries to give a promise to the Community, when receiving Community aid, that they will not nationalize these multinationals. The only action you have taken is to strengthen the multinationals and not weaken them.

**Mr Simonet.** — (F) If I have understood him correctly, Mr Prescott is trying to use my reply to show that the Community — which he does not want to be a community — should take a more radical approach to the multinationals.

**Simonet**

For this purpose, he says that the Council has ignored all the recommendations aimed at improving control of multinationals which have been put before it, with one exception, i.e. it has prohibited developing countries from nationalizing multinationals on their territory.

I understand very well why the Community cannot exercise more effective control of multinationals. However, it is also true that the multinationals are not the only ones to invest in the developing countries. Nevertheless, there are certain facts one must accept. When you are negotiating a cooperation agreement which is going to require industrial investment, you cannot ask the private sector to go and invest in certain countries while at the same time telling it that it runs a risk of losing these investments.

The countries with which we are negotiating should make up their minds about what they want. They cannot go clamouring for investment which, in our countries, is still largely the responsibility of the private sector, and at the same time forbid us to take protective measures against nationalization. Clearly, one cannot have it both ways. If they wish to attract private or public capital — for after all, an undertaking nationalized in a Member State would be no more pleased than a private concern to see itself nationalized in a developing country — the developing countries with which we conclude agreements must understand that once these investments have been made, they cannot simply expropriate them.

*(Applause from the right)*

**Mr Prescott.** — It should not be a condition of our aid.

**Mr Patijn.** — *(NL)* Does not the President-in-Office of the Council agree that it is clear from the example of Ferenka in Ireland that the OECD code of conduct will only be a success within the Community if it is made binding within the Community and applicable in the same way as Articles 85 and 86 of the Treaty regarding competition?

**Mr Simonet.** — *(F)* I agree.

**Mr van Aerssen.** — *(D)* Does the President-in-Office of the Council share the view that it would be more sensible to add a chapter to GATT dealing specifically with the conduct of multinationals, and if so, what practical steps does the European Community intend to take in the near future?

**Mr Simonet.** — *(F)* The Community has no such intentions in view of the difficulties within GATT.

**President.** — We now come to the questions addressed to the Foreign Ministers of the nine Member States of the European Community meeting in political cooperation.

I call Oral Question No 37 by Lord Bethell:

Have the Ministers taken note of the European Parliament's Resolution of 18 November 1977 on the abuse of

psychiatry for political purposes in the Soviet Union? And have the Ministers complied with the Parliament's request to the Delegation of the Nine to raise the matter at the Belgrade Conference?

**Mr Simonet, President-in-Office of the Foreign Ministers.** — *(F)* The Foreign Ministers of the Nine have taken note of the Resolution of the European Parliament on the abuse of psychiatry within the Soviet Union. This question of the abuse of psychiatry for political purposes is one aspect of the question of human rights which is under discussion at the Belgrade Conference and to which the Nine attach particular importance.

**Lord Bethell.** — I wonder if the President-in-Office could be a little bit more precise in answer to my supplementary question. Is he aware, for instance, that Mr van der Stoep, his predecessor, said on several occasions that it is vital for the Nine to adopt a common position at Belgrade and that in fact, a common position has been adopted in Belgrade? Is he aware, for instance, that early in November, just over a month ago, various amendments were proposed by the Nine, in closed session in Belgrade, after political consultation; these were put forward by his government, the Belgian government, on behalf of the Nine. One of these amendments gave citizens and groups of the signatory states the right to monitor the Helsinki agreement and to report violations of it. All this has been proposed by the Nine, acting in political cooperation. Does he not think that it would be possible, for instance, to make the exchange of medical knowledge under Helsinki conditional on its not being misused for political repression? This surely is a subject which could be discussed in political cooperation. But why is it that the President-in-Office so often comes to us and answers these questions on political cooperation in very vague terms, and seems unwilling to discuss them with us? Will not the President-in-Office on this, the last question which he will answer as President-in-Office, give us a little bit more detail on a subject on which feelings run so deep?

**Mr Simonet.** — *(F)* I can answer this question immediately. I do not adopt national positions, let alone personal positions, with regard to political cooperation. The answer I have given you is that on which the nine Foreign Ministers agreed and I therefore trust you will believe me when I say that if my answer is non-committal or vague this is not my responsibility and least of all my wish. As regards the suggestions made by the honourable Member, you know as well as I do that the Belgrade Conference has reached its final stage, that anything may yet happen, including a major confrontation, and we cannot rule out the possibility of this very question being one of the subjects of such a confrontation.

**Mr Mitchell.** — I recognize Mr Simonet's difficulties but he still has not answered the question. The question is a quite specific one, asking whether the Ministers at Belgrade have raised the specific issue of the abuse of psychiatry by the Soviet Union. Can we have it answered just yes or no?

**Mr Simonet.** — No.

**Mrs Ewing.** — Could I follow the last questioner and say that, as a Member of Parliament who has raised this matter myself before, I am very disappointed in the answer. It seems to me a very simple straightforward question. We are simply wanting to know what happened to a request made by this Parliament. If this Parliament means anything, surely at least, its requests have to get an answer. Was this passed on by the Nine in these discussions, or was it not? If it has not been passed on, is it going to be passed on? Human rights must come under the heading of foreign ministers' political cooperation, and there can be nothing more important to a Community representing all these millions of people than to speak clearly on human rights. So, as a Member who helped to pass this resolution, could I simply ask, in coordination with the last speaker, for a simple answer to a very simple question?

**Mr Simonet.** — (F) I sometimes regret that I cannot speak Scottish since if saying 'no' is not clear and direct enough, I fail to see what more I can do.

**Mr Dalyell.** — As one who took part in the debate, and heard some of the speeches, I thank God it was not passed on.

(Laughter)

**President.** — The second part of Question Time is closed.

#### 10. *Statements by the Council and Commission on the European Council in Brussels (resumption)*

**President.** — The next item is the resumption of the debate on the statement by the Council and Commission on the European Council meeting in Brussels on 5 and 6 December 1977.

I call Mr Lange.

**Mr Lange, Chairman of the Committee on Budgets.** — (D) Mr President, ladies and gentlemen, the Chairman of my Group announced this morning that I would be raising a number of specific questions basically relating to budgetary and financial policy.

The President-in-Office of the Council was so kind as to inform us this morning that the European Council had discussed the implications of Article 131 of the Treaty of Accession, the Regional Fund and the ques-

tion of whether the Community should raise loans for special purposes.

These are three points I wish to discuss here.

Firstly, we have already had occasion, during conciliation meetings with the Council, to discuss the interpretation of Article 131 of the Treaty of Accession, and the Parliamentary delegation declared that the interpretation of this Article and the conclusions to be drawn from it were exclusively a matter for the Council. The Council has now drawn these conclusions, and they are such that there is no guarantee that, in any given year, we will actually obtain the revenue required by virtue of the budgetary decisions. The President of the Council pointed out that the Commission has made a statement on this question to the effect that the payment authorization might not all be used in the course of a year.

This is fair enough in principle, but there is another question. If a budget has passed both instances of the budgetary authority, it must surely be certain that the revenue is going to be enough to finance this budget. I have no wish to go into the virtues of your proposal, Mr President of the Council. It strikes me as very plausible, but that is not the point. The point is that a gap may be left which might, under certain circumstances, mean that the available funds would not be enough to cover the budget. We therefore intend to keep a close eye on this question, from the point of view of revenue as well. This will be largely the task of the Court of Auditors, but Parliament also has a supervisory role to play. Let us wait and see what happens therefore. Perhaps we will have an opportunity in the course of this year to consider this question within the conciliation procedure between Parliament Council or in a less formal context.

So much for the European Unit of Account which, I grant, Parliament has been calling for for years. We therefore welcome the fact that at least things have got this far.

And now to my second point: borrowing. Parliament has repeatedly requested — and the Council and Commission are still experiencing certain difficulties in this field — that borrowing and, of course, the lending for which this borrowing is used, should be included in the budget. I fully realize that this might mean a complete transformation of the budget, but this is something we will have to discuss. Basically — and I can say this personally, and perhaps on behalf of the Committee on Budgets and my Group too — we are happy that the way has been made clear for borrowing for sectoral structural policy or, to put it another way, for industrial policy. What we do not like is the fact that the Council went so far as to say that the European Bank should be made responsible for raising or rather applying the loans, since this would clearly mean that Parliament would no longer

**Lange**

be able to exercise full supervision of the financial aspect of Community policy. It would be useful, therefore, for Parliament to be consulted if the European Council is to make decisions of this kind which are manifestly at variance with the wishes Parliament has expressed with regard to the accuracy and transparency of the budget. We can therefore now expect that, if the Commission is requested by the Council to make the necessary legal proposals to enable the Investment Bank to carry out the functions proposed by the Council, it will also submit these proposals to Parliament. In my view, and from the point of view of budgetary law and the accuracy and transparency of the budget, this is an indefensible proposal, and I feel that the Council should reconsider very carefully whether it should really prevent the Parliament and the Court of Auditors from exercising financial supervision over amounts such as these.

Thirdly, the Regional Fund. It was fortunately made very clear in yesterday's debate that, in the view of the Council, the appropriations for the Regional Fund were non-obligatory. This strikes me as a welcome statement after the chopping and changing that went on in the first three year period, since first of all, the Council declared in October 1974 that the 1 300 million were not obligatory, although it reserved the right to review the situation. In February 1975, the Council declared these appropriations to be obligatory, but added, following strong protests on the part of Parliament, that this would only apply for the next three years, after which the matter would be reconsidered. The Council now realizes that it is only keeping a promise which it made in 1975. To this extent, therefore, this is simply something it owed to Parliament. The unfortunate thing about this whole affair, however, and this was a conclusion we came to yesterday — I do not know how much of yesterday's discussions you were able to follow — is that the Council has taken a decision on non-obligatory appropriations in spite of the fact these are outside its competency. The right thing would have been to have discussed this overall measure with Parliament — and this is what we should take note of for the future — since the European Council is, after all, simply a Council, since the Treaty — as I pointed out yesterday — does not say how the Council should be made up but only speaks of 'the Council'.

It is completely irrelevant whether the Council consists of the Prime Ministers or Heads of Governments or the Foreign Ministers or other ministers. We do not wish to tell the Council how it should be made up. It is the Council by virtue of the Treaty, but, since it is also the budgetary authority, the Council must join Parliament in ensuring that the competencies — which are, after all, the embodiment of Parliament's right — are clearly respected. This does not appear to have happened in this case, which has naturally caused understandable annoyance in this Parliament regardless of its views regarding the actual amounts for the three years.

Mr President, we should try to prevent similar difficulties arising in the future. As you know, we have not yet overcome these difficulties and do not yet know how Parliament will decide on the question of the Regional Fund. This is still an open question, and to that extent there is still a lot to happen in the entire budgetary procedure for 1978 in which, to use Mr Tugendhat's words, the last mile will probably be the most difficult. However, it will perhaps also be the most interesting, from what we have seen so far.

So much on these three points, Mr President of the Council. Allow me thank you and your Belgian colleagues during this period of presidency for the way in which you have fulfilled your duties as President, and at the same time testify to the fact that, all in all, we have made considerable progress together, during this period of presidency, even if, at the end of your six months of office, we must admit — and we can presumably all do this together — that the Community is still not what we would wish it to be. In addition, I concur with your assessment of the general economic trend and the conclusions we must draw from it. The Community as a whole has considerable work to do in this field.

Mr President-in-Office, I should like to thank you and your colleagues once more for the Belgian presidency and the way in which you have carried out your duties. However, I should also like to repeat my urgent request — which should also be passed on to your successor — that certain actions on the part of the European Council which we have criticized should not be repeated.

**President.** — I call Mr Patijn.

**Mr Patijn.** — *(NL)* Mr President, I should like to concentrate on one point, i.e. the European elections, even though this is perhaps the point on which least was finally decided at the meeting of the European Council of 5 and 6 December. There have been certain developments in the meantime, however, from which a number of conclusions may be drawn.

I will begin with the most encouraging aspects such as the ratification of the act by the Belgian Parliament. This is one more to add to the total number of ratifications. Of course, nobody expected anything else, since we knew Mr Simonet and were aware that the Belgian Parliament was favourably disposed to European elections. Indeed, we expected Belgium to be practically unanimous on this point.

More interesting, however, is the fact that the law on European elections was adopted with a great majority in Denmark, just before the European Council met in Brussels. This means that the two objections originally put forward by the Danish Government have ceased to be of any relevance. We can therefore congratulate our Danish colleagues on the fact that Denmark has moved from being one of the countries with reservations to being one of the first to complete the entire

## Patijn

procedure. This means that the political situation in Denmark as regards the Common Market looks exceptionally favourable. At any rate, we now know the attitude to European elections in that country.

I should just like to go back for a moment to the debate last November and what Mr Simonet promised on that occasion. I asked him explicitly, and I had Mr Klepsch's support in this matter, to avoid any agreements which would in practice result in a postponement of these direct elections. Judging by Mr Simonet's statement this morning, it appears that he has kept this promise, since the deadline of May/June 1978 has been reaffirmed, albeit in the awareness that one country is having difficulties. Mr Simonet told us this morning that the Council hoped the United Kingdom would vote 'in the interests of the Community' as he put it. He also said that we are hoping for elections in the course of 1978.

That is not the same as May/June, however. Perhaps he could tell us whether or not he really means that they may well be held in autumn. Is this what he really means? Has the Council something up its sleeve? Has it got its eye on another date?

But now we come to the interesting part, i.e. yesterday's events in the House of Commons. They are interesting because certain people showed their true colours in no uncertain manner. I should like to give you a few examples. The House of Commons voted 319 against 222 in favour of the first-past-the-post system. And if you add up the figures, you will find that 541 Members of Parliament voted in favour of a system for the European elections. Perhaps it's not really on to add them up like that, but facts are facts. And this in itself is a major step forward.

But if we look into the breakdown of the voting we get a very interesting picture! Labour Party: 146 for the regional list system; 116 for the first-past-the-post system. Liberals: 13 for proportional representations; 0 for the first-past-the-post system. The Scottish Nationalists abstained. They obviously haven't a clue what it's all about. And finally the Conservatives. I should like to draw your attention to the way they voted: 61 for the regional list system; 196 for the first-past-the-post system.

Mr President, perhaps I may be permitted to quote from an article in 'The Guardian' of 13 December dealing first of all with the Labour Party — to which I shall return — and then with the Conservative Party:

But for the Conservatives, who regularly castigate Labour as bad Europeans, to support a system which could damage the authority of the British representation at Strasbourg — as well as making it certain that Britain will hold up the whole of the rest of the Nine — is still more bizarre. Two explanations, both unpalatable, inevitably suggest themselves. One is that they are putting short-term party advantage first and the Assembly a very bad second. The other is that they share — or find it opportune to behave as though they share — the irrational fear of PR which is entertained by their leader...

I find this interesting since it is clear from the vote of 196 for first-past-the-post and 61 for proportional representation that the Conservatives, who keep telling this Parliament that it is the Labour Party who are holding things up — I am thinking, for example, of what Mr Spicer said last month — have voted for a solution which needs more time — and by 196 votes to 61. Therefore if we must continue to apportion blame for the delays in the European elections some of it must surely go to the Conservative Party as well as to the Labour Party, since if it takes 12 months to work out the first-past-the-post system, 196 Conservative Members of the House of Commons must share some of the responsibility. I take note of this. The Conservatives have always maintained they were Europeans who knew how we should build Europe.

*(Mixed reactions)*

What is to happen now? Clearly, the Council cannot wait for a meeting of the European Council in Denmark. For this reason, I wholeheartedly support Mr Berkhouwer's initiative of tabling a motion for a resolution, urging the Council to fix a date, since even if the system for which the United Kingdom has adopted means that we will have to wait a little longer for the elections, there are nevertheless such a tremendous number of measures to be introduced, at European level too, that it is absolutely essential that a date should be fixed now. We cannot wait any longer, we cannot tolerate the constant putting-off of the elections. We shall have to take European measures regarding voting rights for foreign subjects, draw up regulations for the members of Parliament, decide how and where we will meet, and take many other implementing measures. This can only be after the date has finally been fixed.

If we have to wait until April 1978 when the European Council meets in Copenhagen, we might as well forget it, if only because it would not then be possible to take the European measures, to say nothing of national measures. I should therefore like to hear from Mr Simonet whether or not the Council is prepared to make a final decision on the date, as Mr Berkhouwer suggested. If Mr Simonet can say 'in the course of 1978', then I assume he can put it in a decision too. We would like to be consulted on this point.

We cannot, however, continue to put up with the constant uncertainty, the constant postponing of a decision, since this would mean that nothing would be done by 1978, or by 1979, and we might have to wait much much longer, which is the last thing we want to risk happening. Parliament, too, must shoulder its responsibility. I agree with Mr Berkhouwer that we cannot just wait until the Council decides something. If the Council fails to fix a date, we must suggest one ourselves. We ourselves must decide what we think would be the right date and submit our proposal to the Council. If we do not, the matter will be put off and put off and nothing will happen.

**Patijn**

One thing is clear: the voting in the House of Commons yesterday showed that there, too, all the parties want the elections to go ahead, and I will therefore refrain from going any further into the question of who is to blame for the postponement. I feel that both sides had an equal hand in it. If we did not know this already, it is clear from last night's voting.

The Council must stop beating about the bush, however. It must not wait for the European Council to get round, perhaps, to fixing a date. The Council must act and must fix a date for the elections in January. The people of Europe and the European Parliament are awaiting its decision.

**11. Votes**

**President.** — We shall now suspend this debate to vote on the motions for resolutions contained in the reports on which the debate is closed.

I put to the vote the motion for a resolution contained in the Notenboom report (Doc. 441/77) on the Regulation on the Communities' own resources.

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the Bangemann report (Doc. 421/77) on the financial and budgetary activities of the ECSC for 1976.

The resolution is adopted.<sup>1</sup>

We shall now consider the motion for a resolution contained in the Ripamonti report (Doc. 439/77) on ECSC levies and operational budget for 1978. I put the preamble and paragraphs 1 to 4 (c) to the vote.

The preamble and paragraphs 1 to 4 (c) are adopted.

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

Replace the words:

"special contribution" from the nine Member States;

by

'contribution from the General Budget of the Community or, failing that, a "special contribution" from the nine Member States'.

What is Mr Ripamonti's position?

**Mr Ripamonti, rapporteur.** — (I) I do not agree, Mr President, because, even if adopted, the amendment would not have any practical effect since there is no relevant expenditure item in the 1978 budget.

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

I put paragraph 4 (d) and (e) and paragraphs 5 to 7 to the vote.

Paragraph 4 (d) and (e) and paragraphs 5 to 7 are adopted.

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

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the Van Aerssen report (Doc. 291/77) on the directive on company taxation systems.

The resolution is rejected.

**12. Statements by the Council and Commission on the European Council in Brussels (resumption)**

**President.** — We shall now continue the debate on the statements by the Council and the Commission on the European Council meeting in Brussels on 5 and 6 December 1977.

I call Mr Damseaux.

**Mr Damseaux.** — (F) Mr President, every European Council is followed by a lot of commentary, and all the matters dealt with receive the kind of detailed analysis which is typical of the utterances and writings of political observers. But I shall confine myself today to the economic and monetary aspects of the Brussels Summit of 5 and 6 December, and I shall follow the advice of Pliny: 'Nothing helps the conduct of business more than brevity'. I note that the Minister involved, Mr Simonet, is unfortunately absent.

First of all, I think I should remind you that the policies of our governments and of the Community institutions must seek at one and the same time to check inflation in all the member countries of the Community and to provide adequate instruments for an employment policy which will safeguard for each of our citizens the right to an economic role and the right to work.

These two essential elements of policy — economic stability and encouragement of productive employment — are indivisible.

The situation demands that, as the Commission suggests, we should once more pursue the objective of economic and monetary union. This aim requires an effort in four areas: firstly to improve coordination of economic and budgetary policies; secondly, to remove all obstacles to the free circulation of persons, goods and capital; thirdly, to implement Community policies and intervention measures designed to facilitate the gradual disappearance of regional and sectoral problems; fourthly, to extend and popularize the use of the European Unit of Account, and in the same context, as the President of the Commission suggested, perhaps to create a European currency.

<sup>1</sup> OJ C 6 of 9. 1. 1978.

## Damseaux

However, although all the political leaders are in agreement in acknowledging that since 1972 the process of economic and monetary union has got bogged down, it has become difficult or even impossible to draw up a programme capable of dragging it out of the mire.

In this respect, the Liberal and Democratic Group has believed from the start that the procedure proposed by the Commission in its note to the European Council in Brussels on the prospects for economic and monetary union was highly appropriate.

The President of the Commission, Mr Roy Jenkins, in delivering the 'Jean Monnet Lecture' in Florence on 27 October, advocated the rapid achievement of monetary union and urged that efforts to bring it about should now be revived.

We are convinced that this revival would be of great benefit for the future of our country, but we are surprised that, having received the Commission's communication on the prospects for economic and monetary union, the Council should have confined itself to a declaration of intent or at most to recommending that the aims proposed by the Commission should be considered.

I quite understand the satisfaction of the President of the Commission at the fact that the Council decided to continue the discussion within other institutions such as the Council of Ministers. However, when he tells us that the Community has six million unemployed and that there will be nine million in 1985, should one not ask oneself whether, if one takes a wider view, the decisions taken in Brussels are for the most part purely symbolic and therefore hardly a matter for rejoicing.

In this respect, does not the Commission as guardian of the letter and spirit of the Treaties take the view, especially in the current period of acute crisis, that the European Council has gone back on the concept of integration consistently pursued since the Summit Conference of Heads of State or Government held in Paris in 1972?

And for its part, does the Council not think it frivolous — particularly at a time of acute crisis — to confine oneself to declarations of intent?

For example, the Council ought to make some comment on the views expressed by a French official and reported by a leading Paris daily which is usually well-informed: 'This is not a very auspicious time to talk of reviving monetary union, when what remains of the European monetary 'snake' looks like falling apart. Anyway, the Germans are against it'.

Last month Parliament advocated the raising of a Community loan on the money markets of the world. And whereas this proposal was categorically rejected at the London Summit, the European Council in Brussels authorized the Community to raise new loans on the world market in order to stimulate investment in

Europe. Although in principle this decision is welcome, it is worrying to note that the implementation of this new financial measure is entrusted to the Ministers of Finance, since we all know how lax the Council of Ministers is about taking decisions. We should therefore like to know who will be authorized to propose operational methods for this new financial instrument, who will supervise it, and how its amount and allocation will be decided.

In addition to what I have said, I think it useful to clarify my proposal on Community employment policy, to which Vice-President Ortoli replied during our last meeting. I have a distinct impression what the policy of combating unemployment is often confused with employment policy.

A policy of combating unemployment does not necessarily imply the creation of new productive jobs. The mere reduction of working hours or the sudden lowering of retirement age would camouflage continuing unemployment and would simply have the effect of transferring some of our unemployed from one category of non-active persons to another. Even if we are all in favour of the introduction of these measures in due course and are aware that they are an element in social progress, they would do nothing at the moment to solve the unemployment problem. On the contrary, their immediate effect would be further to reduce the ability of our firms to compete. An employment policy, on the other hand, involves the creation of new productive jobs, requires an effective fight against inflation and results in the gradual disappearance of unemployment.

Mr President, I have tried to be brief and to put precise questions. The press and public opinion are becoming increasingly apprehensive about the aims of our Community. I think that a response which went further than formal European meetings would strengthen the distinctive image and the foundations of our Community. I trust that the Commission and the Council will take full note of this truth.

Finally, without commenting on the quality of the Belgian Presidency over the last six months, I would like to join in the traditional thanks conveyed to Mr Simonet this morning by Mr Berkhouwer for the courteous, elegant and clear way in which he has always replied to the speeches of the members of this House.

**President.** — I call Mr Bordu.

**Mr Bordu.** — (*F*) Mr President, I should like to say, especially on behalf of the French Communists, that the meeting of the European Council took place against the backdrop of a worsening economic and social crisis which is affecting all the countries of the Community.

The most recent statistics demonstrate an increase in unemployment, disequilibria in the balance-of-payments, and fall-off falloff in the pace of inflation.

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recent debate on unemployment enabled us to note particularly the seriousness of the present situation, with all its economic, social and human consequences. The under-utilization of productive capacity is increasing dangerously. Inequalities are growing, while vast fortunes are being made; the number of families in financial difficulties is increasing. We must therefore recognize the failure of policies of austerity followed in the various countries with the support of the Community institutions.

It seems to us that in this situation the summit meeting of political leaders should have been an opportunity to examine these serious questions and to make a determined effort to find different solutions from those which have manifestly proved ineffective in the past, and hardly promise to be less so in the future. Even if one accepts the view that the economic performance of the Nine is not all that depressing, one can only be amazed at the suggestion that innovation would be dangerous. Thus the tendency will continue to be towards social regression, the dismantling of complete sectors of our economies, and the jeopardizing of the economic and political independence of our countries.

What exactly are the concrete results of this European Council? They are far from matching up to the situation, since small steps do not change previous lines of policy. Indeed, in what way does the fact that the Community has its own resources constitute a step forward, if these resources are used for example to facilitate redeployment of multinational firms by financing what is delicately called the 'social cost'? It is a step forward for the Community to borrow on the international money market, if this only serves to finance investment in one country which merely compensates for the closing down of factories in another, or even to enable textile or chemical giants to establish themselves in those countries where conditions are best for exploiting labour? Plans are now being implemented, in the name of integration, to achieve a structural reorganization of our means of production. It is the coordination of short-term economic policies which is aggravating the crisis. Such integration does not lead to a Europe of the people, to a Europe of economic and social progress, or to a Europe of widespread cooperation among countries; on the contrary, it helps to plunge our countries deeper into the crisis. We are dealing here with statements of fact and detailed analysis of these problems. Nothing much can be achieved unless we reject the policy of austerity and revive the economy, particularly by encouraging mass consumption. In our view it is only in this way that we can heal this running sore, bearing in mind that the revival of the economy requires new and consistent measures which take account of the nature of the crisis, for which classical economic remedies are useless; we are no longer dealing with the cyclical crises of the past. Today it is not merely a short-term policy, but a whole system which is being questioned. Unemployment is an intol-

erable stigma on our times, as assault on the dignity of man and of our young people. It will increase unless there is growth to match the needs of the people. This is almost a foregone conclusion for 1978. Governments appear to accept the advent of huge and lasting unemployment as if it were decreed by fate.

The Community is still seeking to achieve greater influence among our people, who regard our activities with indifference and are sceptical of declarations about the Europe of the peoples, which is always promised but obviously never achieved. If it wishes to gain the support of the people, Europe must be above all a social Europe, the Europe of those who work and produce wealth, without themselves becoming rich. This is the Europe of the workers, as opposed to that of the businessmen and the large multinational firms. Here the choice is still to be made.

I should like to add a few words about the proposal to set up what has been called 'the European judicial area' as a means of combating terrorism. No reasonable person can support terrorism in whatever form, for one cannot justify a policy of attacks on persons and property. But it would be a serious matter if the fight against terrorism were to be used as a pretext for the infringement of basic freedom, and if the right of asylum and the rights of the defendant in legal cases were no longer guaranteed or respected. It is well known that reactionary governments, instead of trying to discourage political excesses, have always used them as a pretext for restricting freedoms in the name of democracy, order and liberty. The fight against terrorism must not lead to a police state in Europe. For our part, we shall fight both these dangers with equal vigour.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, following his important statement on uranium supplies to the Community, and acknowledging his skill in what must have been a most delicate negotiation, I should like to put two questions to Mr Brunner: did the Canadians say anything about using Candu-type technology of the kind that he and some Members of the Parliament have seen at Pickering, near Toronto, as a *quid pro quo*? Secondly, in view of the sustained curiosity that some of us have had in this Parliament about the role of Euratom in the Plumbat affair, can Mr Brunner say whether in fact this was mentioned, and could he enlarge on what was said about the abuse of nuclear materials and the related issue of a contribution to non-proliferation? I hope that these questions can be conveyed to Mr Brunner, as he has had advance warning that they would be asked, following his statement this morning.

Mr President, it is greatly appreciated by some of us that the Belgian presidency has been represented so often, for so long, at a senior level, and, frankly speaking, this contrasts with the previous presidency this year, that of my own country. In particular, many of the British would like to thank the Belgian presidency for smothering the fire of a potentially

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dangerous dispute, as the President called it, relating to Article 131, and I think it behoves my fellow-countrymen to thank the Belgians for that.

This morning, the President of the Commission said that no conventional or cyclical upswing was likely to improve the unemployment figures, based as they are on the age profile of those already born, and he referred to a major new stimulus of historic dimensions. These were the words the President used. Could I ask him whether part of that stimulus — I do not produce it as a panacea; I am merely asking whether part of that stimulus — could not be found in this whole issue of public service employment? It would be unfair of me to repeat at length what was said yesterday, and reported faithfully on pages 63—64 and 68—69 of yesterday's 'Rainbow' edition about public service employment, where I quoted at length from the British Prime Minister's statement reporting to the House of Commons on the Heads of Government meeting. My question is this: are the Commission prepared to latch on to what some of us see as an initiative from the Heads of Government? Because the truth of the matter is that we all know, from our own constituencies, that if the manufacturing industry is expected to solve the unemployment problem, we are really whistling in the wind and that for millions of pounds' worth of investment very few jobs are produced. We therefore look to public service employment to help solve the problems of unemployment, particularly among young people, and my question to President Jenkins is: is he prepared to ask the Commission to put forward realistic proposals as a means of carrying on what some of us would like to think is an initiative from the Heads of Government? I put the same question in a slightly different form to Mr Simonet. He told us this morning in his speech that it really had to be a different kind of Community from the 1960's, a different form of life where the growth of individual incomes would not be paramount. Granted his own criteria this morning, with which some of us very strongly agree, is it not sensible to think how in fact there can be an upturn in the public service employment in all our countries? Whether this should be done on a European basis or by some kind of informal agreement between the nine Member States, I think it is legitimate to ask how the Council see themselves pursuing this initiative which Mr Callaghan outlined to the House of Commons. If there is any doubt about his outlining it, certainly many of my parliamentary colleagues at Westminster have the very strong impression that this was a Heads-of-Government initiative on a European basis. That was the impression that was left with us.

I turn to the subject of the Regional Fund, and I am glad that Mr Giolitti is here. Mr Jenkins said this morning that the views of the Council and Commission on the Regional Fund were very close. I do not think I am in any way distorting it when I say that Mr Tugendhat tells us not to be silly about being unrea-

listic on budgetary appropriations for the Regional Fund. This was the burden of his message. Mr Giolitti — and there are quotations from the Agence on this — tells us, in fact, that Parliament must not give in, that we must ask for the whole cake on the Regional Fund. One thing is clear: both Commissioners cannot be right. (Incidentally, the Commission's notion of collective responsibility is, to put it politely, even more elastic than that of the British Cabinet.) Now who is Parliament to believe on the Commission's attitude to the Regional Fund? Is it Mr Tugendhat or is it Mr Giolitti? It is one or the other, and my question is very simple: which? It does raise important questions as to the Commission's attitude in the next three years to collective responsibility. I would welcome anything that President Jenkins has to say in his wind-up about his view of the collective responsibility of the Commission, which we know is not quite the same as a Cabinet; nonetheless, it is very confusing to hear one thing, on an important matter such as the Regional Fund, from one Commissioner and another thing from another Commissioner.

I am glad that both Commissioners are now present, so that perhaps they can have some discussion and we can have an answer on this point, because I speak on behalf of many of my colleagues when I say that we cannot go on having different views on the same topics.

This is not the first time, incidentally because there was the matter of the Marshall Plan for Southern Europe, and again there seems to be something of a difference between various Members of the Commission on the extent to which they think that they have a collective responsibility in telling Parliament the same thing.

Mr President, I now return — and I make no apologies for doing so — to this question of the six months' revolving Presidency, because after I had spoken on it yesterday, I was told by one of our most distinguished and experienced colleagues, of a nationality other than my own, that, in his view, it was right to go on arguing and asking questions about it. I refer to a Member of Parliament, and what he said was that it took two months to learn the job, two months to do it, and two months to hand it over. Now I ask Mr Simonet whether, in these circumstances, it is realistic to define any kind of current European energy policy. He may have been right in his answer to me previously this afternoon on JET, but JET has to do with other matters than the revolving Presidency. I stick to the question: whether Mr Claes was not right when he came to the Energy Committee and told us all that, with his experience of doing the job — not once, but twice, coming back after 5 years, — it really was a piece of complete nonsense to suppose that this was an optimum way of conducting our affairs in a technical ministry. The President-in-Office himself referred to the Commission as being like those

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watchmen in the Middle Ages whose job it was to warn the city when it was threatened. Is it not, for example, the job of Commission and Council to state the truth as they see it on the need for nuclear energy; does this not become very difficult if the President-in-Office of the Council is for ever changing, despite the virtues of the permanent secretariat? I thought Mr Tugendhat's reply to me on this yesterday was a loyal rather than a convincing reply. The suggestion is not that each country should take on the presidency every nine years or, with enlargement, every thirteen years, but rather that a presidency would be helped if one country held, for example, the agricultural presidency for a couple of years and another country the energy presidency for a number of years. Perhaps the question arises whether we need a presidency at all in the form that we have it at the present time

*(Laughter)*

as, for example, of the foreign ministers, because some of us will take a great deal of convincing that this constant merry-go-round in subjects such as energy and agriculture is a rational way of approaching our problems.

I end on just one other question. The impression has been given in my country that other members of the Community are perhaps not too sorry that direct elections are being postponed because of the actions of the House of Commons. The impression has been given in certain quarters that it does not really matter, because some of our European partners, or at least their Heads of Government, are secretly not bothered about direct elections. So my final question to the President-in-Office is: is there a grain of truth in this? Are we to believe that, though the British may be made out to be scoundrels of this particular piece, there are in fact other Heads of Government who would be very relieved to find that they did not have to face direct elections in 1978? I think it is a question that at least one can legitimately ask.

**President.** — I call Mr Spicer.

**Mr Spicer.** — I must first of all apologize Sir, to you and to the President-in-Office, for the fact that I was not present this morning at the opening of this debate, and also, in part, for intervening at such a late stage. I would not have done so, had it not been for the remarks made by Mr Patijn. I have a great respect for Mr Patijn, I have seen him in action, and I know the very good work that he does. But quite obviously today, he has been basing his speech on that very well-worn theory that attack is the best form of defence.

Sir, I hesitate to bring into the arena of this House, and into our discussion, what is purely a domestic issue. And I can only say again to this House, and to Mr Patijn, who knows it only too well, that the record of the Conservative Party, and in particular of the Conservative Group in this House, is a proud one and remains so. Last night, when we voted in the House of

Commons, 11 out of 12 of the Members of our Group were present and voted. The only one who was absent was Mr Michael Shaw, and you, sir, know only too well the work that he was doing within this House at the time.

As far we are concerned, it is not for us to question how other people voted and, equally, I think it is discourteous for members of this House to inquire too deeply into our own national system and how it works. But I do agree with Mr Patijn on one point: there was an overwhelming majority in the House of Commons last night for direct elections to take place on time. I pressed our Home Secretary twice last night on the point of where we had lost the year. In all the discussions last night — and I would ask all members of this House to get a copy of the report of that debate — there was the question of time not being on our side of there being great urgency, and doubt about whether we could meet a deadline. And twice I said to him. 'What has happened during this last year? Why did the debate we are having tonight not take place in December 1976?' There was no answer to that, other than. 'There have been problems'. Sir, the problems have not been of the making of Her Majesty's Opposition or, in any way, of the Conservative Party. We all know, in this House, where the problems have lain. I would respectfully draw the attention of everyone in this House to the press release, Mr Geoffrey Rippon, yesterday. That makes the situation quite clear.

But I do not want to be at all negative tonight. One thing did emerge from our debate last night, and that is that, if the will is there — and that will can only be the government's will — the will of the House of Commons has no bearing on this at all. The government will legislate, the government will bring forward the bill, the government will allocate the time — if the will is there, we can still be on time. Therefore all I would say to the President-in-Office is this. We will use our best endeavours — and, when I say that, Sir, I really mean 'best endeavours' — within the House of Commons, I hope that you in the Council will continue to use your best endeavours.

I never quite know what people do within the Council — whether they lean on each other or put a little pressure here and there — but I hope there will be the utmost pressure exerted, to do exactly what Mr Patijn has said tonight, to arrive at a date. I am firmly convinced that that date could still be announced for either May or June of next year. But I am very much afraid that, unless the other Member States and the President-in-Office of the Council and other members of the Council can use their best endeavours with the British Government, that date will not be reached.

Sir, I apologize again for intervening in a purely domestic way. But I feel this is something that should be said, and should be fully understood in this House.

**President.** — I call Mr Jenkins.

**Mr Jenkins, *President of the Commission.*** — Mr President, the general response to that debate will, I think, on this occasion be most appropriately given by Mr Simonet. It will be his final speech in Parliament as President-in-Office of the Council of Ministers and I think it is entirely appropriate that he should reply to this wide-ranging debate. I therefore propose only to deal with three specific questions which have been raised, most of them by Mr Dalyell.

He put some questions to Mr Brunner arising out of his statement this morning. I hope it will be noted by the House that in making this statement, which I think was welcomed by the House, Mr Brunner gave practical effect at a very early stage to the general indication, which I gave in reply to questions yesterday where this is possible, that we hope to see some statements made in plenary sessions reflecting the business which the Commission has been doing on the same day. I think this was a practical and welcome example of this. It was not possible to ask questions of Mr Brunner himself immediately afterwards and therefore, on behalf of Mr Brunner, I will endeavour to answer them very briefly. He asked if the Canadians said anything about Europeans using Canadiatype reactor technology, in particular the so-called Candu type. We have included technology of Canadian origin and specifically of the Candu type.

Secondly, he asked whether in view of sustained curiosity which he and some others have shown about the Euratom role in the Plumbat affair, whether this was raised. The answer is that it was not raised by the Canadians and, as a whole, they are satisfied with the Euratom safeguards. Those were the questions which really relate, not to the general debate, but to Mr Brunner's statement this morning. He also raised a slightly wider-ranging question about the Regional Fund and to alleged discrepancies between what Mr Giolitti and Mr Tugendhat said. I do not think there is really a great discrepancy here. The Commission, as I indicated in my statement this morning would naturally much prefer that the Council endorse our proposal for 750m u.a., which we regarded as reasonable or we would not have put it forward. The European Council did not do that in its wisdom, or otherwise, though they did produce a significant advance in the Regional Fund and an advance which is of particular value — as I hope the House will note — to the main recipient countries, because of moving over to the European Unit of Account, which makes the difference very much greater than might otherwise be the case.

Mr Tugendhat, as the budget Commissioner, has had to deal with what has been a very difficult balance of opinion. Just as there may have been, at differing times in the development of this process, slightly differing views expressed from within the Commission, they are certainly no greater than differing views

which I have heard expressed from within the honourable Member's group even in the course of the past 24 hours. But what Mr Tugendhat has not done at any stage is to say that he is not in favour of 750m u.a. — of course he is. What he has done is to point out to the House that because of the nature of our procedures, because of the relations of Community institutions one with the other, we might, if we were not careful, get into a position in which we ended up with 398m u.a., a sum very much more substantial. That appears to me the duty of a budget Commissioner and one which he has discharged with great goodwill, and it is in no way incompatible with the Commission's view that 750 million would have been a great deal better still.

I was also asked a specific question by Mr Lange, I think, about the Community loan facilities. I regard the fact that we stuck to our position on this and got it through at the second European Council, as being a great advance. I think he does too. He is anxious about exactly how it is to be implemented. The exact details have to be worked out, but what I think is broadly the position, what is acceptable to us, is that the Commission will be the borrowing authority. The Commission and not the Bank will raise the money. The Commission, subject to the usual restrictions, as the Commission is bound to be in these matters, will be responsible for the broad thrust of policy which will determine in what fields and for what purposes the loans are to be used. But the actual banking business will be done by the Bank. This was always our intention; we expressed this not merely in Brussels in December but in London in June. The European Investment Bank has certain banking expertise which the Commission does not claim to possess. For the investigation of particular projects, the banking end of the business, we would desire to use the expertise and the administrative skill and the judgment of the Bank. It would merely be duplicating Community machinery for both of us to do this and I hope we will not get locked in a sterile argument, given the position as I have stated it where we have this new facility, as to whether it is too much Bank, too much Commission or too little of one or the other. It greatly increases the capacity of the Community to intervene in this important sectoral and industrial field and that is the main thing. The agreements by which it can be worked out can, I think, be totally satisfactory to both the Commission and the Bank.

**President.** — I call Mr Simonet.

**Mr Simonet, *President-in-Office of the Council.*** — (F) Mr President, allow me first of all to thank all the Members of this House who have been so kind as to express their congratulations and their satisfaction at the way in which Belgium has conducted the Presidency over the last six months.

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I should add, however, that Mr Damseaux's speech left me somewhat bewildered: indeed, as he felt obliged to add that he was expressing his thanks out of politeness, I find it rather difficult to believe that the others did so from a desire to be impolite. I assume that this must be a little misunderstanding which Mr Damseaux intends to clear up shortly.

I shall try to sort the various questions which have been asked into groups, beginning with one which has in fact already received a partial reply from Mr Jenkins, but which I shall place in the wider context of Mr Bertrand's query about the set of financial revival measures announced by the European Council, which it hoped would be examined in greater detail by the Council of Finance Ministers. These consist of the loan of which Mr Jenkins has just spoken, and of the regulation of the terms under which the central banks grant short-term credit. It was decided to widen the facilities for prolonging these credits, and an increase in the quotas is now being considered. Finally, at the meeting of the Council of Finance Ministers held on 20 November, the Commission was instructed to submit proposals to the Council on the extension of medium-term credit facilities. To sum up, one can say that the essential issue here is the development of short-, medium- and long-term credit mechanisms.

On the subject of the loan I would add that I had understood that the European Council regarded it as an experimental measure and that there was nothing to stop the Commission being given greater facilities to take such action in the future in the light of the results of this first experiment. I also think it was right to base the decision on the proposal dating from several months ago for a kind of division of labour under which the Commission would cover the political and economic aspects, and the Bank would study the cases and grant the credits. Moreover, this will be based on cooperation between the Bank and the Commission of a kind which has already taken place for other types of operation in other sectors.

In reply to Mr Fellermaier and Mr Lange, I would add that Parliament will obviously be consulted on the subject of the European loans, since the Commission will at some stage have to make a formal proposal to the Council. For these proposals relating to the Commission's ability to raise loans, the rule under which Parliament gives its view will be applied.

The second set of questions with which I shall deal are those relating to direct elections. I do not propose to take part in the discussion sparked off by Mr Patijns' speech; it is not my role to give out certificates of good or bad European behaviour. I have my own views on what has taken place in the House of Commons, and on what has been taking place in British politics over the last few months on the issue of direct elections by universal suffrage, but I think it would be tactless of me to express them to you in

public. Those of you who are interested can in any case hear them in private.

*(Laughter)*

Dealing firstly with Mr Berkhouwer's proposal, I think I can say it is in line with what will probably happen, except for the date. By this I mean that if the European Council had said — but it did not say so, or if it did I did not understand it, which cannot be ruled out — that it wished itself to fix the date of direct elections by universal suffrage, then Mr Patijn would be right: that would mean the date could only be fixed during the next European Council in April. This would certainly rule out holding the elections in May or June and probably even in autumn 1978.

It is probable that the question will be raised at the Council of Foreign Ministers. I shall ensure that it is during the weeks in which I remain President of the Council, and in fact it will be raised on Monday. However, I do not think that the Council will be able to decide at its next meeting, because the British Government has explicitly asked us via its representatives at the European Council that no decision should be taken before January. This is probably because it wishes to have time to consider under what conditions it might be able to speed up its procedures. This leads me to think that, even though Belgium will no longer hold the Presidency, some of our governments could ask through their Permanent Representatives that the Council should decide on a definite date in January of next year. In this respect I would repeat what I said during the November part-session, namely that whatever date may be chosen, we fervently hope that the British Government will put the Community interest before any domestic political considerations however legitimate. If that proved impossible and the elections could not therefore take place either in May or October of next year, a date would have to be fixed which would not be subject to further change.

We would then need to know when the elections would take place, even in the worst-case hypothesis of a date in 1979. So much for the problem of direct elections by universal suffrage.

Mr Lange put certain questions relating to budgetary problems and problems concerning the Regional Development Fund. I have told you what took place, and in so doing I of course implicitly acknowledged that the desirable procedure was not followed. But I also explained why. There were two problems involved, which had been linked in the view of certain Member States, and in the end — I think, or at least I hope, I explained it to you very clearly this morning — a general regulation was adopted on the use of European Units of Account for the budget, presupposing an agreement on the interpretation of Article 131. After that the ceiling for the Regional Development Fund spread over three years was fixed, and that too was a purely political discussion. But I would add

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that at some stage we shall have to reexamine this matter, and the Council itself will have to look at the question again, since apart from the fixing of the amount, its being spread over three years beginning on 1 January next, and the principle of pluriannual planning, everything has yet to be decided by the Council of Foreign Ministers. There will be a decision on this matter very soon, after which Parliament will be in a position to give its views in the prescribed manner on the whole subject of the Regional Development Fund and its various features.

Mr Lange next raised the question of the inclusion in the budget of future Community loans. I cannot give him an answer on this. There is no objection in principle, but I am not in a position to tell him what attitude the Council will eventually take.

Finally, the problem posed by the compromise, and the compromise on the compromise, over the preparation of the budget creates no difficulties in budgetary terms. It is essentially a problem of funds. After 1980 the deficit will be reabsorbed during the system's period of operation. As I said this morning, we have been assured that as far as withdrawals are concerned there will be no problem. I readily admit once more that this is certainly not entirely above reproach from a legalistic standpoint. In any case if I had not admitted it, you would have said it for me, but it does have the advantage that we have been able to reach a positive solution in this field rather than ending up with a protest at our failure to reach one. I wondered if, at least in theory, there should not have been such a protest. I listened attentively to Mr Klepsch delivering a funeral oration on the European Council. What a marvellous speech he would have made if the Council had had the misfortune to decide nothing! But I think he is exaggerating, for in my view one does not do the Community any service by systematically taking all the points which were discussed at the European Council, describing what could have been achieved and expressing one's regret at the actual results. I do not think that one does the Community any good in that field or in the economic field by systematically picking out what was not done and minimizing the importance of what has been achieved.

Mr Damseaux told us that he was in favour of economic and monetary union. That it in itself was gratifying, and if I understood him correctly he associated himself with the questions raised by some of the Members of this House about the future content of this economic and monetary union. I must tell you that in this context it is the Commission which now has the heaviest responsibility, because it submitted a document which sparked off a discussion of undoubted interest, and in so doing enabled us to confirm that, contrary to the views occasionally expressed by some, the idea of economic and monetary union did not have to be put into mothballs, and that the Community should continue to work towards that aim. Having said that, I acknowledge that apart

a commitment, however important, what is now needed is a skeleton plan for economic and monetary union taking account of certain factors. I have mentioned the main ones: first, a state of crisis which will not be quickly overcome; next, the fact that we are living in a monetarily unstable world; thirdly, the fact that agreement is lacking on the main elements of an international monetary order into which the Community would fit, and that — returning to what I said this morning — not only is there no agreement at the moment, but considerable efforts are made from time to time to keep in being the 'snake' agreement which is an embryonic monetary organization. I am convinced that these efforts will be continued.

There was the question put by Mr Dalyell as to the interpretation to be given to Mr Callaghan's statement. First of all, Mr Callaghan was expressing an opinion which he defended at the European Council, and he was not alone in so doing, since in the course of the discussion on the general economic situation and the prospects for growth in the Community two points were raised: firstly, the need for faster growth than that currently expected by any of the experts; secondly, the need to give a different form to this growth, which would involve a faster development of the services sector than of the industrial sector, in terms of both quantity and quality. There is a fairly obvious reason for this, namely that the economic development of some countries will involve a recession in some highly labour-intensive sectors, complicated by the arrival on the labour market of young people and women who were hitherto no part of the working population, and by the fact that the revival of investment will almost certainly lead to attempts, at least in some sectors, to save on manpower. The surplus labour coming onto the market will therefore have to be reemployed in other sectors, primarily in the services sector and, within that, in the public part of that sector, to achieve, as I have just said, a quantitative increase and a qualitative improvement. These are opinions which I can share, which indeed I do share, but about which I must reluctantly disappoint Mr Dalyell. There has been no decision of the European Council to choose some new model of growth for the Community. I believe these opinions to be defensible, but they have not been put into practice by any choice of social policy on the part of the Council, although Mr Dalyell seems to have got this impression from Mr Callaghan's statement to the House of Commons.

Mr President, I think I have answered the substance of the questions put, I think that we have had an excellent debate which has enabled us to assess objectively and without exaggeration the achievements of the last European Council, and before resuming my seat I should like to express once more the gratitude which I feel towards Parliament for treating me and all my colleagues in the Belgian Presidency with such friendliness and consideration.

*(Applause)*

**President.** — Thank you, Mr Simonet.

I should once again like to express to you on behalf of the House our thanks and appreciation.

### 13. *Historic meeting between Mr Sadat and Mr Begin*

**President.** — The next item is a motion for a resolution, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure (Doc. 423/77), tabled by Mr Bertrand on behalf of the Political Affairs Committee, on the historic meeting between Mr Anwar Sadat, President of the Arab Republic of Egypt and Mr Menahem Begin, Head of Government of the State of Israel.

I call Mr Bertrand.

**Mr Bertrand.** — (NL) Mr President, Ladies and gentlemen. Contrary to my usual practice I shall read my speech today since I believe that the subject under debate is too delicate to risk any slipshod expression.

As we all know, the Egyptian Head of State, Mr Anwar Sadat, visited Israel at the invitation of the Israeli prime minister, Mr Begin, during the weekend of 19 to 21 November, 1977.

The members of the Political Affairs Committee, representing all the political groups, considered that the European Parliament should express its opinion on this truly historic event. The motion for a resolution before you is the result of this decision.

Why do we regard this meeting as 'historic'? Because we believe that two courageous and experienced statesmen have achieved something here that virtually nobody would have thought possible in this twentieth century of ours, so often marked by cynicism and pessimism. Despite the fact that the sober and formal logic of international law declares that they are still at war with one another, Mr Sadat and Mr Begin shook hands across the thirty years of conflict, and solemnly promised, before the eyes of the entire world, no longer to follow the path of war, to reject war as a political instrument and to make a serious effort to achieve real peace through negotiations.

Mr President, everyone who knows how much hatred and suffering have built up during the last 30 years and four wars between Israel and its neighbours will understand that some leading figures in Egypt regard President Sadat as a 'prophet'. But the meaning of the comment ascribed to David Ben Gurion has also become clearer: 'In Israel anyone who does not believe in miracles is not a realist'. We politicians, who listen to the voice of the people, therefore congratulate these two statesmen in the name of the people on their courageous act. We admire them greatly, because they have expressed, and translated into political action, the burning desire for peace so obviously present among their peoples.

But we will go further and assure them that we shall support their further peace initiatives and — if they wish us to do so — give them concrete assistance. Above all, we wish to encourage our governments to take advantage of this favourable opportunity to do all they can to ensure that this initiative of these two statesmen does not founder, but rather that other countries, too, declare their willingness to negotiate.

Mr President, since the Political Affairs Committee wishes to concentrate on the meeting between Mr Begin and President Sadat, I shall not now go into details of the events of the last two weeks. We shall do that in a report which the Political Affairs Committee will shortly submit to Parliament.

With this motion for a resolution the Political Affairs Committee wishes once again to underline before the whole world that the European Parliament also — and precisely — supports the establishment of a just and lasting peace in the Middle East, and recognizes that it is even responsible for this within the limits of its possibilities. We believe that the meeting between the two statesmen is of historic significance, not only on account of the fundamental human aspects of this meeting, but particularly because the leaders of two governments which are still at war with one another have met directly.

With this action Mr Sadat has satisfied a wish which the Israelis have been expressing for years, namely that the warring states should discuss and analyse the existing problems directly together, in an effort to achieve reasonable overall solutions in due course.

Together with the peoples of our Community the European Parliament hopes that the talks and negotiations begun by Mr Sadat and Mr Begin have substantially improved the prospects for a peaceful solution in the Middle East. We hope, too, that the prospects for the success of the Geneva Conference, which in our view should be resumed very soon, have grown.

We call urgently on all the peoples concerned in this part of the world to participate soon in this dialogue and to make an effort themselves to ensure that general peace negotiations really become possible in Geneva.

On an occasion such as this we must not hide the fact that the great majority of the political movements represented in the European Parliament are unable to approve of the intransigent attitude of a number of Arab Governments with respect to these independent peace initiatives. We hope and pray that the renowned Arab magnanimity combined with the strength to forget the tragedies of the past and to face the future together, and the prospects for a hitherto unmatched cultural, economic and social development of the entire Middle East on the arrival of peace, will finally convince these governments, too, of the need to find a peaceful solution in Geneva.

**Bertrand**

It is, however, not at all our intention to interfere in any way, by this appeal or for reasons which I shall shortly explain, in the negotiations which have already begun. We have no desire to jeopardize the relations between the Arab countries and Israel, which are already difficult enough, by means of an appeal to both parties that could be misunderstood. Nevertheless, in view of the importance of the Middle East for Europe we consider it self-evident and necessary to let the capitals of the countries concerned know that the Europe of the Nine is always prepared, if necessary and if desired, to promote the establishment of a just and lasting peace by concrete measures.

This last statement is not in conflict with the ideas which we in the European Community entertain with respect to the nature and principles of such a just and lasting peace. We know that some of the countries directly concerned consider these ideas only partly acceptable — I am thinking, for instance, of the attitude of the Israeli Government to the position adopted by the Nine *vis-à-vis* the conflict in the Middle East. Mr Dayan, the Israeli Minister of Foreign Affairs, presented this viewpoint not long ago in Bonn.

Notwithstanding, we considered it necessary to say something about this essential aspect. In paragraph 4 of our motion for a resolution we refer to the Statement of the European Council of 29 June 1977 on the Middle East and expressed our agreement with its main points. What principles are expressed in this Statement of the European Council? First of all, the famous Resolutions of the United Nations Security Council Nos 242 and 338. Then, reflecting the same spirit, the following principles which the governments of the nine states of the European Community consider essential.

Firstly, the acquisition of territory by force is in principle inadmissible. Secondly, the European Community considers it necessary for Israel to end the territorial occupation which it has maintained since the conflict of 1967. Thirdly, the European Community believes that the sovereignty, territorial integrity and independence of every state in the Middle East, and their right to live in peace within secure and recognized boundaries, must be respected. Fourthly, in the establishment of a justified and lasting peace account must be taken of the legitimate rights of the Palestinians.

Mr President, these four principles must be regarded as a whole. In other words, everyone must understand that, for example, Israel cannot be asked to vacate the territories occupied since 1967 and 1973 in the Sinai desert, along the west bank of the Jordan, and in the Gaza Strip, unless it has an absolute guarantee that the new boundaries are secure, i.e. ultimately defensible, in accordance with the third principle embodied in the Statement by the European Council. For this

reason, both sides will have to make certain indispensable concessions.

In our view, when studied closely the Statement by the European Council reflects a very balanced standpoint. The criticisms levelled at it from some quarters, and the reproach that it is one-sided, are in our judgment unfounded if one looks at its elements as a single whole.

In addition, in paragraph 5 of the motion for a resolution, the Political Affairs Committee addresses itself to the Community institutions and the governments of the Member States and appeals to them, within the framework both of Community activities and of European political cooperation, to do everything in their power to encourage progress towards the establishment of a just and lasting peace in the Middle East.

The fact that we ask this of our governments, of the Council and of the Commission does not mean, however, that we are suggesting that they should participate as active partners in the negotiations, e.g. in the context of the Geneva Conference. In our view, the Europe of the Nine should be very reticent. Nonetheless, it must make clear to the states concerned that it is genuinely willing to contribute to the peaceful solution of the conflict if these countries so wish. It is certainly still too early to make specific proposals. Such proposals could relate to the reconstruction of the Lebanon, technological and economic support, and even participation in large-scale projects, which can only be carried out by the countries concerned working together. In this respect, there is an important future task for the European Community. We shall not fail to remind our governments continually of this.

Mr President, like the entire Parliament, the Political Affairs Committee will continue to pay close attention to developments in the Middle East. Today, however, we wish to make an appeal to the countries concerned in this part of the world to continue their efforts unabated and to grasp the opportunity created by the historic meeting between President Sadat and Prime Minister Begin. The European Parliament at any rate will always support those who urge reasonable negotiations as the route to a real, overall peace.

In this spirit, Mr President, I invite Parliament in my capacity as rapporteur of the Political Affairs Committee to adopt this motion unanimously.

IN THE CHAIR: MR ZAGARI

*Vice-President*

**President.** — I call Mr Radoux.

**Mr Radoux.** — (*F*) Mr President, the chairman and rapporteur of the Political Affairs Committee has just explained very clearly the reasons for tabling this

**Radoux**

motion for a resolution, which the Political Affairs Committee adopted by an overwhelming majority.

We take the view that in present circumstances, and particularly at the very moment when Parliament must give its opinion, it was right for the Political Affairs Committee to confine itself to expressing its agreement with the principles laid down in the declaration adopted by the European Council on 29 June. I shall therefore make only two remarks, which seem to me to be appropriate at this juncture, on paragraph 3 and paragraph 5 of this motion for a resolution.

In paragraph 3, we appeal to the representatives of the peoples concerned to join in the dialogue begun between Mr Sadat and Mr Begin and support the efforts made to open overall negotiations.

Mr President, ladies and gentlemen, the hope I should like to express is that these overall negotiations, whether they are conducted in one session or in stages, should be carefully assessed by those who have to reach agreement, since we would not wish these negotiations to lead to solutions which might contain the seeds of renewed conflict. We therefore think that, rather than acting hastily, both sides must proceed with extreme circumspection at a time when there is at last a real hope of putting an end to this long-standing conflict.

My second comment concerned paragraph 5. In that paragraph of the motion for a resolution, the Political Affairs Committee appeals, within the framework of Community activities and of European Political Cooperation, for progress to be encouraged towards the establishment of a just and lasting peace. As far as Community activities are concerned, I am thinking here particularly of what our Community could offer this part of the world in the economic field. I believe that if a plan were submitted to us, or a request made to our Community from this region of the world, we might well be able to agree to finance projects which could, for example — as the chairman of our committee reminded us — be worked out jointly by the parties to the conflict. We are thinking particularly of any possible economic projects which might be in the interests of the two sides involved.

Let us therefore stress the joint nature of any projects in which the Commission and the Community as a whole might be interested.

Finally, with regard to European Political Cooperation, I think we cannot emphasize enough that we have no desire to be the first to make proposals or suggestions, but that we would immediately respond to any suggestion or proposal made to us, for instance if our assistance were requested in the form of good offices or in any other diplomatic form which might be asked for if the need arose.

In conclusion I think that the Political Affairs Committee did well, as I said at the beginning of my

speech, to stress in this motion for a resolution only two specific aspects, upon which I have briefly touched, and to refer to the Council's declaration of 29 June for our general view of the situation. For the moment, that declaration remains — for Parliament and certainly for its Political Affairs Committee — the basic element of our Middle East policy. Like the chairman of our committee, I hope that Parliament will associate itself with the opinion of the overwhelming majority of the Political Affairs Committee.

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

**Mr Blumenfeld.** — (D) Mr President, the Christian-Democratic Group, on behalf of which I speak, supports and welcomes Mr Bertrand's initiative which, if I remember rightly, was actually tabled during the historic meeting between President Sadat and the Israeli Prime Minister Mr Begin — that is, on the occasion of his visit to Jerusalem — at what we regarded even then as an historic moment with great expectations which we still hope to see fulfilled. The rather ponderous and lengthy procedure of this Parliament and the workings of its committees have meant that the motion for a resolution could not be put before the House before today. I should like to say on behalf of the Christian-Democratic Group that we support this motion in its entirety and shall vote for it.

Perhaps, however — as so often happens by chance — it is no bad thing that we are only today discussing the motion for a resolution in this House, on the very day on which the Cairo Conference called by President Sadat has started with auspices of hopeful developments, at least from the working sessions of the next few days.

I should like, on behalf of the Christian-Democratic Group, to discuss just one or two points in the present motion for a resolution, namely paragraphs 2, 3 and 5. We agree with Mr Bertrand, the originator of this motion, that it cannot be our task here today, nor in the near future, to make detailed proposals. It was therefore sensible to confine the motion for a resolution tabled by Mr Bertrand on behalf of the Political Affairs Committee to the essential points. We believe that it is up to those directly concerned to discuss the details among themselves. We Europeans — let me say this once again — are deeply committed to peace. In view of our own sorrowful history we must take this commitment seriously, and therefore not only do we always have a great interest in genuine and forward-looking discussions and negotiations between the parties concerned, the governments and peoples, but whenever we are called upon to do so we want to support them.

## Blumenfeld

We see it as our task — if I may say so on behalf of our group — within the framework of our relations and contacts to make it clear to the political leaders in the Arab World — in Jordan, Syria, the Lebanon and Saudi Arabia — who are still standing on the sidelines, that we, the European Parliament, unreservedly support the historic breakthrough of President Sadat's visit and the discussions that have begun between the Israeli and Egyptian political leaders and that we welcome the fact that the United States has given its support to this initiative and are now also taking part in the so-called preparatory conference in Cairo. We would appeal to those standing aloof — and that, I think, is our task — to join the peace front that their peoples, and not only the peoples of the Middle East, want. We must, however, also say to them that it is only demagogues who need fear peace.

Mr President, I read in the press today that the Syrian Government newspaper *Tishrin* had accused the United States of torpedoing the Geneva Conference by encouraging President Sadat to hold direct negotiations and by being present in Cairo. The paper further declared, on behalf of the Syrian Government, that no power on earth could persuade Syria to accept the policy of capitulation to Israel. I must add that the already sometimes confusing language of certain Arab politicians is now becoming completely incomprehensible. How can negotiations between the parties immediately concerned be regarded as a capitulation? If President Sadat has said that he wants no more war, no more armed conflict, then it is surely clear that further hostilities in the Middle East are out of the question. I think that is wholeheartedly to be welcomed.

If the West continues to allow the Egyptian President's peace initiative and the talks that have now started in Cairo to be accompanied by — I can find no other word for it — hate-filled commentaries, these declarations reflect not a desire for peace but an attitude that is quite obviously aimed solely at satisfying maximum demands, and these maximum demands are laid down — this deserves, Mr President, to be put on record here once again — in the PLO Convention of 1968.

I have been informed that a senior representative of the PLO approached Members of this Parliament and tried to influence the motion for a resolution before us today in the PLO's favour. In the past few years the PLO has skilfully managed to give the world the impression that it is essentially a moderate political organization for defending the legitimate interests of the Palestinian people.

Many countries, in the Third World in particular, have shown an incredible leniency towards the activities of the PLO, and with the help of their automatic majority in the United Nations they have even made this attitude to a large extent respectable. The reaction to the rejectionist summit in Tripoli, however, has once again shown the true face of the PLO. How can the world in fact now continue to claim that Arafat is a moderate politician when, at the Tripoli summit, he spontaneously presented himself to the television cameras for all the world to see in a grand fraternal embrace with Habasch, the leader of the PFLP, who has proudly accepted responsibility for countless attacks on innocent people, and with the Libyan dictator Gaddafi?

There was, however, no need whatever for the events in Tripoli for the facts to be seen in their true light. The Political Affairs Committee of this Parliament as long ago as February 1976 provided its Members with the so-called PLO Convention, in other other words its political programme, in all the official languages, and in March this year this political programme was confirmed once again unambiguously at the last Congress of the PLO. I should like to quote just two points from the Parliament document on this Convention:

Only the Palestinians can claim the right of self-determination and full and total possession of the country. Any solution which does not consist in total liberation of the country will be rejected; this aim cannot be achieved by political means, but only by military means.

and again:

The Jews do not constitute a nation and have no right of self-determination nor any right to a state of their own.

Mr President, why have I briefly mentioned these things? Because at such an historic moment, when — as Mr Bertrand said — two statesmen in the Middle East, President Sadat and his partner, Prime Minister Begin, have achieved the historic breakthrough, it is also important that we should not allow this breakthrough to be discredited by hostile comment or upset by hostile attitudes, but should do all we can to see that the continuity of this peace movement, of this peace initiative, is maintained and that in the economic field — as Mr Radoux said just now — and in the social and technical fields we should give every possible assistance to this new development as soon as we are asked to do so.

I think I can say on behalf of the Christian-Democratic Group that we hope soon to be asked by the peoples of the Middle East for help in building the peace.

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

**Mr Berkhouwer.** — (NL) Mr President, I shall be very brief since I naturally wholeheartedly support the points made by Mr Bertrand, who was responsible for this debate, and by Mr Blumenfeld. There is therefore no need for me to repeat what they said.

The main thing to have emerged is that the people of Egypt and the people of Israel do not want to go on fighting. This is their wish, and I think it is up to us to respect it. This means first of all that we should refrain from interfering in their affairs. The Israeli people were given a state of their own in 1948 at a time when the two great powers which now hold the balance of power in the world were fighting for their birthright. Since then, this part of the world has been constantly at war, and the Israelis have been defended alternately by one or other of the major powers or by both. Now they are defending themselves.

Perhaps things have developed so far that the big two, or perhaps the big three, no longer make the decisions in the world. Well, that would not be such a bad thing, I should like to stress, however, that the peoples involved have now taken their fate in their own hands. I cannot predict what will happen in the future any more than anyone else. Sadat's trip to Jerusalem gave rise to tremendous euphoria. Now it is Begin's turn to go to Cairo, and it is now up to Israel to make concessions and negotiate. We have, thank God, heard rumors from Jerusalem to the effect that Israel is prepared to do this following the historical concession made by Egypt.

Both Israel and Egypt are on the Mediterranean Sea which used to be the 'Mare nostrum', our European sea. Rome, Athens and Jerusalem were not the only fountainheads of European culture and history, there was also Egypt. And what is remarkable about that? Europe has never had anything to do with the developments in that area. Geographically we are very close, but as far as politics are concerned we have never had anything to do with that country. This was left to, geographically speaking, more distant powers. This is clearly a thing of the past, however, since America is prepared to go to Cairo while the Soviet Union is not, and if the peoples involved can settle the matter between themselves, it may be possible to dispense with the Geneva conference. We as liberal-minded people in Europe wonder who has the right to act as an intermediary if these peoples can settle the matter directly between themselves. It is therefore of no interest to me whether the Americans have outdone the Russians or vice versa. The important thing is that peace is coming to this part of the world. This is the only thing we are concerned with, and this is why I and my friends in the Liberal Group are pleased at Mr Bertrand's initiative, since this is a matter with which we are naturally concerned, in that these events are

taking place on our doorstep. *Europa res sua agitur.* These people are our neighbours just as much as the Greeks, Spaniards and Portuguese.

We therefore wholeheartedly support what was said by Mr Bertrand, Mr Blumenfeld and Mr Radoux. We can only hope that lasting peace will come for all the peoples in this area as soon as possible.

Mr Radoux said that the Community is offering a helping hand throughout the world, even to Cuba, for example. It is therefore quite right that we should do something, not only in the case of Egypt and Israel, but in all the countries in that part of the world which need our help to promote parliamentary democracy, among other things. Thus we should help all the countries in Southern Europe and all the countries on our doorstep. Europe itself was at one time raised from the ruins by the massive American Marshall Aid project. Could not we in Europe now draw up a sort of Marshall Plan for the Mediterranean countries and enable them to share in our wealth, which after all is more than we need. We may well be going through a period of recession, but in comparison with other parts of the world we are highly privileged people in material terms. Perhaps we should bear this in mind. What I am putting forward is only an idea following on from the suggestions made by Mr Radoux. We should come closer in practice than hitherto to the people who live so near to us, who are our neighbours and close relatives.

These were a few thoughts deriving from the initiative taken by Mr Bertrand, which we applaud. We shall wholeheartedly support his motion for a resolution.

**President.** — I call Lord Bethell to speak on behalf of the European Conservative Group.

**Lord Bethell.** — Mr President, I am one of several Members of this chamber, I imagine, who watched with amazement several weeks ago on simultaneous television coming to our continent by satellite, as the President of Egypt entered the Israeli Parliament to the cheers and applause of the Members of that parliament, and listened with admiration to the speech given by Mr Sadat and was impressed by the attention and the silence and the applause which greeted Mr Sadat's speech. If I had been told earlier this year that such a thing was likely to happen, I would not have believed it.

I was disappointed a day or two later, Mr President, to note that the EEC Council was not able to issue a statement welcoming the visit of Mr Sadat to Jerusalem. By a majority, I am told, the Council was unable to agree on a statement welcoming this visit. This is why I am particularly glad that Mr Bertrand raised this matter, and very grateful indeed to Mr Simonet for remaining behind to listen to this brief debate, because it will give Mr Simonet a chance to speak again about this matter. I hope, very much, that he will be able to say something about the visit, some-

### Lord Bethell

thing more than he was able to say on a previous occasion. I realize that it is not his personal decision; he cannot act in a personal capacity, but he has a chance, at least now, to say something about it.

It is also particularly appropriate that we in the European Parliament should be debating the question of Israel, Egypt, Palestine, because it was Europeans, after all, who gave birth to the whole problem as it exists today. Sixty years and a few days ago, it was a British Government that issued the declaration which was the foundation of the present state of Israel. This declaration was endorsed a few years later by the governments of France, Italy and the United States, and it was Europeans who played a very great part in those early years in creating the situation that now exists. If it were not for Europe, the map of that part of the world would be very different. Therefore, we have a great historical responsibility for the present state of affairs, one which we cannot lightly discard and one to which we must turn our minds on such historic occasions as this. I am subject to correction, but it is, I believe, the first public meeting between a leader of the Jewish nation of Palestine and an important Arab leader, the first public meeting of this sort since the meeting between Mr Chaim Weizman and the King of Saudi Arabia only a year or two after the Balfour declaration was signed. It is the first such meeting in nearly 60 years.

We in Europe are irrevocably involved in the affairs of the Middle East and in the Arab/Israeli dispute. The events of October 1973 have surely convinced all of us that we cannot remain indifferent to the Arab/Israeli dispute, and that we in Europe are particularly involved and vulnerable to any escalation of that dispute. It must surely be our unanimous wish that that dispute be resolved, and this wish is reflected in the motion put before this House by Mr Bertrand, a motion which we in the Conservative Group support wholeheartedly.

There is one point I would like to mention. Paragraph 4 of the motion uses the word *must* in relation to the sort of peace agreed in the Middle East. It says that just and lasting peace in this part of the world must be based on certain principles. Now there may be some question of translation into the English language from the text already drafted by Mr Bertrand but, speaking personally, it is my feeling that it is not for this Parliament, or indeed for the European Council, to use the word *must* in relation to the sort of peace that ought to be negotiated. We have certain views in our group, in our Parliament, in our Council, which we have put forward. But in the final analysis, I suggest, it is up to the people of Israel and the peoples of the Arab nations, to decide for themselves on the sort of peace they can negotiate, and while, as Mr Bertrand said, it will be our duty to contribute in any possible way we can, as a Community, to the achievement of peace, it is not for us to oblige the participants in the dispute as to what peace they should decide for themselves. It is of course common ground

in our group, — and I believe in this Parliament, — that any peace which is agreed must allow the state of Israel to exist within firm and secure frontiers, and that a homeland must be found for the Arabs of Palestine. But I would not at this stage, in this very delicate atmosphere between the disputing states, wish to go any further than that in laying down the law about what sort of peace ought to be decided.

I can only, Mr President, welcome this resolution, welcome the meeting that took place between Mr Begin and Mr Sadat and support the resolution.

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

**Mr Galluzzi.** — (I) Mr President, in line with what Mr Blumenfeld said regarding the constraints of procedure, I feel that it is not a bad thing that the debate and vote on Mr Bertrand's motion for a resolution is before the House at today's sitting.

The Cairo Conference is about to begin. The situation is still very open and very difficult on account of the attitude of a number of Arab states who have still not swallowed the idea that Israel has a right to exist. It is also difficult because in spite of President Sadat's brave gesture in flying to Tel Aviv and Jerusalem and acknowledging, for the whole world and the Arab states to see, that Israel has a right to exist, it is still not certain whether Israel has the courage to match this gesture and, as foreign minister Dayan has said, make concessions and take the brave decisions which are needed. No one has any idea yet of how the Palestinian problem will be solved, and this is one of the key issues for any solution in the Middle East.

Despite all these difficulties, the European Parliament can currently aid the cause of peace by stating its position. There are two conditions, however; firstly, we must accept that our task at the moment is not to pass judgment or, even worse, to take sides with one or other of the parties to this dispute, but rather to adopt the motion now before the House as an encouragement for a settlement and for the initiatives which have got under way. The second condition is that we must accept that there will be a lasting settlement — and the motion for a resolution rightly stresses this — only when there is an overall settlement, bringing peace to all the peoples in the area and all those involved.

I must say that I was impressed not only by the precision with which Mr Bertrand tackled this problem, but also by his caution, because this motion of his takes account of the critical stage now reached, of the fact that, as the papers would say, we have now come to a turning point, a moment of truth, so that we must watch very carefully what we say and the attitudes we adopt.

With these few comments, I conclude by saying that our group supports the motion for a resolution and will vote in favour of it.

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — Mr President, it is with no apology that I want to start off on what may sound an emotional note. They once said about the Scots that all our wars were merry, and all our songs were sad. I would like to say there is nothing merry about any war, nothing about it, even though beautiful songs may come out. When I visited Israel, which unfortunately was only once, as a tourist, I noticed a simple thing. The songs at the top of the hit parade were all songs about peace. The fact that that was so was clear from every radio and from all the media. There is absolutely no doubt in my mind that the people in the Middle East, from the Arabs and the Jewish state of Israel wish peace. The world, as Lord Bethell said, watched with breathless wonder and satisfaction an individual act, when so often we think we are helpless; we watched an individual act and we noticed that the welcome given to President Sadat in Israel was only equalled by the welcome given to President Sadat when he came back to his own country of Egypt. It was the two things taken together that remind us that most people do feel helpless. We elected representatives of great numbers of people, have a duty to put matters on record, and I really do welcome most sincerely, in a few words, the resolution before this Parliament from Mr Bertrand.

I would like to agree with the last speaker, how wisely I think he has attempted to frame the resolution too. I believe that this resolution is important because, representing as this Community does, so many millions of people, there must be a voice on matters of history where the attempt is to reduce war and violence. It is very bad for the dignity of mankind to feel helpless; and it is very good when now and again the individual man in the street sees that the individual acts of politicians, heads of state, can actually produce a possibility that a war situation can end.

Mr Blumenfeld made the point in his speech that it cannot be for us to do this. There was never any question that a Middle East solution would only be found by the people in the Middle East; that is the whole point. Many of us care and watch with concern; Americans do, we do, everybody does, but in the end it has to come from the people of the Middle East themselves, and that is what is so encouraging about what took place.

I am just adding my voice on behalf of my party which in my country represents a considerable number, though here I am alone. And we feel this about President Sadat, that he should be particularly congratulated. I would like to say, in the words of a Scotsman, if you take one man and he seems at a moment to stand alone, but he stands on a solid rock of principle, then just watch the rest of the world come and stand beside him. And I believe that what

he did with such courage will be followed by other Arab states. I believe that the impression made by this Parliament, by all the voices that are going to applaud this historic meeting, will influence the other Arab states to come and stand behind President Sadat. Israel was recognized as a state by him; that was an amazing concession in a situation that looked hopeless. With these words, may I support the resolution absolutely from my heart.

**President.** — I call Mr Normanton.

**Mr Normanton.** — Mr President, may I also join with colleagues in offering my congratulations to Mr Bertrand for the courage and the care with which he has brought forward this resolution for our consideration here today. May I also offer my apologies for not hearing him introduce it himself as unfortunately I was engaged elsewhere in the building. But I am sure we all rightly welcome the coming together of two great leaders, two key figures in this Israel-Arab conflict. I certainly share the view expressed by Lord Bethell. If anyone had asked me, when I was last in Israel, if this was a possibility for the future, I would have said it is not even a starter. Perhaps this is one of those many occasions on which I am delighted to say my judgement was wrong.

But there are one or two other points on which I do not believe my judgement — and that of most of us in this House — will be proven to be wrong. I earnestly hope that what will flow from the dialogue between the two leaders of the two conflicting parties is an outcome which will be satisfactory to both of them. If, in the judgement of both parties, the outcome is not satisfactory and workable, then the whole of this exercise will have been a complete waste of time, and will have destroyed the hopes of millions of people, and of the Community.

But with great respect to Mr Bertrand, I do wish to say that I regret that he included paragraph 4 in his resolution. I do not believe the Community has any right to prescribe the conditions under which the negotiations should be conducted. The only people who, in my opinion, have any right to do so are the participants themselves. No possibility for peace can exist in the future if it is to be imposed by forces outside these two conflicting parties. It is only the interplay of the negotiations between the two which can have any lasting effect. Although I would not wish to ask Mr Bertrand to consider deleting paragraph 4, I certainly feel it is not in the best interests, nor does it reflect the right evaluation of the European Community's concern or involvement in this matter.

If Mr Begin and Mr Sadat are to reach an agreement, then the Community should, and indeed must, learn one lesson from the events of the past, the long past during which the European Community has been in existence. That lesson is that the European Community is a political non-event — as far as influencing

## Normanton

political events in the world is concerned. We leave, and we have consistently left the influencing of events and the moulding of international decisions to the United States, whether it be in the hands of Mr Kissinger, or the present Mr Vance, or their predecessors. That I regard as thoroughly irresponsible and for which we, as a Community, should and will continue to be indicted, and rightly so. The reason is, simply, that we have failed to find common ground amongst ourselves, to adopt a stance on political events in the world; events which have had, and will continue to have, a major influence on our lives. Until the European Community establishes an identity as a Community, not as nine individual Member States, through political and diplomatic negotiations in the international field, in exactly the same way as we undoubtedly have done in the commercial field, then I feel that this House is merely pontificating on world events like spectators at a football match, who are telling the players how to get on with the game, but whose voices are unheard and whose influence is nil. There is, of course, an area in which the Community has the right to play a part, and here, one only needs to be reminded of commercial policy. In this particular context, I earnestly hope that Commission and Council will take note of and use such capabilities and resources of ingenuity as they undoubtedly have, to see that we do all in our power to formulate and promote trade between Israel and the Community, and between Egypt and the Community. Trade rather than aid is a more efficient and longer lasting cement in international affairs. That is an area in which we have the competence, the authority, and the international recognition which is called for, if we can only use it even-handedly and impartially in backing up the efforts of these two great and courageous leaders.

The second point is that we must take note of and take action against all obstacles in the path of such trade. One of the biggest of those obstacles is the policy enshrined in what is generally termed the Arab boycott — conditions which are demanded from all who trade with the Arab part of the world. It prejudices international trade in general, it prejudices even more directly Community industry, and Community traders in particular. I earnestly hope that, without adding or striking any discordant note on this most auspicious occasion, the Commission and the Council will use their best endeavours, in the most effective way, in this context as in others. Ultimately, we have to assume responsibilities on political matters on an international scale. Until we do so, we will continue to be the yoyo at the end of a piece of string where international political events are concerned, rather than the master of our destiny and an influence on the course of events in the world outside.

**President.** — I call Mr Bertrand.

**Mr Bertrand.** — (NL) Mr President, my conclusion will be very brief. First and foremost I should like to

thank all the speakers and groups for supporting the move on the part of the Political Affairs Committee to express an opinion on behalf of the European Parliament on this historical event. However, I should like to answer one point made by Mr Normanton, i.e. his proposal that paragraph 4 of the resolution be deleted on the grounds that we are prescribing conditions. May I point out to Mr Normanton that paragraph 4 is the very heart of this resolution, since it draws attention to a number of principles which in our view are essential features of a just and lasting peace. This paragraph after all refers to the declaration adopted by the Heads of Government in the European Council on 29 June 1977 in London. I am surprised that it is our colleagues from the United Kingdom who now appear to object to a decision by the nine Heads of Government which is completely in keeping with the decision taken by the United States on this conflict, since immediately after the United States had made its declaration, the nine Heads of Government adopted the same position in London on 29 June in order to state clearly what they understand by a lasting and just peace in the Middle East. We referred to this declaration so as to act in accordance with the attitude adopted by the Heads of Government of the Member States and in order to avoid any risk of misinterpretation. This is the point of paragraph 4, and for this reason I think it should be retained in order to maintain a balance in the resolution as it stands before Parliament. I should therefore like to urge Parliament to adopt the entire motion for a resolution in its present form.

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

I call Lord Bethell on a point of order.

**Lord Bethell.** — Mr President, is the President-in-Office of the Council not going to speak about the debate we have just had?

**President.** — Lord Bethell, the President-in-Office did not feel it necessary to speak; furthermore I think that he has already contributed a great deal to the debate.

#### 14. *Imports flooding the Community markets*

**President.** — The next item is the joint debate on the oral questions put by Mr Inchauspé, Mr Cointat, Mr Cousté, Mr Terrenoire and Mr Liogier, on behalf of the Group of European Progressive Democrats, to the Council (Doc. 363/77/rev) and the Commission (Doc. 364/77/rev) of the European Communities:

Could the Council/Commission report on the action it has taken in the face of the flooding of Community markets by imports from third countries; in particular, has recourse to voluntary restraint agreements had the desired effects?

In addition to cumbersome safeguard clauses and the voluntary restraint agreements, does the Council/Commission envisage other measures to safeguard employment in the key sectors of the European economy?

I call Mr Inchauspé.

**Mr Inschauspé.** (F) Mr President, the matter we are about to discuss is such a burning issue at present that it is bound to be highly controversial. I am referring to the 'flooding' of our markets by imports from third countries, although this term is an unsatisfactory one as it has negative connotations which make impartial discussion extremely difficult.

There are those who believe that imports of this kind are perfectly in order and form an essential part of the Treaty of Rome, which set up a market open to trade with all countries and in all products. Those who hold this belief are accused of being excessively liberal and of adopting *laissez-faire* attitudes.

On the other hand, some people think it is high time that the flood of imports was stemmed, as they lead to unemployment and the closure of many factories, including modern ones, especially in the textile and footwear industries. Such people are accused of being protectionist and bitterly opposed to the common market.

While some of the nine Community countries call for the application of the safeguard clause, others take the view that the movement of goods, even of those from outside Europe, should continue unimpeded. What is the solution? How can we preserve the spirit of the Treaty of Rome without jeopardizing the survival of a large number of undertakings?

The European Commission had already foreseen this problem, and this is what prompted the first Multi-fibre Arrangement. After this initial agreement, however, Europe signed only about fifteen multilateral voluntary restraint agreements, whereas the United States concluded many more; but in addition to this the US has carried out systematic checks on imports, while the nine Community countries, with their individual frontiers, have made no such checks. As a result the Community has accounted for 75 % of the growth of the developing countries' textile production, as against only 10 % in the case of the US, which has a potential market at least as large as that of Europe. Thus, our first conclusion is that the trade agreements which we reach with the developing countries should be monitored statistically.

My second point is that the flooding of the market by imports is not a new phenomenon, and until the world crisis of 1973 — for this is what it was — European factories were able to convert to a greater degree of specialization. There was thus a division of labour between the advanced technology of the European workers, and the less specialized production of third countries. France, which exports a third of its agricultural produce and 28 % of its manufactured goods, understandably welcomed this trend and, like its partners in Europe, was eager to promote the development of third countries. However, for the time being it is no longer possible to redirect industries and their

workers to the production of other goods, as the markets are closed and the populations of the oil-producing countries are not sufficiently great to absorb any surpluses. We should therefore exercise restraint and ensure that during a transitional period only industries facing difficulties can recover gradually by means of a controlled growth in trade, with the safeguard clause coming into operation as soon as it becomes necessary.

Voluntary restraint agreements have already been concluded for textiles, and none too soon either, because two shirts in three and one pair of trousers in two sold in France were made outside the Community. A similar agreement should also be applied to footwear, for all these problems can only be solved on a European scale. The nine countries, their governments and their industrialists and trade unions must agree to the checking of certificates of origin and avoid the deflection of trade which happens too often, especially in the case of the countries with state-run economies.

Thirdly, amid the dangers facing Europe and its manufacturing industries it is often forgotten that certain friendly countries such as Spain do not always compete with us according to the normal rules of competition. The European authorities are concerned about this and an enquiry has been started to determine why steel tubes are sold much more cheaply in the Community than on the Iberian peninsula. It is simply because this friendly country, which we wish to help and one day welcome as a member of the European Community, is using the transitional period to grant considerable tax advantages to its exporters in the form of direct exemption from tax on the exporting companies' profits. Did you know that millions of espadrilles are thus being imported into Europe and that 119 000 cars made in Spain were sold in the Community in the first seven months of 1977? People often talk about imports of Japanese cars, but as far as I know we have not yet reached figures of that order.

For everyone's sake and in particular to help this great country to join the Common Market, the practice of dumping for reasons connected with taxation must cease immediately. Mr Gundelach told us during the last part-session that relations between the European institutions and the Iberian peninsula were somewhat irregular. Let us hope that they improve.

I come now to my conclusion, Mr President. The problem of the flooding of our markets by imports used to be resolved by the conversion of undertakings, which looked for and found other markets and products. Now we have to stop and think of ways of avoiding a disastrous situation in Europe. Above all, we should avoid hurling abuse at one another, irrespective of whether we favour protectionism or free trade. The seriousness of the situation, with undertakings

**Inchauspé**

being shut down and millions of Europeans unemployed, calls for more than mere rhetoric. We must act and take decisions without delaying too long, as may have been the case with the European iron and steel industry which, despite the ECSC, was unable to make adequate preparations for the recession. Let us not miss the boat for the other industrial sectors. If we do, Europe and its workers will not forgive us.

Thus in our motion for a resolution we remind the Council and the Commission that if the Community does not take firm and immediate action, the growing threat to employment in Community undertakings will force certain member countries to adopt measures to protect their national interests. The Community cannot allow its economic potential to be wasted, even if only in a few sectors, as these could grow in number and put a large proportion of Europe's working population out of a job. This is not what the founders of Europe and those who are now involved in building the European Community had in mind.

**President.** — I call Mr Simonet.

**Mr Simonet, *President-in-Office of the Council.*** — (F) Mr President, I would first point out that the Community considers it very important that under the present economic circumstances all the international trading partners should endeavour to combat protectionist trends and continue their efforts to maintain and develop freedom of trade.

We are convinced that in the last instance the protectionist spiral constitutes the greatest danger for employment in the Community. This does not mean that we may not be faced in a certain number of economic sectors with serious difficulties in respect of which we are forced to take appropriate measures. I would point out that these difficulties may be due to imports made under unusual conditions but they may also be the result of greater competitiveness from some of our trading partners in sectors where Community industries are encountering structural difficulties.

The Council has thus had to take a number of measures or initiatives in the commercial policy field. Without wishing to draw up an exhaustive list, I would recall that the Council adopted a number of safeguard measures for textiles and has granted the Commission a brief to negotiate voluntary restraint agreements, the purpose of which is to achieve a degree of stabilization in the penetration rate of imports of the more sensitive products.

The Council has also taken a number of anti-dumping measures with regard to Japan and Taiwan. Together with its major trading partners it has sought a solution to the current crisis in the shipbuilding industry. Talks have been started and are being actively pursued with Japan in order to find a remedy to the growing imbalance in trade with that country.

Finally, a close watch is being kept on the situation in other particularly sensitive areas, such as the steel

industry, and as I had occasion to say a moment ago it will be discussed in detail and decisions will most likely be taken on it when the Council meets on 19 and 20 December.

However, it must always be remembered that these commercial policy measures in Community sectors facing a structural crisis will not be sufficient to provide a lasting solution to the problem. Further action will be required, especially in the trade, industrial, regional and social policy fields. In this connection I would point out that under Article 4 of the Council Decision of 1 February 1971 the Social Fund may, by a decision taken by the Council on a proposal from the Commission, grant assistance when an existing or foreseeable imbalance in the field of employment is on a scale justifying Community intervention and is such that it produces or is likely to produce serious consequences for a considerable number of workers.

**President.** — I call Mr Cheysson.

**Mr Cheysson, *Member of the Commission.*** — (F) Mr President, the question raised by the honourable Member concerns the flooding of the Community markets. This is a striking and evocative metaphor, but it has no precise legal meaning. Therefore, like the President-in-Office of the Council, I shall confine myself to the present facts.

There can be no doubt that the developing countries, which now have sounder economic structures, are better organized and have attained more advanced technology in certain fields, and are used more widely by the international companies as bases for production, now offer greater competition than before. Their exports have rocketed. And all this is happening at a time when the industrialized world is experiencing economic recession, stagnation and at times a fall in demand. In the industrialized world huge investments were made for a period of growth which is now at an end, and firms are trying to obtain at least a small return and to cover their fixed costs. Industrialists are tempted to indulge in cut-throat competition and favour marginal production while they sell their goods on terms which do not guarantee an adequate return on the capital invested. Everyone loses out in the end. In the industrialized world certain sectors (iron and steel and shipbuilding, to name but two), are kept afloat solely by public money, which you will agree could be put to better use.

When the effects of this situation become excessively harmful — and the rapporteur has already described certain aspects of this — safeguard and anti-dumping clauses are applied, as the President-in-Office of the Council has pointed out. We know, however, that such defensive measures, although essential in the event of an immediate threat, are neither sufficient

### Cheysson

nor satisfactory. The President-in-Office of the Council has affirmed the Community's faith in a liberal trade policy; this has been stated by the rapporteur and by many other authorities. I have here the excellent report which was drawn up very recently in France by a parliamentary committee and which states that while it would be impossible to return to protectionism, the legitimate means at our disposal should be used judiciously and efficiently. There is no Maginot Line behind which the Community can defend its employment and economy while it imports 75 % of its raw materials and while its exports, 50 % of which go to countries outside the Community, represent an essential part of the member countries' gross national products. A few days ago the French Prime Minister said that to resort to protectionism would be political suicide. I think we would all agree on this. We should therefore devise an orderly and rational means of opening up our markets.

We should undoubtedly recognize the problems affecting the developing countries. We should not be indiscriminate in opening up our frontiers, and we should anticipate future trends and exercise caution. The recent talks on textiles illustrate this point. We decided that the Multifibre Arrangement would only be renewed if the bilateral talks indicated that growth rates would be acceptable in various fields. These talks recently came to an end, and the Commission now has to make a report to the Council. I can therefore give no details here. But let me just say that the penetration rate of the most sensitive products (in Group I) will be stabilized, while the other products will be increased slightly and all imports will be monitored.

There are two points which need to be raised concerning the talks. Firstly, as the rapporteur quite rightly pointed out a moment ago, the 1973 Multifibre Arrangement was not followed by the establishment of a satisfactory monitoring system. We must admit that in this respect we have been far more lax than the Americans, who concluded the same bilateral agreements but, unlike ourselves, supervised their application. As a result, as Mr Inchauspé said just now, since the end of 1973 the Community has accounted for three quarters of the growth in textile exports from the Third World. This must not happen again: we should have a strict system of control which allows us to take swift action. Mr Inchauspé was right to stress this point: such a system must be introduced.

My second point is that the volume of work entailed by the talks is without precedent in the history of the Community — the Community has never before had to negotiate with thirty countries in a few weeks on such difficult subjects. This illustrates the Community's desire to abandon protectionism, since we accept growth, even though this is very limited in the case of certain sensitive products. It also shows, Mr

President, that when the Community speaks firmly and with one voice, it is heard, simply because it is the world's greatest trading bloc. This point is also worth bearing in mind.

We hope that we do not have to adopt similar policies in other areas. The matter will be examined, and it will certainly be necessary to give it further thought. As far as the industrialization of the developing countries is concerned, we believe that we should assist them in their development and that the ensuing growth in the market will be of importance to the Community. Furthermore, the industries which we help should share in the development of our partners.

I have two conclusions to draw: firstly, consultation with our partners in the Third World should be much closer and be given far greater priority than has been the case hitherto, as it is harmful for them to carry out investments only to find that they have no means of disposing of their goods. The outlets for the goods produced by their industries should be considered in advance. It is worth noting that as a result of our talks with Morocco and Tunisia, consultation with these countries is now regarded as standard routine.

We must also ensure that the industries which we encourage really help the people of the Third World.

Some of these industries are all too aware that they can only survive by maintaining abnormal working conditions, conditions which European workers rightly deplore and which are completely contrary to the international arrangements accepted by the world in general. In such cases I think we should adopt a more discerning attitude to protectionism and to the priority which these imports should be given. We should likewise adopt a rational policy towards our industrial partners and try to conclude voluntary restraint agreements. We should also try, in certain cases, to stabilize the rate of penetration of our own exports to industrialized countries, for we must remember that protectionism is not always the answer.

In such a sensitive area as that of footwear, for example, we should seek to ensure that in protecting our own market we do not close down markets to which we export ourselves, since our overall trade balance in footwear is at present favourable.

This means — and this is the crux of the problem — that we can only achieve an acceptable solution if we make allowance for the external aspects of the situation when making forecasts on the internal market: in other words only if we are able to anticipate trends in certain industrial sectors, to weigh up our opportunities, to recognize the limitations imposed on us, to determine the conditions for modernizing trade where this is necessary, to foresee developments and, in particular, to take advantage of the respite afforded by agreements, like those recently concluded, which make it possible to reorganize production when it is necessary. This is a very ambitious goal, but I cannot

**Cheysson**

see how our external policies can otherwise be implemented. At European level, it undoubtedly applies to sectors which are badly handled at national level. It may apply to a few strategic sectors in the field of energy, but certainly to sectors in which size is a determining factor, such as aeronautics — and certainly also to sectors which are greatly influenced by competition, because products which are not subject to restrictions may be distributed over the entire market. These policies should thus cover all fields of our activity, not only our trade policy, whether this be defensive or dynamic, but also our aid to exports and for redevelopment and training. We need, in fact, to draw up overall policies for industry, which of course implies very close contact with professional bodies. It also presupposes constant consultation with workers' representatives, and makes the role played by the representatives of the political movements in the European Parliament a most important one.

The flooding of our markets by imports has thus led us to seek an external trade policy which falls within a wider political framework. In my opinion — and this is also the view of the Commission — this is the only way in which our policies, which are at present defensive, can become constructive and benefit our economy and those of our partners. I would therefore like to conclude by saying that I feel that the motion for a resolution which was submitted by a number of Members and which I read a moment ago is excessively defensive in tone. This is not to say that I disagree with any of the terms used, but I do not believe that such a defensive approach is the long-term answer to our problems.

**IN THE CHAIR : SIR GEOFFREY DE FREITAS***Vice-President*

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

**Mr Schmidt.** — (*D*) Mr President, as spokesman for the Socialist Group I make no secret of the fact that we are also greatly concerned about the situation on the labour market in Europe. As a group that is particularly aware of the interests of working people, we of course always greatly appreciate any measures aimed at promoting these interests. At any rate we support in principle anything that can contribute to preserving jobs or creating new employment opportunities in our countries.

On the other hand, however, it would in our view be short-sighted if, prompted by the need to improve the employment situation, we sought certain advantages at the expense of others. We believe that it is in principle necessary for a Community which ranks as one of the biggest exporters, or indeed the biggest of all, to show great understanding for the fact that others too

have to sell the goods they produce if they in turn are to be in a position to purchase certain products.

We do not think, however, that it is a good thing to apply the same yardstick indiscriminately to all potential importers and exporters here, for example in the textile sector, but that it is necessary to make certain distinctions. We fully appreciate this and maintain most emphatically that the export opportunities for those whose level of development is very poor should in no way be restricted. However, in our view there are also among the main textile exporters countries which cannot necessarily be put in the category I have just mentioned, and these also include countries whose export opportunities are in part paid for by imposing sometimes disastrous conditions on their workers, thus obtaining an unfair advantage as a result of exploitation in terms of both wages and working hours.

We are of the opinion that in this field it is essential for the Community to protect itself. But how can the Community do this? It would be bad for the Community to start putting up barriers against exports in general. Recently I happened to be in Kenya and opened a newspaper in which I saw an article calling on the government there finally to do something about the unwarranted imports of textiles into Kenya. If this route is followed, everyone will put up barriers against other people's products, and in the long run this will benefit no one, but we shall all have to pay the price of seeking only our own advantage, instead of having as much freedom of action in this field as possible.

We therefore think that under the terms of the mandate given by the Council the Commission is following the right course. I should like to make it clear in advance, before I say any more, that we support the Commission's course.

The Commission is endeavouring to conclude bilateral agreements with a whole series of countries with a view to making it possible then to extend the world Multifibre Arrangement. In our view, despite all its unavoidable shortcomings and weaknesses, this arrangement was on the whole a reasonable solution which protected the opposing interests. It is after all most emphatically in our interests for this Multifibre Arrangement to be further extended and to remain in force in the future.

In our view it is right to try, without compulsory measures, to reach an agreement and achieve selective increases in imports, taking account both of the capacities and state of development of the various supplier countries and of the nature of the goods concerned, the capacity of our market to absorb them and the extent to which these imports pose a threat to our industries. We think the Commission is on the right lines here; we support what the Commission is doing.

**Schmidt**

We would warn against embarking on a course here which — whatever may be said to the contrary — ultimately comes down to erecting barriers to trade which will naturally in the long run not be one-sided but will provoke counter-measures and then ultimately lead to everyone taking all sorts of measures against everyone else, which would be damaging for world trade as a whole and particularly damaging to a Community which has such an important role as an exporter on the world market.

My group therefore thoroughly approves of what the Commission is doing here. It congratulates the Commission on having so skilfully followed a sensible course up to now, a course involving selective measures, discriminating between and giving different treatment to the various countries and the various products. In my view there is thus no cause to mistrust the Commission in any way whatever. I also agree with Mr Cheysson's assessment of the motion for a resolution before us. We take the view that a sensible course should be taken here between absolute liberalism and protectionism, and this cannot involve compulsory measures but must consist of mutual agreements. We believe that the Commission is following the right course. We support its attitude and are not in favour of the motion for a resolution here before us. In our view, the Commission deserves our support.

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

**Mr Müller-Hermann.** — (*D*) Mr President, I should like first of all on behalf of the Christian-Democratic Group to state that the content of the replies given by the Council and the Commission has our full support. I think we would be ill-advised to spend our time in this House assuring one another that we want to combat unemployment. I presume we all want to protect and create jobs for our fellow citizens. The ideas on how to solve the problem expressed in this question and in the two replies seem to us to be extremely dubious or even dangerous. I say this quite openly, Mr Cousté, although in general I have every respect for your expert knowledge on questions of economic policy.

Various points have already been made. We in the Community are extremely dependent on exports. 25 % of the gross domestic product of the Community is exported and all Member States are concerned to increase their level of exports, precisely in order to safeguard employment opportunities. We as a Community thus have a fundamental interest in a liberal trade policy. Even in the so-called sensitive sectors of steel, textiles and footwear the situation is no different.

In the steel sector we still export more than we import. In the textile sector the current position is rather different. Mr Cheysson mentioned the footwear

industry. Here too, we export more than we import. We should thus be cutting off our nose to spite our face if we took any protectionist measures in order to solve our internal problems. This does not exclude the possibility — as the Commission now, with the Council's support, intends to do — of controlling the pressure of imports to a certain extent, for example in the textile sector, at least during a transitional period in order to make it easier for our own industry to adjust.

This brings me to the next point. Community industry is under exceptionally strong pressure with regard to costs. Other countries in the world which compete with us on our own and on world markets operate under more favourable conditions with regard to costs. If, however, we accept the principle of a reasonable international division of labour, then we must also allow countries which enjoy cost advantages, in the labour sector for example, to make use of these advantages in international competition, while we exploit the high quality of our products and our high level of technology. We must, therefore, give consideration as a Community to how we can neutralize this powerful cost factor — and this involves not only wage costs — by working harder, raising productivity or increasing the use of technology. Naturally, the pressure of imports from the so-called low-wage countries presents us with a problem and we have to come to terms with this. We must subject our economy to a major process of restructuring, and perhaps the current pressure on the Community will provide the necessary impulse to speed up this long-overdue process. Some countries have acted more promptly or have made more progress than others, but this pressure was unavoidable.

I was very pleased to hear Mr Cheysson speaking for once about overall industrial policy. I am, in fact, very worried — and this is addressed to both the Commission and the Council — lest we devote all our energies to sectoral policies, as if the economy could be cut into neat slices. We tend to do a little for the shipyards here and a little for steel or for the textile sector there. This will not do; we must see things in a broad context. We have sectors in which we must show restraint, and there will be other sectors which we can and must develop further. This must be seen in a broad context and I should like the Commission finally to present an outline of how it envisages an overall industrial policy.

Ladies and gentlemen, all this does not, of course, mean that we should not observe the protection clauses of GATT for example, work for the reduction of non-tariff barriers to trade and in particular attach great importance to the principle of reciprocity in foreign trade. Mr President, I should like perhaps in conclusion to recommend to the authors of this question and this motion that they should take a very careful look at the report presented by the GATT

**Müller-Hermann**

secretariat in preparation for the last plenary session. This deals with all the points we are concerned with here today. Among other things, it comes to the conclusion that the root of all evil is to be found in the failure of the various economies to adjust structurally to the constantly changing conditions and requirements of the international division of labour. Foreign competition thus acts as a stimulus, providing a beneficial compulsion to make optimum use of available resources. Moreover, trade makes an important contribution to price stability.

The report goes on to say that the authors regard the failure to make structural adjustments, compounded by a mistaken wages policy, as the cause of the faltering economic recovery and the employment problems of the past few years, which have led to the introduction of trade restrictions and other measures under the guise of self-restraint and 'orderly marketing'.

One last point from this document: a protectionist policy aimed at protecting particular sectors prevents the necessary structural adjustments and hampers economic growth. It places an unnecessary cost burden on the national economy, provokes chain reactions, is in danger even of leading to a planned economy and, not least, aggravates the position of the developing countries and hinders peaceful coexistence between peoples. I can add nothing to this. We have no choice but to impose on our economy this process of adjustment, in the interests of the economy and of the employment situation. We must endeavour perhaps to avert the worst, but my urgent plea to this House — and this is also the opinion of the other members of my group — is that we must not turn to protectionism, as we shall definitely not be able to solve the problems that way.

*(Applause)*

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

**Mr Durieux.** — *(F)* Mr President, I should first like to state that the Liberal and Democratic Group welcomes the inclusion of this matter on the agenda. This is an essential debate, since we need to know what the Community's basic attitude to its trade relations with the world should be now that the multilateral GATT negotiations are nearing their completion after four years of preparation. We also need to assess the action taken by the Community to assist the industries hardest hit by excessive competition from certain third countries. I shall begin by trying to define the basic approach which the Community should adopt.

First of all, we must make it quite clear without further delay that the Community must not fall into the trap of resorting to protectionism; but I think that on this point everyone is agreed that such a policy

would be suicidal, as Mr Cheysson, Mr Simonet and the two preceding speakers have pointed out. Since the world crisis there has been no general return to protectionism; despite the collapse of the world economy the West has remained faithful to the concept of free trade. The European Community has played an important part in this. Firstly, the very existence of a common market has made it possible to avoid restrictions to trade among the Nine. Then, by virtue of its power as a trading bloc, it has been able to persuade other countries, in particular the United States, not to adopt protectionist measures for fear of retaliation.

Furthermore, the purpose of the GATT negotiations, in which the Nine have adopted a united stand (a fact which we find most gratifying), was to promote free trade at world level — not to discourage it. These major commitments should be reaffirmed today, but in that case we will have to deal with the difficult problems facing certain Community industries, in particular textiles, iron and steel, footwear and shipbuilding. We are well aware that these problems are to a large extent brought about by massive imports from certain third countries.

On the one hand, we do not want to experience once again the dire effects of the last major crisis in the early 30's when protectionism became rife everywhere, and yet on the other, how can we tolerate the flooding of our markets which several of our Community industries have to contend with? While it is essential to make considerable structural changes in numerous sectors, the fact remains that imports of textiles, a sector which has been very severely affected, increased by 80 % between 1973 and 1976. Whereas in 1973 the Community had a surplus of 965 million dollars on its textile trade balance, in 1976 it showed a deficit of 1 283 million dollars. This led to a dramatic upheaval in employment in this sector. Between 1973 and 1976, 500 000 jobs were lost and 3 500 factories were shut down.

The Community's iron and steel industry has also had to contend with a slackening off of orders and exports and with an increase in imports. The number of import licences awarded during the third quarter of 1977 alone was about 17 % higher than in the preceding quarter. We are all familiar with the redundancy measures planned in the Community, especially in countries such as France. Similar situations have arisen in the footwear and shipbuilding industries.

How can the Community allow such a trend to continue? The answer is clear. We cannot under any circumstances allow these industries to shut down one after another and force thousands of workers to join the dole queue and thereby swell the ranks of the unemployed in the Nine, of whom there are now over 6 million.

**Durieux**

I should like to endorse emphatically what the Commission said: such a trend is humanly, socially, economically and politically unacceptable to the countries of the Community. But how then are we to react? Our policies should be organized on two complementary levels. We should first be strict in ensuring that the rules of free trade are observed by our partners, which means, in particular, that they must not indulge in dumping of exports. In the steel industry this applies to the Japanese and also to certain Community producers in Italy.

No one can deny that these measures are within the bounds of honest free trade. However, in certain key sectors of the Community's economy we need to go further. It is, in fact, becoming increasingly apparent that if we wish to safeguard free trade in the world, we shall have to impose certain limits on it.

Let us take textiles as an example. This sector was included in the Commission's assessment that if the Community had renewed the 1973 Multifibre Arrangement last July, 1 600 000 more jobs, that is, half the manpower now employed in this industry, would have been lost between now and 1982.

Should we have been surprised that under these circumstances several governments decided to introduce much stricter controls? We are therefore pleased that the EEC has succeeded in concluding 18 bilateral agreements with its main suppliers, who have agreed to stabilize their imports and enable the Community to secure in practice what it had been denied in July. We are aware that the purpose of the Geneva talks is to take formal note of these agreements and to make them part of a multilateral arrangement and thus extend the outline agreement.

We call upon the Community institutions to adopt a firm stand at the Geneva talks. The Community must secure once and for all the basic demand made at the bilateral discussions, in other words, it should not observe the yearly rate of increase of 6% of each limit applied to sensitive products. This is essential. Countries with a preferential system should for their part accept voluntary restraint...

**President.** — Mr Durieux, really we must keep to the rules. Please conclude.

**Mr Durieux.** — (F) ... Mr President, I shall conclude. Free trade must be maintained, but, as was suggested by President Giscard d'Estaing at the London summit last May, it should be organized on a worldwide scale, for we should do our utmost to enable viable undertakings to overcome their handicaps and above all to protect the workers concerned from the harmful effects of economic re-adjustment. We must therefore reorganize the structure of production especially in the case of products not subject to restrictions. The Community must help with redevelopment and training under the overall policy referred

to just now by Mr Cheysson. Admittedly, lengthy and arduous consultations will also be required, sometimes with workers, but this is the only way we can make progress and maintain employment in our industries which are hardest hit.

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

**Mr Cousté.** — (F) Mr President, Mr Cointat, who would have liked to join me in illustrating the objectives of our motion for a resolution, would certainly, like myself, have noticed the change in tone in the replies given by the Council and the Commission.

Things have changed since the debate before the holidays, when, on behalf of my group, I raised the question of the renewal of the Multifibre Arrangement. That memorable debate of 7 July on dumping is now a long way off. People now realize that the Members of this Parliament — at any rate, those of my group — spoke realistically: well organized undertakings and entire sectors of the European economy are now dogged by unemployment.

Mr Cheysson stated, for example, that the Community would have been well advised, in particular in connection with the Multifibre Arrangement, to organize effective controls in addition to signing voluntary restraint agreements. If we recognize our mistakes we are on the right path towards achieving a European Economic Community.

The strength of the United States lies not only in the fact that, like Japan, it has a much higher external customs tariff than our own, but that — again like Japan — it has a long tradition of protecting its national territory, whereas we have been constantly lowering our customs tariffs and quota restrictions in the process of becoming a Community. This is what led to the influx of goods such as textiles, footwear, steel and ships.

We should now be concerned with two fundamental questions. The GATT talks ought to be tackled in a different light from that in which they have been approached hitherto, in view of the task which the Council has entrusted to the Commission, which is not only to liberalize world trade but to organize freedom of trade. It is vital that the GATT talks should reflect our work at the conference on the customs union organized by Mr Davignon only a few days ago in Brussels: this customs union must be a real organization in the European economic area.

As for the renewal of the Multifibre Arrangement, obviously we are concerned not only with the talks with South-East Asia but also with the renewal of the agreements with the Mediterranean countries. The problem is one of overall approach and it is important to know whether we will be obliged in certain sectors, in particular, yarns and cotton, to go somewhat

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beyond the overall approach envisaged. I hope that the Council, at its meeting on 19 and 20 December, will not grant any extensions in particularly sensitive areas. In the man-made fibres sector, I suppose everyone remembers the case of Montedison and of the Montefibre works, in which the Commission's injunctions and recommendations to halt further investment in man-made fibres proved insufficient. The Commission does not have the same powers in this sector as in that of steel, but it does have certain powers of persuasion. I therefore call upon the Commission to set about improving the market in man-made fibres. To be right today is not enough; what I am concerned about is that Community action should be sufficiently swift, effective and likely to make the Treaty of Rome operate in such a way that we can then look back and say that we weighed up the situation correctly.

We are convinced that the organization of trade is no meaningless concept. The Community should, as called upon by the Council last week, act firmly and decisively and adopt a united stand towards all our other partners, including the Eastern bloc and the developing countries. We have no discriminatory policies. It is our duty to protect the Community, its workers and its undertakings and to achieve the fundamental goal of re-establishing economic expansion and investment, which is the key to overcoming the present crisis.

Finally, Mr President, the Community must be able — as I know is its intention — to introduce, maintain and carry through a world monetary policy. It is pointless to discuss trade problems while we know that a mere monetary re-adjustment, that is the revaluation of a currency — in particular the major currency, the dollar — may suddenly destroy all our plans for improving trade.

I therefore ask Parliament, the Commission and the Council to bear in mind the real questions at issue as well as our own responsibilities, which must be transformed into practical decisions.

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

**Mr Spicer.** — Mr President, it must be quite clear to all those present here tonight that the concern that Mr Cousté and his friends have expressed in this resolution carries right round the chamber. I would just like to say this: there is general cause for concern. Can I say how much I agreed with the general tone set by Mr Müller-Hermann? In one sentence, which I took down whilst he was speaking, he said that protectionism is the long-term enemy of industrial progress and development. I think we should all accept that, because once you embark on this long-term protec-

tionist course, then you are lost and your own industries wither and die under the umbrella of that protectionism. That, surely, is the last thing that we would wish to see happen.

There is of course, Sir, the other side of the coin in this problem of dumping and imports flooding into our Community. This, I feel, is something that none of us should ignore because, if we do, we do so at our peril. Above all, Mr Cheysson must know exactly how much machinery the under-developed and developing countries are being encouraged to buy from within the Community. Every day 'plane loads of high-powered people go rushing off from London, Paris and Bonn, and arrive in a developing country saying, 'Here you are. Buy my textile machinery and within a year or two you will be producing textiles on a scale you never dreamed of before.' If anybody should dream of asking what they will then do with those textiles, they are told 'You may be sure that we — because we are nice, good, trustworthy people — will accept your imports into our Community thereafter'.

There are the two sides here. If we are going to look at dumping, if we are going to look at the problems of development in these countries, the problems that Mr Müller-Hermann quite rightly pointed to of low wage-costs, allowing high production at low cost, then equally we must bear our share of the responsibility and weigh in the balance, if we are going to take issue with these people, the fact that we have partially caused that problem. I speak in the context of the only area where I have seen this development, and that is Turkey. Certainly, we have done all we possibly could within the Community to encourage the development of a textile industry. What sort of a world do we create if we encourage the development of an industry and then turn round and slap them in the face? I am not saying that we do not have to take measures. Of course we do, because our own unemployment is something that we have to face up to. But above all, let us be very, very careful before we cast the stone at other people and say 'What a miserable lot you are'. Let us see the part that we have played in creating the situation which makes it possible for them to dump their goods on us.

If I may end on a very general theme — I am certain I speak here for the Conservative Group and I hope for many other people, in saying that we believe in free trade with all those who also believe in free trade. There is far too much hypocrisy abroad in the world today and there is far too much pretence of free trade where it does not really exist.

**President.** — I call Mr Power.

**Mr Power.** — Mr President, I am pleased to have the honour to speak on this, my first occasion in this Parliament, on a subject which has been tabled by my party, and which is of great concern in my country.

## Power

The common market, which ought to be synonymous with the large expanding European market, protected by a common external tariff, is no longer worthy of the name. It is exposed on all sides and, owing to the lack of a world organization of markets, the law of the jungle is allowed in extra-Community trade between third countries and the EEC. In the industrialized countries dumping, speculation, wanton stockpiling and stock depletion, and public subsidies — both direct and indirect — have caused unfortunate distortions in competition.

In the developing countries low wage structures, exploited by the large multinational groupings, have also produced artificial trading conditions, and poverty thus breeds unfair competition. It is the exporting and exploitation of poverty like this that is unacceptable to us. I was pleased to hear these same sentiments voiced here today in connection with another matter in the Parliament. At the same time, trade negotiations in Geneva are assuming a new significance in Europe. The objective of the talks is not now to liberalize trade further, but to organize this trade in such a way as to prevent sudden disturbances and disruption of the markets. Our party therefore feels that the new GATT agreement — if there is to be one — must not be renewed in the same manner as the last one.

But I would like to turn to one or two matters of concern to ourselves, namely dumping and flooding of Community markets with foreign goods. Dumping is practised by numerous countries, sometimes openly, but more often by resorting to more devious tactics such as those employed by the Japanese. In Japan, apart from over-exploitation, extremely high productivity, and the undervalued yen, there can be no denying that dumping is systematically practised. In France and Ireland, jobs are threatened by the Japanese aggressiveness in the shipbuilding sector. There are yards which have not received an order for 18 months. It is indeed of great concern to all of us in Ireland, that the Belfast shipyards have declined, while at the same time, the Japanese have captured 80 % of the world market in shipbuilding. We feel that employment will be doomed if we allow the common market to become a playground for international sharp practice and to be saturated by foreign goods. It is not protectionism that we are calling for, but a return to the proper rules of international competition. Indeed, a return to these proper rules is all the more essential, as the most commonly practised form of dumping is social dumping, and in this regard, there is a very obvious contrast between the liberalism of our Community and the exploitation of the subproletariat in certain countries — particularly the developing countries. Therefore, we have every reason to denounce the abuse of subcontracting practices by certain manufacturers, notably, the multinational companies who are, in fact, importing unemployment into Europe. In the textile and clothing industries in

Ireland alone, 11 500 people are now unemployed and within the last year 1 500 jobs were lost in the textile factory. Not only does Ireland have to face the challenge of cheap textiles from third countries, but also the temporary employment scheme of the United Kingdom, which means that British firms operating this premium are more competitive at home and in Ireland, with the consequent loss of sales on the Irish market. And how can we expect any industrialist to be reasonably sure that it is worth investing more, when on a worldwide scale production capacities are increasing beyond the capacity of the market to absorb them, and international trade barriers are disappearing? Where these doubts exist, unemployment levels will not only remain high but will be further threatened.

The most devastating effect is felt, however, when the present economic recession and the rapid growth of lower priced imports are seen side by side. The result is a Community market facing permanent damage. We all agree here that something must be done, and on the shoulders of the Multifibre Agreement rests the industrial future of this Community's textile industry. According to the Commission, since 1971 370 000 workers have left the textile industry, and 160 000 workers have left the clothing trade. A further half million or more textile clothing workers were last year either unemployed or on short time — in other words a million people have been affected in the Community. Both the textile and the footwear industries are faced with many similar and disturbing problems; there is fierce competition from countries like Singapore, Hong Kong, South Korea, Brazil and Eastern Europe, and unfair trade practices are being applied, such as export subsidies and social dumping. We feel that we cannot allow further jobs to be lost in this sector. The EEC should safeguard itself against protectionist measures, and ensure that these third countries respect the rules of free competition, as well as granting the same conditions for entry as accorded by the Community to them.

From the social aspect, we must take into account that the footwear industry is significant, in that to a large extent it provides employment for women. Women, I think, constitute 57 % of the workforce and what is more, this industry is concentrated in some of the less-favoured regions of the Community. Therefore, any further loss in this sector immediately takes away from the Community's efforts to provide employment in the regional and social context. Thus, we are not dealing solely with a financial matter of profit and loss, we are dealing with a human condition.

The purpose of this question, then, Mr President, is to ascertain what action is going to be taken by the Community's institutions, and particularly to establish whether recourse to voluntary restraint agreements has had the desired effect up to now. As regards surveil-

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lance, so far the Commission has come up with a startling revelation that there is no evidence of injurious dumping, particularly with regard to footwear. That is a conclusion that we cannot accept. It is also essential to determine whether, in addition to the cumbersome safeguard clauses and the voluntary restraint agreements, the Commission envisages other measures to safeguard employment in key sectors of the European economy. A view was expressed by a previous speaker, on behalf of the Christian Democrats, that this resolution is dangerous. I can assure him that the real position is far more dangerous than the resolution.

The sad fact is that many industries in Europe are sick; their temperature — if we were to judge them in terms of the number unemployed — is far too high, and not likely to fall. A number of remedies have been tried — anti-dumping investigations, restoration of tariffs and allocation of quotas — but all have failed to provide a cure. We feel that the true diagnosis can be easily made: the remedy is to enforce quantity restrictions. This is the Christmas period when we should all be aware of the need for charity.

*(Applause)*

**President.** — Mr Power, since this is your first speech in this Assembly, it is my duty to thank you for it and it also gives me great pleasure to have had to perform this duty.

*(Applause)*

I call Mr Lagorce.

**Mr Lagorce.** — *(F)* Mr President, following Mr Cheysson I should like to illustrate the importance of the matter under discussion by referring to a report submitted to the French Parliament by a committee of enquiry. It is 342 pages long, and I would strongly recommend that Members read it. I should like briefly to extend the comments made by my socialist colleagues concerning this survey to cover the European situation.

It has rightly been said that the main sectors affected are the textile and footwear industries, which mainly employ women. There are others, however, and coming as I do from the south of France, I would point out that agriculture, in particular vine growing, is also often under threat. Let us not forget the wine war between France and Italy.

The first thing we need to do to deal with this situation is to reduce imports which are flooding our markets and restrict the unfair trading practices which are causing this massive influx of low-priced products into Europe. However, we cannot disregard the interests of consumers who, in the face of the present inflationary situation which is affecting most industrialized countries, find it advantageous to buy the goods they need at low cost. Furthermore, some of these imports come from developing countries which it is our duty

to help, and the best way we can help them is to promote their industrialization. To quote the familiar Chinese proverb 'If you give a hungry man a fish, he will eat today; if you teach him how to catch fish, he will have food all his life'. Thus, we should not make the European market too inaccessible to goods which we encourage the developing countries to produce.

Moreover we — at least we socialists — do not mean to be taken in by the campaign conducted by the bosses of industry and certain conservative governments which try to give the impression that the crisis facing the Community industries is due primarily to the abnormal growth of imports. Of course, I am not denying that such imports exist and that they have an effect on our national economies, but we should also bear in mind the inability of those who run the Community's economy, and even in some cases of the industries themselves in a liberal economic system, to make the necessary adjustments and carry out the vital work of modernizing the machinery of production. I would add that in my own country a deliberate attempt has been made to reduce the purchasing power of workers, which has merely served to push the consumer goods sector into the crisis. Finally, we should not forget the part played by the multinational companies in this situation, as they are investing more and more money in countries which provide cheap labour, usually countries under totalitarian rule, and then import their goods into Europe with generous profit margins secured on the backs of the workers not only of the producer countries but also of the Community. For this reason, although imports need to be controlled to a certain extent, we do not believe that protectionism is the answer to the problem.

What we need most of all is a different approach to economic growth: in order to safeguard the internal European market we must make international trade better organized and establish cooperation with the real developing countries. I say 'real' because Hong Kong, for example, where a certain amount of our imports come from, cannot be regarded as a developing country. In our opinion, what we need most of all is a voluntary policy for adapting and modernizing production machinery in the Community Member States. The French socialists see the nationalized industries as the prime tool for achieving this. Furthermore, we believe that this policy should be supplemented by an attempt to make small and medium-sized undertakings in all the member countries more dynamic by various means including an effective policy aimed at encouraging innovation and the creation of undertakings, increased opportunities for financing and greater decentralization of economic power. This could form the framework of a new and more extensive economic policy which the Community could apply on a wider basis — not merely to solve the problem of the flooding of our markets under discussion today.

## Lagorce

**President.** — I have received from Mr de la Malène and others, on behalf of the Group of European Progressive Democrats, a motion for a resolution with a request for an immediate vote, pursuant to Rule 47 (5) of the Rules of Procedure, at the end of the debate on the oral question on imports flooding the Community markets. (Doc. 447/77).

I shall consult Parliament on this request at the beginning of tomorrow's sitting.

I call Mr Cousté.

**Mr Cousté.** — (F) Mr President, I have heard Members disapproving of part, and even a considerable part, of this motion for a resolution. It would therefore be wise, I feel, to refer it to the committee responsible. Thus there will be no need tomorrow morning for me to present a motion for a resolution which might not be adopted.

The problem seems to me to be serious enough and to have sufficiently far-reaching social, economic and monetary consequences to justify this resolution being referred to committee. After being examined in committee, it could be voted on by Parliament and, I hope, obtain unanimous support.

**President.** — In accordance with Rule 25 of the Rules of Procedure, the motion for a resolution is therefore referred to the Committee on External Economic Relations as the committee responsible.

15. *External agreements concluded by the Community*

**President.** — The next item is the joint debate on — the Oral Questions, with debate, by Mr Ripamonti, Mr Vandewiele and Mr Klepsch, on behalf of the Christian-Democratic Group, to the Council (Doc. 402/77) and the Commission (Doc. 401/77) on the ratification of cooperation agreements and financial protocols :

Is the demand for ratification by the Member States of the cooperation agreements and financial protocols concluded between the Community and non-member states — and notably the 14 Mediterranean countries — legally sound and politically desirable ?

— the Oral Questions, with debate, on behalf of the Committee on External Economic Relations and the Committee on Development and Cooperation, to the Council (Doc. 405/77) and the Commission (Doc. 404/77) on external agreements concluded by the Community :

1. On what criteria does the Council/Commission base its view that agreements concluded between the Community and third countries should be ratified by the competent authorities of the nine Member States ?
2. How will the situation be affected by the fact that, as from 1 January 1978, the Community budget will be

financed entirely from own resources placed at the disposal of the European Communities by the decision of 21 April 1970 ?

In particular, does not the Council/Commission consider that, since financial aid granted by the Community to third countries is henceforth to be drawn exclusively from funds entered in the Community budget (with the exception of EIB loans from own resources), the involvement of national authorities has become otiose for Community agreements comprising a financial aspect (insofar as these agreements do not contain provisions which fall outside the purview of the Community) ?

3. What legal definition does the Council/Commission give to the concepts of trade agreement, association agreement and cooperation agreement ?

What steps does it intend to take in order to achieve the essential clarification and standardization of terms used in this connection in official documents ?

I call Mr Krieg.

**Mr Krieg.** — (F) Mr President, I should like to begin by apologizing to the House for having to replace Mr Kaspereit, who was recalled to Paris this evening on urgent business and is therefore unable to be with us to put forward the views of the Committee on External Economic Relations. I shall therefore content myself with passing on to the House the gist of the speech he had prepared.

Mr President, ladies and gentlemen, if there is one area in which the Community has been active in recent years — in contrast to other areas in which it has simply been marking time or even losing ground — that area is external relations. Whereas economic and monetary union has — because of the economic crisis and the chaotic situation on the international money market — been put off until better times, whereas the common agricultural policy — so far our only genuine common policy — has been breaking up in the wake of the proliferation of monetary compensatory amounts, and whereas the social and regional policies have scarcely got beyond the stage of statements of principle, the Community has been working unceasingly in the field of external economic relations and has concluded a variety of trade agreements, association agreements, and cooperation agreements with an ever-increasing number of third countries.

Furthermore, the Community has at the same time taken part in many multilateral conferences and, as such, become signatory to international agreements such as those covering certain raw materials and those concerned with trade in textiles. Thus, up to the present time — and I have no doubt that this list is already out of date — the Community has concluded agreements — admittedly varying in terms of content and obligations — with the signatories to the Lomé Convention, with most of the Mediterranean countries, with the Member States of EFTA, with several

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Latin American countries, with Canada and with a number of Asian countries, not to mention those probably forthcoming with the People's Republic of China and the Comecon countries.

It is not our intention here to go into the question of the expediency of these various agreements, the possible disparities between them, and their repercussions — which are unfortunately at times all too obvious — on the level of unemployment and the level of economic activity in our countries. Sooner or later, though, these questions will have to be subjected to serious examination by this House.

The question tabled by the Committee on External Economic Relations — and with which the Committee on Development and Cooperation has associated itself — has an entirely different aim. It asks us to realize the consequences, for the supervisory powers vested in the European Parliament and in our nine national parliaments, of the major developments which have taken place in the Community's external activities, and to assess the consequences of the introduction of the system of own resources placed at the disposal of the Community by the decision of 21 April 1970, which — as the recent European Council in Brussels confirmed — will become effective as from 1 January 1978.

Lastly, the question is aimed at seeing whether it is not now time to bring a little order into the confused — and frequently unclear — legal system, the imprecise vocabulary of which does not exactly make our — the politicians' — supervisory function any easier.

On this subject, it seems to me that the imprecise wording of the Treaties lies at the heart of the many questions with which we are faced. We realize that, as from 1 January 1973 — that is, admittedly, several years after the date laid down in the Treaty of Rome — the Community has had sole responsibility for the administration of the Nine's trade policy. However, Article 113 of the Treaty provides very little clarification as to what this policy should consist of. Since 1956 — 1957, when the Treaty of Rome was being negotiated, international trade has seen great changes, and new forms of agreement have appeared on the scene.

I am thinking in particular of the cooperation agreements which are not mentioned at all in our treaties.

As for the role played by the European Parliament and by the national parliaments in the democratic supervision of the agreements concluded by the Community, this is even more wide open to misinterpretation. Article 238 of the Treaty does state that the European Parliament must be consulted on the question of association agreements, but, from a legal point of view, what exactly is an association agreement? That is not made clear in the Treaty. We realize that the European Parliament must also be consulted in

cases covered by Article 235, which is used for cooperation agreements not provided for in the Treaty of Rome. Second question: what exactly is a cooperation agreement?

As for the conventional trade agreements based on Article 113 of the Treaty, there is no obligation whatsoever to consult Parliament. It is not only at this level that uncertainty reigns. Other points of uncertainty concern the participation of the European Parliament in the negotiating procedure for trade, association or cooperation agreements, the stage at which Parliament is to be consulted and the legal repercussions of a refusal on the part of Parliament to give its approval. We realize of course that semi-official procedures — not all of which are open to the public gaze — have gradually been established with the aim of keeping the European Parliament better informed on what is going on. These are known to the initiated as the 'Luns procedure' or the 'Luns procedure Mark II'. Personally, I think these expressions tend to develop a kind of aura of unreality. Be that as it may, the powers bestowed on this Parliament in this field are at best of a consultative nature, boiling down in practice more often than not to a simple right to be informed.

This kind of situation is of course utterly intolerable in matters which not only have wide-ranging financial repercussions but which — as we see every day — affect the level of employment in our Member States. This lack of effective supervision by the European Parliament has been counterbalanced by the fact that the agreements in question have so far had to be ratified by the national parliaments of the Member States. Although this obligation to have Community agreements ratified by the national parliaments has had the considerable drawback of unduly prolonging the inevitable time-lag before the provisions of the agreements in question came into force, it also had the advantage — a considerable advantage from our point of view — of subjecting the activities of the Commission and the Council to effective parliamentary control at national level.

We realize that this need to have Community agreements ratified by the national parliaments before they come into force emanates — according to terminology invented by the legal experts at the birth of the Community — from the hybrid nature of the acts in question. Despite being basically Community acts, they nevertheless had a national aspect — by reason of their financial repercussions — since the Community's resources came wholly from the contributions of the various Member States. For this reason, ratification was required from the national parliaments, acting in their capacity as guardians of the proper administration of public monies. The fact that, from 1 January 1978, the Community budget will for the first time be financed entirely from own resources, and that financial aid will be included in the budget amounts to a

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change in the situation I have just outlined — not to mention the provisions of the Community agreements within the jurisdiction of the national legislative assemblies, for example, in social affairs. One could take the view that, legally speaking, the provisions of the Community Treaties having financial implications should no longer be subject to ratification by the national parliaments on the grounds that the resources will from now on be Community and not national resources.

It would seem to be logical that as the Council's answer to a written question on 19 October put it: 'to the extent to which the aid granted to a third country under the terms of an agreement with that country derives from the Community budget, the Community shall be solely responsible for concluding this agreement'.

Ratification by the Member States is therefore not necessary as the aid provided for in these agreements is authorized....

*(The President urged the speaker to conclude)*

I beg your pardon, Mr President, but I am speaking on behalf of the chairman of a committee. If the chairmen of committees have no right to speak, I shall sit down without any further ado. I am coming to the end of my speech, though. I have two more pages to read....

**President.** — Mr Krieg, our rules say 10 minutes, so please do bring your remarks to a conclusion. You can compress those two last pages.

**Mr Krieg.** — *(F)* No, Mr President, I am sorry, I cannot carry on. Under these circumstances I shall stop at this point, and I deplore the fact that not even the chairman of a committee is allowed to speak freely.

**President.** — I call Mr Ripamonti.

**Mr Ripamonti.** — *(I)* Mr President, the oral question which I put on behalf of the Christian Democratic Group to the Council and the Commission of the European Communities is based on the opinions which the Committee on Budgets has expressed whenever the problem has arisen of the consequences of the ratification by the Member States of agreements between the Community and third countries. It is also based, in particular, on the opinion expressed concerning cooperation agreements and financial protocols in connection with the Community's Mediterranean policy.

It was then that the Committee on Budgets suggested that the question of whether ratification by the Member States was necessary should be raised in Parliament by the relevant committee. If I remember correctly, when we gave a favourable opinion on the financial protocol with Greece, the House adopted an

amendment which specifically indicated that such ratification was not needed.

Trade, cooperation and association agreements are based, in fact, on Articles 113, 235 and 238 of the Treaty, and there is no provision in these articles for ratification by the Member States. I want to mention especially Article 235, which reads: 'If action by the Community should prove necessary to attain, in the course of the operation of the common market, one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures'. Again, if we refer to Article 238, the need for ratification still does not occur. There are thus various reasons, including legal ones, why there is no need for ratification by the Member States. Ratification means — particularly in the case of the financial protocols — that things can be held up for two years or more before they come into force. There is also a question I should like to ask about the procedure which is followed and the time it takes. I should really like to know from the Commission just how many of the trade agreements and financial protocols approved recently by Parliament have in fact been ratified by the Member States.

I am not going to dwell on all the stages which are required before agreements and protocols actually enter into force. Just let me say, however, that the procedure followed both at the drafting and the approval stage definitely runs contrary to the spirit of the Community. It also harms the image and the interests of the Community, since it shows up the limits of what the Community can do as regards the acceptance and respect of international commitments.

This procedure is even more anomalous in the case of the financial protocols accompanying the protocol agreements which enter into force after ratification. This is so because the appropriations scheduled in these protocols have been written into the Community budget on the basis of a proposal which Parliament has adopted unanimously, or at least by an overwhelming majority. In my view, while we may have been able to claim that ratification was necessary as long as the financial commitments of the Community were borne directly by the Member States, we cannot do so any more now that these commitments are written into the Community budget.

There is even less need for ratification in the case of loans granted by the European Investment Bank to non-member countries by virtue of the financial protocols.

If we can solve this problem of ratification, there is no doubt that we can make it easier for the Community to avoid delays between the signing of agreements and their entry into force. Some countries that have signed agreements with us may feel that delays are not due to

**Ripamonti**

any specific factors, such as ratification, but to the exploitation of bureaucratic or political tactics to hold up implementation of the agreements. If we can solve this problem of ratification, we shall be able to satisfy immediately the expectations which we have aroused in the signatory states during the negotiation and approval of the agreements.

If agreements can come into force immediately after Parliament has voted on them, the effectiveness of the Community's trade, technical cooperation and financial aid policies will be enhanced, as will the image of a Europe working for a new order and for international cooperation, especially with the developing countries of this continent.

**President.**— I call Mr Sandri.

**Mr Sandri.**—(I) Mr President, I shall be very brief, firstly because I am standing in for the chairman of our Committee, Miss Flesch, who was to have taken part in the debate, and secondly because I generally agree with what Mr Krieg and Mr Ripamonti have just said.

The Committee on Development and Cooperation has joined with the Committee on External Economic Relations in tabling this oral question, because we consider that we are concerned by the part of the question relating to agreements with developing countries.

In our opinion, Mr President, this problem is of great importance, especially if the Community is to retain its credibility as regards cooperation with unassociated developing countries. It must be remembered that there are a number of agreements which are still awaiting implementation because they have not been ratified by the parliaments of the Member States.

The most notable of these are those with the Maghreb and the Mashreq countries. In defence, it can be said that interim agreements have been implemented pending ratification, but these cover only the commercial side of the agreements signed with the Maghreb and Mashreq countries, while the whole section dealing with technological and financial cooperation remains inoperative until the agreements have been ratified. And there are even more striking cases; consider the agreement drawn up with Lebanon in 1972 and which never came into force — because national parliaments did not ratify it — before the present agreement was drafted.

I have given only a few examples of a practice which we consider politically indefensible in view of the effects — legal or otherwise — it has on Community policy *vis-à-vis* developing countries. As from 1978 the Community budget will be financed solely from its own resources. We therefore believe we should accept the full consequences of this as regards the Community's external agreements, especially agreements linking the Community with developing countries.

I do not think I need say any more. Our Committee is looking forward to hearing the answers of the Commission and the President of the Council of Ministers.

**President.**— I call Mr Simonet.

**Mr Simonet, President-in-Office of the Council.** — (F) The Council considers that the nine Member States of the Community should participate in agreements with third countries when these contain provisions falling within the competence of the Member State or which may come under the joint jurisdiction of the Member States and the Community. The respective powers of the Community and the Member States are to be delineated on the basis of the Treaties, secondary legislation and the case law of the Court of Justice. Most of the Financial Protocols with third countries, particularly those in the Mediterranean basin, were negotiated at a time when the Council had not yet taken the decision to set up machinery including financial commitments towards these countries in the budget. Consequently, signature by the representatives of the Governments of the Member States was necessary in these cases. There is thus a legal reason why the agreements and protocols in question should be submitted for approval by the Member States in accordance with their internal procedures. It should also be remembered that steps have been taken to alleviate as much as possible such difficulties as might arise from a relatively long ratification period. Thus the trade section of the cooperation agreements has already been brought into force by means of interim agreements between the Community and the countries concerned. Furthermore, in accordance with an exchange of letters annexed to the Agreements and Protocols in question, the Community has already begun preparatory work on the implementation of cooperation so that practical action can be taken as soon as the Agreements or Protocols enter into force.

As regards the consequences of the fact that from 1 January 1978 the Community budget will be financed entirely from own resources, I should like to point out that insofar as aid granted to a third country by agreement with that country is financed from the Community budget, only the Community has the authority to enter into the obligation in question. This remains true whatever the source of the funds contributing to the Community budget (national contributions or own resources).

Lastly, as regards the question of defining cooperation agreements and association agreements, I must admit that in Community law there is no precise definition of the term 'cooperation agreement'.

The legal basis for a cooperation agreement must be selected in accordance with the content of the agree-

**Simonet**

ment envisaged. The Community has concluded co-operation agreements based particularly on Article 113 of the EEC Treaty with the People's Republic of Bangladesh and with the Union of India. It based its Framework Agreement for Commercial and Economic Cooperation with Canada on Articles 113 and 235 of the same treaty. The agreements signed with the Maghreb countries, the Mashreq countries and Israel are based on Article 238 and are therefore, according to the terminology of the Treaty of Rome, association agreements. However, the expression 'co-operation agreement' was requested by the partner countries, which felt that this term corresponded better to their desire for a basis of complete equality between contracting countries. The regulation concluding the Lomé Convention is also based on Article 238. Here, too, the partner countries did not wish to use the term 'Association Agreement', preferring the more neutral term 'ACP-EEC Convention of Lomé'.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, the Christian-Democratic Group's question refers to our agreements with 14 Mediterranean countries. I would point out that two of these agreements, with Spain and Yugoslavia, are not association agreements but merely trade agreements concluded on the basis of Article 113 and are therefore not subject to ratification by the Member States. Other agreements which the Community had concluded with Cyprus, Malta and Israel were originally likewise trade agreements, and it was only at a later stage that supplementary protocols or financial protocols of a hybrid nature were added. Finally, in the third category, we have the agreements with Greece, Turkey, the three Maghreb countries and the four Mashreq countries, all of which were of a hybrid nature right from the outset.

Having said that, I should point out that the agreements concluded most recently were negotiated — as the President of the Council emphasized — before the decision was taken to include in the budget the financial commitments entered into by the Community as part of these agreements and, as you are aware, the decision to include these items in the budget was itself dependent on final agreement being reached on the use of the European Unit of Account. Right up to the last few days then, it was undecided whether the financial commitments would be met out of national contributions or from the Community budget.

The Commission therefore felt obliged to involve the Member States — alongside the Community itself — in the conclusion of the agreements and protocols in question. At the same time, we were concerned to ensure that, in certain areas involving dual responsibilities, none of the Member States were tempted to conclude bilateral agreements — likewise on a dual

responsibility basis — a development which would have been highly embarrassing.

On the other hand, as the President of the Council pointed out, the ratification of the agreements provides publicity for the commitments entered into by the Community as part of the agreements and enables the genuine political will and the opinions of the Member States to be expressed at the time of ratification. It is true that all this takes time — hence the anticipatory measures described by Mr Simonet. We are reminded of this at the present time as — and I am replying here to Mr Ripamonti — twelve agreements with the Mediterranean countries are presently in the process of ratification. Reports reach us daily of significant progress. Three accession agreements to the Lomé Convention are also in the course of ratification. And while I am on this subject I would appeal to those Members here today to use whatever influence they have in their national parliaments to ensure that the ratification procedures are not delayed by any inexplicable mislaying of documents in dark corners or between one committee and another.

Mr President, as far as the questions from the two committees are concerned, my reply to the first question will be a matter simply of stating the obvious. Ratification of certain Community agreements by the Member States depends on the content of these agreements. Depending on whether an agreement is concerned with matters which are entirely the preserve of the Community, or extends to matters outside the Community's jurisdiction, that agreement will be concluded simply by the Community institutions or will be subject to ratification by the Member States.

On the question of the extent to which the procedure to be followed for the implementation of the agreements will be affected by the means of finance, the Commission considers and affirms that the inclusion of the aid in the budget, and the fact that the implementation of the financial commitments written into the agreements depend exclusively on decisions to be taken by Community authorities, make it unnecessary to seek ratification of the Community agreements by the Member States because of the financial aspects of those agreements. This conclusion is — as the President of the Council said — universally valid, no matter whether the budget be derived from a mixture of own resources and national contributions or wholly from own resources.

In response to the third question put by the two committees, I would point out that the Treaty contains no precise definition of the various categories of agreements. Trade agreements are negotiated and concluded on the basis of Article 113, association agreements are defined by reference to Article 238. The President of the Council has already replied to the question relating to cooperation agreements. The

**Cheysson**

rapporteur suggests that the terminology used by the Community could be clarified to some extent. Perhaps I may be permitted to say that I am personally not convinced that this is really necessary. The range of terms used at present reflects the diversity of relationships entered into by the Community with third countries, and I am sure that no one here would venture to suggest that they should all be based on the same model. Neither is the multiplicity of terms all our own doing. Frequently it meets the wishes of the third countries, which — for a variety of reasons — attach some importance of questions of nomenclature. The President of the Council has given us one example of this. This is a young Community and it maintains relationships of a varied nature with a variety of countries. Would it really be advisable to change all that now and to commit these relationships to writing, explicitly and definitively? I for one have serious doubts on this.

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

**Mr Schmidt.** —(D) Mr President, at the end of his speech, Mr Cheysson put the case for not committing everything to precise formulations. I cannot agree with him on this point. Confused terminology is always an indication of something not being quite as it should be, and there can be no doubt at all that completely different expressions are being used to describe absolutely identical agreements. In particular, the terms 'cooperation' and 'association' are continually being mixed up. Allowing for the special wishes expressed by the co-signatories, I nevertheless think there is a lot to be said for the Commission using unambiguous terminology, so that the title of a particular agreement gives some indication of the legal basis of that agreement. As things stand at present, one always has to go looking for the legal basis of an association or cooperation agreement.

I should now like to move on to a second point: the time factor. There is a Latin proverb which goes: *'bis dat qui cito dat'*, or 'he gives twice who gives promptly'. I think the corollary is also true. Financial protocols often run for a number of years, and the aid which the Community grants thereby is devalued as a result of the excessive delay. I think there is something to be said for accelerating this procedure. Part of the agreement can be implemented simply by introducing interim agreements to cover the trade aspect. This fact alone shows clearly enough that things are not as they should be, although I concede that there are a great number of legal difficulties.

I should like to set out briefly the attitude of my group. We are of the opinion that, for one thing, the financial protocols no longer — with effect from 1 January 1978 — need to be ratified by the Member

States. It is of no significance whether the resources are included in the budget and whether there is a guarantee or the like.

Some Member States already have ratification procedures in which the national parliaments have no part to play at all. I think the same is true of the cooperation agreements concluded with the Mashreq countries. There is neither the need nor the legal basis any longer for ratification in the Member States. The whole thing is the responsibility of the Community.

I am quite prepared to admit that there are certain difficulties in connection with the supplementary protocols attached to the financial protocols. This is partly because the agreements cover some aspect of social policy for which it is difficult to find the appropriate legal basis for the Community's activities. In such cases, the Member States will probably have to retain some say. The question is simply whether or not we could separate the different aspects, to enable at least the financial section to be concluded rather more quickly.

There are a number of agreements of hybrid content and it is our opinion that even after the introduction of the system of own resources, there will be no legal basis for ratification solely by the Member States.

I should like to say a word on the involvement of Parliament. We think it essential for the Commission and the Council to come round *post-haste* to the view that a major proportion of the agreements so far ratified or co-ratified by the Member States have simply to do with Community affairs. In view of the financial repercussions, however, this would mean that Parliament would have to be consulted. On this point, I would say that if we already have some kind of ratification procedure in the Member States from which the national parliaments are excluded, this is nothing more than a continuation of an extremely dangerous development. What it means is that, little by little, democracy is being undermined in the Member States. Responsibility is being passed on to committees which have no democratic legitimacy whatsoever. One way of opposing this trend would be to support our proposal to see that the consultation procedure is implemented and to ensure that the limited democratic powers which this House does possess fill the void left by the forfeited powers of the national parliaments. In conclusion, I must say that I am a little disappointed at the answers we received from the President of the Council and from the Member of the Commission, which boiled down in effect to what certain Member States are already loudly proclaiming.

I should like to see the Commission and the Council at least give their backing to this view, which goes beyond what we have heard here today.

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

**Mr Cifarelli.** — (I) Mr President, I must confess that I am not entirely happy with the replies we have heard, even though I and the group I represent owe our thanks to Mr Simonet and Mr Cheyssou.

There are many problems involved and I do not have the time to tackle them all. What I should like to say, however, is that personally I feel it is a very risky business to say that we should get on to the national parliaments if ratification is a long time in coming. We all know the problems. There are nine parliaments which have to ratify agreements, and it can happen — as we were told by the relevant committee — that an agreement expires even before it has been ratified by all the signatory states. And it is just as risky to say that we will call something a cooperation agreement because it sounds nicer or because, by adding a bit here and there, we can make what is basically a trade agreement into one of cooperation. I hope that the representatives of the Commission and the Council will appreciate that my remarks are not meant to be personal. However, we cannot let the Community be swayed by the irrelevant desires, often for the sake of prestige, of the countries we are dealing with.

I also want to say that from the legal point of view the question put by the Committee on External Economic Relations, asking for a definition of the type and content of various kinds of agreement, is not simply a problem of terminology but one of substance.

I should like to point out, Mr President, that Article 113 of the Treaty states that the Commission can conclude trade agreements without consulting Parliament. If we turn to Articles 235 and 238 of the same Treaty, we find that there *is* provision for consulting Parliament on cooperation and accession agreements, but this is only consultation and the Council can act independently.

The system of own resources will be in force as from 1 January 1978. This means that national budgets will no longer be directly affected and development funds will be included in the Community budget. We shall find ourselves up against the recurrent problem of how to prevent both the powers and the control of the national parliaments from spreading.

This is the crux of the matter as far as the Liberal and Democratic Group is concerned. We feel that independence in concluding such agreements should be encouraged. We feel that the Commission ought to discuss them. But we also feel that parliamentary control, by which I mean the democratic control which the national parliaments are rightly going to lose, should pass to the European Parliament.

This is why we have to think about the power of co-decision and why we feel this is the right course for the institutions of the Community to follow.

This Parliament is the last to be elected by the national parliaments and will be followed by the first

European Parliament to be elected directly by the citizens of Europe. We must have the courage to stand up and ensure that this development — institutional, legal and therefore political — is in fact achieved.

To our way of thinking, the delaying tactics of those who do not want to see the powers of the European Parliament amended are thus hopelessly unjustified. We have to emphasize Parliament's power of co-decision, since this is the only hope of finding a solution to these complex problems.

**President.** — I call Mr Bersani.

**Mr Bersani.** — (I) Mr President, I should also like to make one or two brief comments. Like other speakers, I was generally disappointed by the replies we heard, and I feel the time has come to draw some conclusions and to learn something from past experience. Until now we have had to follow a fairly pragmatic course, adapting to a continually changing situation which has been influenced by many factors, both inside and outside the Community, and varying according to whichever agreement was being negotiated. But I think the time has now come to take another look at the whole subject, because we are beginning to realize — and I am thinking in particular of our agreements with the Mediterranean countries — that if we continue to follow such a variety of paths, we could well be drifting away from, instead of coming closer to, our objective of working towards institutionalized agreements and more harmonized and coordinated procedures, without which our policy could well become unrecognizable.

Other Members have spoken of the factors which have gradually altered the situation, both legally and in a practical sense. From considering how the various articles of the Treaty were to be applied, they went on to the development of the financial situation. They considered this in connection with the system of own resources, and also in the light of how a whole series of financial commitments arising from these agreements are to be written into the budget.

What the Community now needs are more precise legal instruments and a solution whereby ratification can be dispensed with when it is not absolutely necessary. There has to be recognition of Parliament's *de facto* powers. It exercised these powers, for example, in the case of the Lomé Convention, which is by far the most important agreement to which the European Parliament has been a party, not only via an *ad hoc* parliamentary committee, but also as a major factor in a whole series of structures and procedures.

If we fail to draw the proper conclusions from this situation, it seems to me that this would be inconsistent with what is actually happening. That is why I should have liked a clearer answer. Let me emphasize anyway that we ought to rationalize the whole frame-

**Bersani**

work of relations between the institutions. With an eye to the future, we ought to draw conclusions which will not only benefit the Community, its role and the standing of its institutions, but will also promote the development of a more transparent and flexible system of relations with major areas in the world. In doing so, we shall be pursuing the conviction which I feel has matured as a result of the experience of the last few years.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (F) Mr President, I should like to reply briefly to the remarks which were addressed to the Commission. First of all, I would say that I am not concerned about terminological variations in our dealings with the countries of the Third World. After all, we have the same kind of variations here at home. Just take a look at the aptitude our ministries and departments of state show for inventing new words and titles.

Ministers in self-styled revolutionary Third World countries call themselves commissars. And why not? After all, midwives have become gynaecologists. The name of the game makes no difference to the game itself.

So I cannot see that terminological modifications are of any importance. What I think is important is that we should know what we are about. And on this point, I would echo the remarks made by Mr Bersani. We must know what we are doing. The terminology used in the Treaty was misleading, utterly misleading. There is absolutely no connection whatsoever between our policies *vis-à-vis* the Northern and the Southern Mediterranean countries apart from the fact that the term 'association agreements' is used in both cases. This term is wrong, it is misleading. In the Southern Mediterranean states, our policy is one of development, whereas in the Northern Mediterranean states, we are concerned with relations with European countries bent on joining the Community. I would therefore say that the use of standard terminology is more misleading than realistic.

I think what really matters is for us to know what we are doing. And to this end, I should like to point out to the honourable Members who tabled the question — and this is why, Mr President, I begged leave to speak again — that it is the Commission's ardent wish that the European Parliament be brought more and more into the process, not only of implementing, but also of preparing and considering our policy towards the developing countries and towards third countries. Mr Bersani gave the most outstanding example of this from the Lomé Convention. The same must apply to our other conventions, and it seems to me that this is far more important than giving an identical name to all our agreements and having the same legal definition for all of them.

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

**16. European agency for trade cooperation with the developing countries**

**President.** — The next item is the oral question with debate from the Committee on Development and Cooperation to the Council (Doc. 407/77) on the procedure employed by the Council in examining the proposal from the Commission for a regulation establishing a European agency for trade cooperation with the developing countries :

Can the Council inform Parliament when, by what institutional procedure, on the basis of which Treaty articles, and with what results, it gave consideration to the proposal referred to above and the opinion of the European Parliament?

I call Mr Sandri.

**Mr Sandri.** — (I) Mr President, this topic has been discussed by the House on repeated occasions. I myself was the unlucky rapporteur on one occasion. I say 'unlucky' because we managed to work out a motion for a resolution only after tortuous negotiations among the various parliamentary committees. However, this did not alter the fact that a fine compromise was reached. It was put before Parliament which was almost unanimous in its approval.

But that was the last we heard of the establishment of a European agency for trade cooperation with the developing countries. On 14 October last Miss Flesch, Chairman of the Committee on Development and Cooperation, tabled an oral question with debate on this matter. She wanted to know what had become of the proposal, or rather why there was such a delay in setting up the agency. Vice-President Natali, replying for the Commission, said that the Committee of Permanent Representatives had not felt that the proposal should be put to the Council and had asked the Commission to frame new proposals.

Miss Flesch called this behaviour scandalous, since the Council was obliged to examine the proposal after Parliament had been consulted. Thereupon Mr Natali said that the Commission would be coming up with new proposals before the end of the year.

This is the background to the question which the Committee on Development and Cooperation felt obliged to put to the Council. We are not going to waste time in criticizing the Committee of Permanent Representatives, although we feel it would be better if it worked in greater harmony with Parliament. What I do want to stress are the two aspects of procedure and importance. We have here a matter of procedure because the Council has not examined a proposal which had in fact been adopted by Parliament and because the Commission has failed to come up with its new proposal.

**Sandri**

I know it can be argued that the Commission feels that the Committee of Permanent Representatives has no authority to reject a proposal. In that case my answer would be that Mr Natali had no right to assure us on behalf of the Commission that a new proposal would be ready by the end of the year.

So much for the procedural questions we want answered. We now come to the question of importance, by which I mean that all these delays are threatening to stifle an initiative of tremendous significance, as the debate which has just ended made clear. We must develop our trade relations with the developing countries, as this a vital part of the exchanges which everyone wants so much. We have disappointed the developing countries who were expecting this agency to provide encouragement and stimulus for their trade. Quite apart from the answers we are seeking today, we hope that something tangible comes of the proposal, in line with the hopes expressed by this House as long ago as 21 April of this year.

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

**President.** — I call Mr Simonet.

**Mr Simonet, President-in-Office of the Council.** — (F) Mr President, in October 1976 the Commission submitted to the Council a proposal for a regulation based on Articles 113 and 235 of the EEC Treaty concerning the establishment of a European Agency for trade cooperation with the developing countries. According to the proposal, the task of the Agency would be to implement measures to enable the Community to achieve its objectives in the area of trade relations with the developing countries by means of concrete projects relating to generalized preferences and to the promotion of trade. The European Parliament was consulted by the Council on 21 October 1976 and delivered its opinion on 21 April 1977. The proposal and Parliament's opinion have been examined at length by the competent bodies within the Council, as a result of which it was felt that the question should be reviewed. The Commission is now considering the matter again and the examination of this issue might be resumed on the basis of a new proposal from the Commission.

**President.** — I call Mr Deschamps.

**Mr Deschamps.** — (F) As Mr Sandri has just pointed out, this is the third time that this question has been dealt with by Parliament, not including the hours of debate which we have had in the Committee on Development and Cooperation and in the corridors to arrive at a compromise solution with our Committee

on Budgets. I therefore hope that we shall not return to it a fourth time, unless perhaps to hear that the Agency is set up and ready to begin work.

It is as if we were watching a game of ping pong between the Council and the Commission, and no matter how skilful the players are, it no longer amuses us.

At the outset, Mr Cheysson, you presented to our Committee on Development and Cooperation a draft which did not exactly have a smooth passage in our Committee on Budgets; but we solved this internal Parliamentary problem and then came before Parliament for the first time to put forward a compromise which the Commission accepted, thereupon promising us to bring the matter to a speedy conclusion. We actually thought that by sacrificing one of your proposal's objectives we would speed up the procedure for the other objective. But nothing happened. Miss Flesch expressed, on behalf of the whole Committee, our indignation at this inactivity: that is why we brought the matter before Parliament once again.

Miss Flesch laid the blame, Mr President-in-Office, on your 'stokers' because in her view it was they who, in COREPER, by repeating a sort of sit-down strike, prevented this ship from docking at the port where the developing countries had been waiting for it for a very long time. We waited again, but in vain, and so here we are before you yet again. I wonder, however, whether this time we have not come to the wrong address, because it seems to me that the ball is again back with the Commission. Our question is addressed to the Council, but it is to the Commission that we must turn this time. I should therefore like to ask you three questions, Mr Cheysson.

Firstly — even if the reply is a formal one — do you really want to bring this matter to a successful conclusion? I am well aware that even certain ACP countries are raising objections, but I think that the determination to succeed is necessary.

Secondly, have you taken steps to see to it that a new proposal is referred to the Council for study as soon as possible — perhaps even by the date which you promised, i.e. before the end of the year?

Lastly, have you taken steps to see to it that the ACP countries do not always feel that they have the right to more favourable treatment? Have you taken any steps to ensure that trade relations with all the developing countries and the aid which we must supply to them under the Lomé Convention are also expanded? If so, we can say that we are satisfied.

And may I ask you personally, Mr President-in-Office, at least to give an undertaking that, if the Commission forwards the proposals to you, the Council will lose no time in taking a decision, which must be a decision taken by the captain and not by the stokers.

IN THE CHAIR : SIR GEOFFREY DE FREITAS

*Vice-President*

**President.** — I call Mr Lagorce.

**Mr Lagorce.** — (*F*) Mr President, my speech will be on the same lines as those of Mr Sandri and Mr Deschamps and will be extremely brief.

The European Parliament took a decision by adopting this resolution which was admittedly only a compromise, but there was a Council decision. Now we cannot overlook the fact that there has been no action to follow up this decision. The Council has, it would appear, offloaded its responsibilities on to COREPER, and the Commission has not kept its promises either, because new proposals were to have been put forward before the end of the year, as announced by Mr Natali.

In short, what is unacceptable is that yet again very little account is being taken of the European Parliament's opinion. Of course I know that certain developing countries are rather reticent about the setting up of this agency, since they have not been consulted. This unilateral initiative has even been described by some as neo-colonialist. Is this the reason why the Council has been so cool with regard to the setting up of this agency? It should tell us openly and not oblige us to ask for explanations with two successive oral questions. And besides, which Council departments have been or will be charged with carrying out the study to which Mr Simonet referred? Lastly, we must think of the impact which this affair will have on the developing countries. What will these countries think in future of the European Parliament's credibility if they see that Parliament's decisions remain a dead letter? I am thinking mainly about the forthcoming Lomé II negotiations for which it is a good thing that the ACP countries, which are not all democracies and which are not all fortunate enough to have a system of parliamentary representation, are left in no doubt as to the political importance of a Parliament such as ours. It thus becomes apparent that, even though innocuous at first sight, the question raised by the Committee on Development and Cooperation was of some importance, not to say of definite importance. That is why we listened with interest to the explanations given by the Council, which has already allayed our doubts a little and which will in any case nourish our hopes.

**President.** — I call Mr Dewulf.

**Mr Dewulf.** — (*F*) Mr President, since the Council has referred the matter to the Commission, I should like to point out to the latter that, during the October debate and after studying the matter in some depth, I took the liberty of proposing an alternative solution which I see in two parts.

On the one hand, an initiative for the ACP countries under the terms of this Convention; on the other

hand, an initiative which could perhaps also serve as a model in our relations with the Americans and the Japanese, but with a world-wide vision which we might also adopt and implement — possibly via the UNCTAD/GATT joint centre. There we would act as initiators by advocating better use of the system of generalized preferences and good trade promotion. Personally, I would prefer, on the one hand, a regional initiative along our own particular political lines specifically within the Lomé Convention which we shall extend, and on the other hand, a separate world approach.

**President.** — I call Mr Cheysson.

**Mr Cheysson, Member of the Commission.** — (*F*) Mr President, on behalf of the Commission I must apologize to Members for a certain confusion in this debate for which we are very largely to blame.

There is no secret about the reasons for the delay. They are nothing to do with a policy being accepted or not accepted by the ACP or any other countries, but with specific difficulties which I should like briefly to outline and of which my colleague, Mr Natali, was unaware, the other day so that the reply which he gave you did not take account of the actual problems involved.

I should like first of all to point out that at present 4 890 000 units of account out of the 5 million units of account available for trade promotion under the 1977 budget are committed, thus leaving 110 284 units of account of which 100 000 are to be committed within the next 15 days. Our trade promotion policy is thus developing, but it is doing so in the form of contracts which we conclude with outside companies — a fact as unpalatable to you as it is to us. Its development is such that priority is given to the ACP countries since the trade promotion appropriations within the Lomé Convention are much higher than those to which I referred. Of course this policy is being continually improved, but it is developing along normal lines.

This second initiative to which I have just referred was accepted by the ACP countries, and as far as trade promotion is concerned, what we are doing for other countries does not give rise to the slightest difficulty with the former.

Mr President, some time ago we proposed that an agency be set up to be responsible for trade promotion instead of the existing subcontracting offices, and to provide information on generalized preferences; our system has, in fact, its peculiarities which — I should like to point out to Mr Dewulf — are different from those of the American, Scandinavian and other systems and must therefore not be confused, as regards the information to be given, with the other systems of generalized preferences. Parliament encour-

## Cheysson

aged the idea and accepted the Agency, but asked us to confine its activities solely to trade cooperation, stressing the point — which is correct — that information on generalized preferences could be provided by our own departments. After the debate in Parliament we therefore had a very clear recommendation, advocating an agency concerned with half of our proposal, the 'trade cooperation' half. The council, as is right and proper, had the matter studied by COREPER, and after a great deal of hesitation, the latter agreed to an agency which would cover the other half, is not the half proposed by you. Thus both institutions agreed that there should be an agency, but each wanted a different half. Faced with this situation, our services felt like Buridan's Ass and have not yet decided, any more than the donkey in the fable, to move one way or the other. I must say that the encouragement which you are giving us and the — deserved — admonition for our slowness induce us to make a firm undertaking, namely that we shall draw up a new proposal based exactly on what Parliament adopted in April: we shall propose an agency limited to one of the two halves, the half which COREPER does not want at the moment. Will end up with an agency which no longer has a half at all? If so, we shall come to you with our problem and ask you for staff to work in our department — a request we should not be able to make in the case of this agency.

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

17. *Special measures adopted by the CIEC*

**President.** — The next item is the Oral Question, without debate, by Mr Dewulf to the Council on implementation of the special measures adopted by the Conference on International Economic Cooperation (CIEC) (Doc. 406/77):

Could the President-in-Office of the Council state what measures have been taken to implement the Community's decision to pay \$ 385 million into a special account of IDA (International Developing Association) and in particular:

- the form which the Community and its Member States will give to the agreement to be concluded with IDA,
- the period over which this amount will be paid,
- the budgetary measures adopted by the Member States in the light of the notification of their respective shares,
- how direct drawing on the shares of each of the Member States earmarked for IDA can be considered as 'supplementary aid',
- how the Community and the Member States will coordinate their participation in these 'special measures'.

I call Mr Dewulf.

**Mr Dewulf.** — (NL) Mr President, I shall not repeat my question. I should simply like to ask the President of the Council to repeat in the official reply which he is about to give the comment which he made this morning with a certain political pathos on the North-South dialogue. I hope that he will tell us that everything involved in the North-South dialogue, including the special measures, is politically extremely important for the credibility of the Member States and the Community in the North-South dialogue, which has regrettably been suspended and has yet to be assumed.

**President.** — I call Mr Simonet.

**Mr Simonet, President-in-Office of the Council.** — (F) I shall reply first of all to Mr Dewulf's question and shall then add the personal comment for which he has asked.

At its meeting on 28 November last, the Council dealt with development cooperation and approved the mandate for the representatives of the Community to negotiate the agreement to be concluded with IDA on how the Community contribution was to be used. It will therefore be possible for this contribution to become operational very soon. The agreement to be concluded with IDA will take the form of a joint agreement to be signed by both the Community as such and each of the Member States. Despite the fact that the Community contribution comes from resources put up by the Member States in accordance with the agreed scale, the procedure involved clearly goes beyond merely coordinating Member States' participation and is in fact of an entirely Community nature. It is correct that, for the moment, we are seeking ways and means of giving the North-South dialogue a fresh start; I have just expressed the disappointment and concern felt by many of us at the way in which the talks became more and more bogged down. The Belgian Presidency will no longer have the chance to instigate a debate on the matter in the Council, but I sincerely hope that the Commission and the next Presidency, and possibly a certain number of Member States, even if bilaterally with the Commission, will take up the threads of the interrupted talks. It is certain that the forthcoming negotiations on IDA could be designed as a sort of signal from the Community to the Third World to indicate that, despite the very great obstacle presented by the failure of the Geneva Conference, it is still determined, as in the past, to carry on a discussion with them which is doubtless difficult but which seems to me to be one of the most significant events of the last thirty years and without which we have reason to believe that the world balance would be jeopardized.

**President.** — This item is closed.

18. *Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Thursday, 15 December 1977, at 9.30 a.m. and 3 p. m. with the following agenda :

- Vote on the urgency of the motion for a resolution on direct elections ;
- Vote on the draft general budget of the European Communities for the 1978 financial year (preceeded by a statement by the rapporteur on the conclusions of the Committee on Budgets on the latest amendments tabled) ;
- Commission statement on agricultural prices for the 1978/1979 marketing year ;

- Joint debate on Corrie report and Oral question, with debate, to the Council on fisheries policy ;
  - Normanton report on the crisis in the textile industry ;
  - Oral Question with debate, on national aids in the EFTA countries ;
- 3 p.m. : Question Time*  
*3.45 p.m. : Vote on motions for resolutions on which the debate has closed.*

The sitting is closed.

*(The sitting was closed at 9.25 p.m.)*

*ANNEX*

*Questions which could not be answered during Question Time, with written answers*

*Question to the Council by Mr Edwards*

Subject: Economic Aid to Applicants for Membership of the Community

- Will the Ministers consider the possibility of offering economic aid to the applicants for membership of the European Communities, and will they bear in mind particularly the possibility of assisting the Portuguese fishing industry which suffers from a lack of both serviceable fishing boats and which could be useful to the Portuguese for use in their own territorial waters?

As the Commission has not yet submitted to the Council its opinion on Portugal's accession application of 28 March 1977, it would be premature for the Council to make any pronouncement on the question of economic aid to Portugal as an applicant country.

However, may I remind the Honourable Member that in 1975 the Community made available to Portugal emergency aid amounting to 150 million UAC accompanied by interest rebates and followed this up with a financial protocol of five years duration by which the Community will participate to an amount of 200 million UAC in the financing of projects which can contribute to the economic and social development of Portugal.

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## IN THE CHAIR : MR COLOMBO

*President*

(The sitting was opened at 9.45 a.m.)

**President.** — The sitting is open.

1. *Minutes*

**President.** — It has not yet been possible to distribute the minutes of proceedings for yesterday's sitting, because the staff have had too much work to do in connection with the adoption of the Budget. I shall submit the minutes to the House for approval as soon as they are available.

2. *Documents received*

**President.** — I have received the following documents :

- (a) a motion for a resolution tabled by Mr Brégegère, Mr Carpentier, Mr Dondelinger, Mr Guerlin, Mr Lagorce, Mr Lezzi and Mr Spénale pursuant to Rule 25 of the Rules of Procedure, on education allowances for local staff (Doc. 451/77)

This has been referred to the Committee on Budgets ;

- (b) from the committees, the following reports :

- report by Mr Price, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation extending beyond the date of expiry of the first stage of the Association Agreements the term of validity of certain provisions of Council Regulation (EEC) No 1641/77 as regards the arrangements applicable to trade with the Republic of Cyprus (Doc 450/77) ;
- report by Mr Johnston, on behalf of the Committee on Regional Policy, Regional Planning and Transport, on the Second Annual Report of the Commission of the European Communities on the European Regional Development Fund (1976) — (Doc. 452/77) ;
- report by Mr Hoffmann, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 392/77) for a regulation on the exchange rates to be applied for the purposes of the agricultural structures policy (Doc. 453/77) ;
- report by Mr Carpentier, on behalf of the Commission on Economic and Monetary Affairs on the communication from the Commission of the European Communities to the Council concerning an action programme for aeronautical research (Doc. 454/77).

3. *Decision on urgency*

**President.** — I now consult the House on the urgency of the motion for a resolution tabled by Mr

Berkhouwer, on behalf of the Liberal and Democratic Group, on elections by direct universal suffrage (Doc. 449/77). Since there are no objections, the adoption of urgent procedure is agreed.

I propose that this motion for a resolution be included as the last item on Friday's agenda.

Since there are no objections, that is agreed.

4. *Statement by the President*

**President.** — At the sitting of 13 November last Mr Dalyell asked me to comment on the meeting which I have now had with Mr Jenkins, President of the Commission, in connection with the statement which the Commission has to make to Parliament on action taken on Parliament's opinions.

The full exchange of views which I had with the President of the Commission enabled us to set out our respective points of view. The problem will be reconsidered by the two parties and by the Bureau along certain lines which have been laid down.

I shall inform the House of the outcome which I hope will be reached as soon as possible — perhaps by the next part-session.

5. *General budget of the Communities for 1978 (Vote)*

**President.** — The next item is the supplementary report by Mr Shaw on behalf of the Committee on Budgets on the committee's discussions at its meeting yesterday evening.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, today we reach the final stage of the preparation of the 1978 budget. It is a historic day because it is the first time that the budget of the Community has been drawn up with the co-responsibility for that budget lying with Parliament and Council, and the adoption of it being in our hands.

Because of that, we have thought throughout all the discussions that have taken place during the latter part of this year to build up a method of conciliation and discussion with Council, so that we can at the end of the day arrive at a joint agreement.

This has not been easy ; at times the discussions have been very fierce. You, yourself, Mr President, have taken the lead from our point of view in our discussions with the Council, and I am grateful to you for the work that you have put in.

Before we get down to the hard discussion and the hard voting that is to come, I should also like to say that we were indeed fortunate this year in having as President-in-Office of the Council somebody who so clearly believed, as we did, that agreement under conciliation was the best way in which to lay the founda-

**Shaw**

tions for a good budget, not only for this year but as a precedent for all the years to come. I am grateful to him and I hope those words will be conveyed to him by members of the staff of the Council who are here.

It has not been easy, as I said, for another reason. That reason is that the system under which we operate is a system that was geared to a bygone age. This year, because of the added interest of the budget for our Parliament and for our committees, no less than three times the number of amendments have been put forward to be processed in the old way. Frankly, the old way is not good enough and it leads to an intolerable situation towards the end of our business. For example, the lateness of the arrival of the amendments on our desk this morning is nobody's fault; everybody has been working very late to bring them into being, but the fact is that the time limits and so on have been geared to much smaller numbers of amendments and it has meant that discussion on the amendments has had to be on the general principles rather than on the details. Because of that I suspect — and I hope that the House will excuse this — that some of the texts that are adopted this morning will have to be cleaned up afterwards. Obviously, nothing material, will be changed, but they will have to be put into order and all the languages carefully balanced with each other and so on.

Mr President, early last week the Committee on Budgets met to decide on the amendments that we should put back into the budget. Our difficulty was that we did not know what decision the Council had taken with regard to the Regional Fund, and therefore all decisions we made last week had to be provisional in character, because we had to be able to look at the situation as a whole inclusive of the proposals on the Regional Fund, before we ourselves could come to any final decision. Since the amendments accepted by Council have been so great in number and amount, it was clear that the final budget would in any case have to be settled by agreement between Parliament on the one hand and Council on the other. In view of this, in view of the need to reach agreement, the need to be able to look at the overall picture, our first provisional list of amendments that we thought ought to be brought forward again was agreed to only provisionally, so that we could then go to the Council to discuss the matter with them and at the same time to hear what the very late decision had been with regard to the Regional Fund. That decision, let me say straight away, was very disappointing. However, since it was made by the Prime Ministers themselves, because the budgetary Council had failed to agree, the Council told us that they felt they could not usefully negotiate on the one single figure of 580m EUA which is their figure for the 1978 commitments for the Regional Fund. But what they did say, and they have carried out this promise, is that they would be

willing to be genuinely and substantially very helpful on a wide range of amendments covering all other sectors and I personally feel that, under the circumstances, we had to respect their particular problem, but at the same time try to see how to help in the regional sector in other ways.

In conciliation is to work now, and is to work in the future, a genuine movement towards each other must be made. Indeed, in the end, agreement will have to be found, either now, in a spirit of mutual understanding, or sometime next year in a spirit of distrust. I am in not the slightest doubt as to which way I want to seek agreements, both for now and for the future. For now and for the future not just for Parliament, but for the Community as a whole.

So, Mr President, our budget meetings this week brought out two opposing views. The first view was that the full list of amendments that had been provisionally approved of, should be resubmitted to Parliament, together with the original Regional Fund amendment, the one that would bring the figure up to the Commission's preliminary draft proposal. I am bound to say as firmly as I can, that I believe that this view is unreasonable, and the chances of getting an agreed budget would be very small if such a course was supported by Parliament today.

The second view was that certain amendments should be reduced to come towards the Council's position, so that there would be a good chance of agreement being reached between Parliament and Council. The Regional Fund amendment, according to the second view, was to keep to the 580m EUA for 1978 commitments with 1 EUA addition which would be symbolic, to indicate that it is not non-compulsory in nature. But so far as payments for 1978 are concerned, the full original sum of 525m EUA, the one wanted by our regional policy committee, should be reinstated.

Well, that I hope, Mr President, is a fair summary, of the two points of view. I, as I have said, wholeheartedly supported the second, moderate view. However, I have to tell the House that the first point of view, that is to say the point of view of those who wanted to insist on having everything, prevailed by 14 votes to 12 with 1 abstention. The amendments in your folder represent both those points of view. I will of course faithfully tell you the opinion that was come to by the Committee on Budgets on each amendment as it is reached. Now since some of the amendments are, for reasons which I have already explained, ones which fall solely into the what I would call the 'wanting the whole cake only' school, I shall abstain on these.

Finally, I have been accused by one or two people, of bending over backwards to give Council what they want. I utterly deny that charge, and I ask all Members to look at the record as to what has exactly happened. The truth is that never before in the history of this Parliament has Council been persuaded

**Shaw**

to come so far in our direction. The Council originally made cuts in payment totalling 447m EUA. We restored 378 million at our last budgetary session and of those 378 million Council accepted no less than 241 million. If the moderate view prevails today, another 95 million will go to that total, and that would mean that in all Council has moved towards us, if they accept that, by no less than 335 million out of a total that we ask for of 378. No-one could do more than that and I believe that it would be absolute folly to try and get everything just to show our muscle or for whatever reason it may be. There must be reason in this matter. There must be a genuine willingness, on the part of all of us, to try and reach an agreement with Council and I hope that the background to all these amendments that are coming up this morning has been put before you fairly and squarely so that we can now move on to the vote.

**President.** — The next item is the vote on the draft general Budget of the European Communities for the financial year 1978, modified by the Council, and the motions for resolutions contained in the supplementary reports by Mr Cointat (Docs. 444/77; 446/77; 440/77) and the supplementary report by Mr Shaw (Doc. 441/77).

The vote on the draft general budget of the European Communities for the 1978 financial year is the final stage of the budgetary procedure. In October, Parliament adopted amendments on non-compulsory expenditure and proposed modifications to the compulsory expenditure. On 22 November 1977 the Council took a decision on the amendments adopted by Parliament and on its proposed modifications to the compulsory expenditure.

As regards compulsory expenditure, we cannot change the decisions taken by the Council in the second stage. On the other hand, Parliament has the right during this last stage to amend modifications made by the Council to amendments on non-compulsory expenditure. These modifications have resulted in the tabling of further amendments which will be put to the vote and to which Mr Shaw has referred.

The amendments will be put to the vote in the order of the budgetary nomenclature. I would remind you that for adoption these amendments require a majority of the votes of the current Members of Parliament, i.e. at least 100 votes, and three-fifths of the votes cast. We shall vote in succession on the individual sections of the budget. Then, as I have said, we shall vote on the motions for resolutions contained in the supplementary reports by Mr Cointat and Mr Shaw.

In accordance with the procedure followed during the first reading, and to ensure budgetary equilibrium, the vote on revenue, modified in accordance with the vote on expenditure, will be taken after the vote on the various sections, which will be followed by the final vote.

I would remind you that in accordance with the procedure followed so far, the sections of the budget on which no amendments have been tabled will be deemed adopted.

We shall begin therefore with Section I: Parliament.

I call Mr Spénale for a procedural motion.

**Mr Spénale.** — (F) Mr President, in accordance with traditional practice, you have announced that voting will take place in the order of the budgetary nomenclature. I do not think that this would be the best method, in one particular case at least. I think we should hold a preliminary vote to determine whether the House wishes to maintain its initial proposals with regard to the Regional Fund or whether it does not accept them and agrees on another amendment since on the result of this vote depends a whole series of amendments, the purpose of which is to restore a balance, depending on the choice made in this area. The withdrawal or adoption of a large number of amendments depends, therefore, on the result of the main vote on the Regional Fund. My suggestion is subject to the approval of the chairman of the committee and the rapporteur. If the method I suggest does not seem suitable to them I shall withdraw my proposal, but it does seem the best solution to me.

**President.** — What exactly do you mean by a preliminary vote?

**Mr Spénale.** — (F) What I mean is that the other votes depend on the result of this vote. The result of this vote will shed light on all the others: according to whether we have 750 m EUA for the Regional Fund, 750 or 581 m EUA in commitment appropriations, amendments influenced by the House's choice and designed to restore a balance will be tabled.

**President.** — I call Mr Aigner.

**Mr Aigner.** — Mr President, I understand Mr Spénale's proposal. He is quite right, but I feel that he will be complicating matters. All the groups have their papers in the order of the vote as planned. They are aware of the details. We of the Committee on Budgets have, of course, a better knowledge of the subject, but each Member must know what is at stake. Moreover, Mr Spénale, we must after all vote on all the amendments. I therefore feel that we should keep to the agreed procedure.

**President.** — I call Lord Bruce.

**Lord Bruce of Donington.** — Mr President, may I suggest, for the convenience of Members of Parliament who have their papers already in order, that it would be far better to follow the procedure which you have been good enough to lay down.

**President.** — I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President I do understand what Mr Spénale has said. If we got that out of the way, then other things would become much clearer. But I know the trouble that has been taken to put all the papers in a certain order and, now that everybody is geared to work in that direction, I think it would be better if we stuck to the order that has already been laid down by you.

**President.** — I call Mr Spénale.

**Mr Spénale.** — (F) Mr President, I withdraw my proposal; I was merely trying to simplify things, not make them more complicated. However, I do fear that voting will be more complicated because we may now have contradictory votes.

**President.** — That means that Members will have to pay great attention.

We shall begin with Section I: Parliament. On the List of posts I have Amendment No 70 tabled by Mr Cointat on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is not adopted (85 — 40 — 0).

#### *Title 1*

On Item 1301 — Staff — I have Amendment No 69 tabled by Mr Cointat on behalf of the Committee on Budgets. I put it to the vote.

The amendment is adopted (132 — 0 — 0).

#### *Title 2*

On Article 222 — Technical equipment and installations — I have Amendment No 71 tabled by Mr Cointat on behalf of the Committee on Budgets.

I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, this amendment falls as a result of the first vote, since it concerns equipment for posts that have not been approved. As I see it, we do not need to vote on this amendment.

**President.** — I call Mr Cointat.

**Mr Cointat.** — (F) Yes, Mr President, the creation of posts, which was the purpose of Amendment No 70, involved additional expenditure to cover the cost of office equipment. Now that Amendment No 70 has been rejected, it is no longer necessary to add 6 250 units of account through this amendment.

**President.** — There is no reason to vote on Amendment No 71.

Section I, with the amendment adopted today, is adopted.

We shall now consider Section II: Council.

On Annex I — Economic and Social Committee — Mr Cointat has tabled Amendment No 67 on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (132 — 0 — 1).

Again on Annex I, I have Amendment No 68 tabled by Mr Cointat on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (132 — 0 — 1).

Section II with the amendments adopted today, is adopted.

We shall now consider Section III: Commission.

Before we consider the amendments to expenditure, we shall consider the amendments to revenue.

On Article 941 — Euratom borrowings — I have two amendments:

- No 3/rev, tabled by Mr Spinelli and others
- No 19, tabled by Mr Shaw on behalf of the Committee on Budgets.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — As the two are so similar, I wonder if Mr Spinelli would be prepared to withdraw his, in view of the fact that the only difference lies in the remarks. I would suggest that the remarks in my amendment are better than the ones in his.

*(Loud laughter)*

**President.** — Since Mr Spinelli is withdrawing his amendment, I put Amendment No 19 to the vote.

The amendment is adopted (131 — 0 — 1).

On Article 942 — Community borrowings — I have two amendments:

- No 2/rev, tabled by Mr Spinelli and others
- No 20, tabled by Mr Shaw on behalf of the Committee on Budgets.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President again the Committee on Budgets preferred the one in my name, because the remarks better fitted the amendments. I would be grateful if Mr Spinelli would again withdraw his amendment.

**President.** — Since Mr Spinelli is withdrawing his amendment I put Amendment No 20 to the vote.

The amendment is adopted (131 — 0 — 1).

On Article 943 — Community borrowings — I have Amendment No 25 tabled by Mr Shaw on behalf of the Committee on Budgets.

**President**

I put it to the vote.

The amendment is adopted (131 — 0 — 1).

*Title 1*

On the List of posts I have Amendments Nos 26, 27 and 28 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put Amendment No 26 to the vote.

The amendment is adopted (129 — 0 — 3).

I put Amendment No 27 to the vote.

The amendment is adopted (129 — 0 — 3).

I put Amendment No 28 to the vote.

The Amendment is adopted (131 — 0 — 1).

*Title 2*

On Item 2100 — Rent — I have Amendment No 29 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (132 — 0 — 1).

On Article 266 — Regional studies — I have Amendment No 30 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The Amendment is adopted (108 — 26 — 1).

On Item 2729 — Information projects relating to direct elections to the European Parliament — I have Amendment No 31 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The Amendment is adopted (135 — 0 — 1).

*Title 3*

On Article 307 — European Trade Union Institute — I have Amendment No 65 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (119 — 16 — 0).

On Article 316 — Training of farmers — I have Amendment No 32 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (135 — 1 — 0).

On Item 3201 — Prospecting for hydro-carbons — I have Amendment No 4 tabled by Mr Spinelli and others on which the Committee on Budgets has given an unfavourable opinion.

I put it to the vote.

The amendment is rejected (9 — 126 — 1).

On Article 321 — Prospecting for uranium deposits — I have two amendments with the same object :

— No 33 tabled by Mr Shaw on behalf of the Committee on Budgets

— No 73 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.**— Mr President may I explain my vote here? On Amendment No 33 I shall

abstain because I feel that as rapporteur I cannot vote against it.

**President.** — I put Amendment No 33 to the vote.

The amendment is rejected (62-73-0).

I put Amendment No 73 to the vote.

The amendment is adopted (139 — 1 — 0).

On Article 322 — Coal stocks — I have Amendment No 34 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (137 — 0 — 0).

On Article 323 — Use of coal in power stations — I have three amendments :

— No 35 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 82 tabled by the Socialist Group which are identical and

— No 74 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — May I explain my vote, Mr President? I shall abstain on the first one, I shall vote against the second one, and if the third one is called I shall vote for it.

**President.** — I put Amendment No 35 to the vote.

The amendment is rejected (62 — 74 — 2).

Amendment No 82 therefore falls.

I put Amendment No 74 to the vote.

The amendment is adopted (139 — 0 — 1).

On Item 3240 — Energy savings — I have three amendments with the same object :

— No 6 tabled by Mr Spinelli and others,

— No 23 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 75 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Of these three amendments, the first is substantially the same as the second, but the first is technically, I am told, out of order: there is some technical revision needed on it. The Committee on Budgets in fact passed the second one, but I shall abstain. If it comes to the third one, I shall vote for it.

**President.** — I call Mr Spénale for a procedural motion.

**Mr Spénale.**— (F) Mr President, I should like to ask Mr Aigner and Mr Shaw if these amendments can be put to the vote without our having really adopted an opinion on the problem of the Regional Fund. We are

**Spénale**

voting in the wrong order on amendments which are designed to restore a balance. There is therefore a danger of the votes contradicting each other!

**President.** — Mr Spénale, the problem has already been settled. All Members present are aware of this and can therefore cast their vote with a full knowledge of the facts.

I call Mr Spinelli.

**Mr Spinelli.** — (I) I withdraw my amendment for the reasons given by the rapporteur.

**President.** — I put Amendment No 23 to the vote. The amendment is rejected (56 — 74 — 1).

I put Amendment No 75 to the vote.

The amendment is adopted (123 — 9 — 0).

On Article 324 (new Item 3241 : Coal gasification), I have two amendments :

— No 36 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 76 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, again I am abstaining on the first one, and if the second one is put I shall vote for it.

**President.** — I put Amendment No 36 to the vote. The amendment is rejected (63 — 76 — 0).

I put Amendment No 76 to the vote.

The amendment is adopted (120 — 9 — 0).

On Article 324 (new Item 3242 : Exploitation of geothermal resources) I have three amendments :

— No 17/rev. tabled by Mr Spinelli and others,

— No 24 tabled by Mr Shaw on behalf of the Committee on Budgets,

which are identical amendments but with differing remarks

— No 77 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, the first amendment is out of order, in that it does not take cognizance of the decision that was taken by Council on 22 November. The second one I shall abstain on, and the third one, if its put to the vote, I shall vote for.

**President.** — Since Mr Spinelli is withdrawing his own amendment, I put Amendment No 24 to the vote.

The amendment is rejected (56 — 78 — 1).

I put Amendment No 77 to the vote.

The amendment is adopted (132 — 9 — 0).

On Chapter 32 — Energy policy (new Article 325) — I have Amendment No 7 tabled by Mr Spinelli and

other on which the Committee on Budgets has given a favourable opinion.

I put it to the vote.

The amendment is rejected (53 — 72 — 1).

On Item 3291 I have two amendments :

— No 8/rev. tabled by Mr Spinelli and others,

— No 21 tabled by Mr Shaw on behalf of the Committee on Budgets.

Since Mr Spinelli is withdrawing his amendment, I put Amendment No 21 to the vote.

The amendment is adopted (138 — 1 — 0).

On Item 3333 — JRC establishments — I have Amendment No 39 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (139 — 0 — 0).

On Article 335 — Indirect action — I have Amendment No 37 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (137 — 2 — 0).

Again on Article 335 I have Amendment No 38 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (138 — 0 — 1).

On Chapter 100 I have Amendment No 40 tabled by Mr Shaw on behalf of the Committee on Budgets, which has to be put to the vote at this point since it concerns appropriations relating to Items 3358 and 3359.

I put it to the vote.

The amendment is adopted (139 — 0 — 1).

On Item 3361 — Primary raw materials — I have two amendments :

— No 41/rev. tabled by Mr Shaw on behalf of the Committee on Budgets,

— No — 78 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, on the first one I shall abstain, and if the second one is called, I shall vote for it.

**President.** — I put Amendment No 41/rev. to the vote.

**President.** — I put Amendment No 41/rev. to the vote.

The amendment is rejected (63 — 77 — 1).

I put Amendment No 78 to the vote.

The amendment is adopted (130 — 10 — 0).

On Item 3362 — Long-term forecasts — I have Amendment No 42/rev. tabled by Mr Shaw on behalf of the Committee on Budgets.

**President**

I put it to the vote.

The amendment is adopted (141 — 0 — 0).

On Item 3363 — Light-water reactor safety — I have Amendment No 43 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (140 — 0 — 0).

On Item 3364 — Uranium ore — I have Amendment No 44 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (140 — 0 — 1).

On Item 3620 — First and second three-year projects — I have Amendment No 45 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (140 — 0 — 0).

On Article 370 — Data processing — I have Amendment No 11 tabled by Mr Spinelli and others, on which the Committee on Budgets has given a favourable opinion.

I put it to the vote.

The amendment is rejected (60 — 81 — 0).

On Chapter 100 I have two amendments on which the vote has to be taken now since they refer to Item 3710 — Technological Research :

— No 46/rev. tabled by Mr Shaw on behalf of the Committee on Budgets ;

— No 79 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, on the first one I shall abstain and if the second one is called, I shall vote for it.

**President.** — I put Amendment No 46/rev. to the vote.

The amendment is rejected (37 — 81 — 1).

I put Amendment No 79 to the vote.

The amendment is adopted (130 — 9 — 0).

On Item 3711 — Aerospace industry — I have Amendment No 47 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (139 — 0 — 0).

On Chapter 100 I have Amendment No 48 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (139 — 0 — 0).

On Article 375 — crises in certain industrial sectors — I have Amendment No 49 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (137 — 0 — 1).

Following Amendment No 49 by Mr Shaw which creates the new budget item at Item 3750 — Loan interest rebates — I have two amendments :

— No 50 tabled by Mr Shaw on behalf of the Committee on Budgets

— No 80 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — On the first, I shall abstain, and if the second one is called, I shall vote for it.

**President.** — I put Amendment No 50 to the vote.

The amendment is rejected (70 — 75 — 2).

I call Mr Spinelli for a procedural motion.

**Mr Spinelli.** — (*I*) Mr President, I should like to ask whether Mr Shaw has the privilege of giving his own personal opinion as well as the committee's opinion.

**President.** — It is obvious that the rapporteur must be allowed to say why he is not voting in favour of an amendment which he has tabled on behalf of the Committee on Budgets but not in his own name.

I call Mr Aigner.

**Mr Aigner.** — (*D*) Mr President, I would ask the House to note that in the case of Amendment No 80 the German text is authoritative because a different figure is given under commitments in the other languages. It should read 'an appropriation for commitment of 5 million EUA'. I am sorry that this mistake has occurred in the other languages.

**President.** — Is it a question of words or numbers ?

**Mr Aigner.** — (*D*) Mr President, we have different commitment figures in the various languages. Apparently a mistake has occurred in the translation. I therefore request that my amendment in German, which was the original amendment, be taken as the basis and that the texts in the other languages be corrected accordingly.

**President.** — I call Lord Bruce.

**Lord Bruce of Donington.** — Mr President, I am a little bewildered about this, because Amendment No 80 says : Enter an appropriation of 2 million EUA and a commitment appropriation of 10 million EUA. This, Mr President, is precisely in conformity with the motion submitted by Mr Aigner to the Committee on Budgets last evening. I do not see where any change is called for. I would suggest that we keep the English text.

(*Laughter*)

**President.** — I call Mr Aigner.

**Mr Aigner.** — (D) Mr President, it goes without saying that we must take the amendment in the language of the person tabling that amendment. I tabled the amendment and it reads 2 million in payment appropriations plus, Lord Bruce, 5 million in commitment appropriations. That is what it says in the German. The texts in the other languages erroneously refer to 10 million in commitment appropriations. I have merely asked that this be corrected and the other languages adjusted to the German version. That is not a change in the amendment, simply a correction of a translation error.

**President.** — I call Lord Bruce.

**Lord Bruce of Donington.** — Mr President, I am sorry to have to return to this theme but, as you are aware, in the Committee on Budgets we have a most efficient secretariat who were kind enough to summarize yesterday evening the proposals submitted by Mr Aigner. There it is stated quite clearly *2 million in payments and 10 million in commitments*. I really am at a loss to see why Mr Aigner should have this sudden change of mind. Either it is an increase in austerity or, perhaps, indigestion — I do not know what it is.

(Mixed reactions)

**President.** — I call Mr Lange.

**Mr Lange, chairman of the Committee on Budgets.** — (D) Mr President, ladies and gentlemen, it is a basic tenet that the original language is authoritative.

Secondly, after establishing the differences in commitment appropriations yesterday, we arrived at 85 million, not at 90 million. That is what the text I had before me said: commitment appropriations amounted to 5 million and the disputed total commitment appropriation figure to 85 million. This means that what Mr Aigner has said is quite correct and that any misunderstandings are due to other texts.

In addition, the matter was drawn to practically everybody's attention. The secretaries pointed out to me that there had originally been a misunderstanding and a different sum had been entered in the other languages, but this had been corrected in the Committee on Budgets yesterday. That is what the secretaries told me. Therefore, ladies and gentlemen, the amendment concerns 5 million and not 10 million, and that is not a change of mind.

**President.** — Does the general rapporteur agree with the chairman of the Committee?

**Mr Shaw, general rapporteur.** — Yes, I knew of this last night, and I understood it was to be rectified but this is one of the problems of the last-minute rush

that we have had, which I complained of in my opening speech. I said that one or two textual amendments would have to be made. It is nobody's fault; it is the system which, I am afraid, has been overloaded.

**President.** — Since this is a question of rectifying a mistake and both the chairman of the Committee and the rapporteur are of the same opinion, I think Lord Bruce will accept this explanation.

I put to the vote Amendment No 80 as tabled by Mr Aigner.

The amendment is adopted (124-9-0).

Following Amendment No 49, which has created the new budget item 3751 — Investment premiums — I have Amendment No 51 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (133-0-0).

On Chapter 100 I have Amendment No 52 tabled by Mr Shaw on behalf of the Committee on Budgets, which now has to be voted on since it refers to Article 390 — Research projects.

I put it to the vote.

The amendment is adopted (135-0-0).

*Title 4*

On Title 4 — Repayments to Member States — I have two amendments:

— No 12 tabled by Mr Spinelli and others

— No 22 tabled by Mr Shaw on behalf of the Committee on Budgets.

These two amendments are identical but No 12 contains a remark which is binding.

I call Mr Spinelli.

**Mr Spinelli.** — (I) I withdraw my amendment.

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

The amendment is adopted (136-0-0).

Again on Title 4 I have Amendment No 53 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (136-0-0).

I then have Amendment No 64 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (136-0-0).

On Chapter 44 — Monetary compensatory amounts — I have Amendment No 63 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (134-0-0).

On Article 45 I have Amendment No 62 tabled by Mr Shaw on behalf of the Committee on Budgets.

**President**

I put it to the vote.

The amendment is adopted (135-0-0).

*Title 5*

On Chapter 55 — European Regional Development Fund — I have five amendments :

— No 54 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 83 tabled by the Socialist Group,

— No 87 tabled by the Committee on Regional Policy, Regional Planning and Transport,

— No 88 tabled by Mr Ripamonti and others

which are identical

— Amendment No 72 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, on the first amendment you have called, No 54, I shall abstain. I presume the other three will not be called. If No 72 is called, I shall vote in favour.

**President.** — I put Amendment No 54 to the vote.

The amendment is not adopted (82-28-12).

Amendments Nos 83, 87 and 88 therefore fall.

I put Amendment No 72 to the vote.

The amendment is adopted (126-10-0).

On Chapter 59 — Aid to disaster victims — I have two identical amendments :

— No 55 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 84 tabled by the Socialist Group.

I put Amendment No 55 to the vote.

The amendment is adopted (135-0-2).

Amendment No 84 therefore falls.

*Title 9*

On Title 9 — Cooperation with developing countries — I have Amendment No 56 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (127-0-1).

Again on Title 9 I have Amendment No 57 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (137-0-0).

On Chapter 90 I have Amendment No 58 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (124-3-1).

On Article 930 — Financial cooperation with developing countries — I have three amendments :

— No 59 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 85 tabled by the Socialist Group,

which are identical and

— No 81 tabled by Mr Aigner and others.

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, on the first one, No 59, I will abstain. No 85, presumably, will not be called, but if 81 is called, I shall vote for it.

**President.** — I put Amendment No 59 to the vote.

The amendment is rejected (65-71-0).

Amendment No 85 therefore falls.

I put Amendment No 81 to the vote.

The amendment is adopted (128-6-1).

On Article 945 — Non-governmental organizations

— I have two identical amendments :

— No 60 tabled by Mr Shaw on behalf of the Committee on Budgets,

— No 86 tabled by the Socialist Group.

I put Amendment No 60 to the vote.

The amendment is adopted (136-0-0).

Consequently Amendment No 86 falls.

On the legislative part of the budget I have Amendment No 61 tabled by Mr Shaw on behalf of the Committee on Budgets.

I put it to the vote.

The amendment is adopted (135-0-0).

Section III — Commission — with the amendments adopted today is therefore adopted.

I call Mrs Iotti for a procedural motion.

**Mrs Iotti.** — (I) Mr President, I should like to have an explanation of how the relevant rule of procedure and the provision on the qualified majority contained in Article 203 (6) of the EEC Treaty are to be interpreted.

**President.** — The interpretation used is that contained in the resolution of 14 September 1977 which, on a motion from the Committee on Budgets, was adopted by Parliament.

In any case, at the beginning of the voting, I referred to this resolution.

**Mrs Iotti.** — (I) I should like to know how this works out in terms of numbers, if you would be so kind as to tell me.

**President.** — The resolution which I mentioned provides that amendments to the budget shall require for their adoption the votes of a majority of the current Members of Parliament, i.e. 100 votes in favour and, if there is a greater number of voters present, three fifths of the votes cast.

This was the purport of Parliament's deliberations on 14 September 1977 when it approved this same interpretation which applied to the previous budgets.

**Mrs Iotti.** — (I) Mr President, I am referring to that part of the resolution which provides that when the number of votes cast is greater than one half of the number of Members of Parliament, the three-fifths rule shall be applied. I would point out to you, Mr President, that on Amendment No 54 there were 122 votes cast and the number in favour was 82.

*(Mixed reactions)*

**President.** — I have before me a table from which the calculation is made in each case in relation to the number voting, and the required quorum is shown for each case. For 167 votes, 101 must be in favour and 66 against; for 169 votes, 102 in favour are required and 67 against; and so on.

**Mrs Iotti.** — (I) And what happens when the number of votes cast is 122? That is what happened in the case with which we are concerned.

**President.** — When it is 122, the number of votes in favour must be 100.

**Mrs Iotti.** — (I) Mr President, I should not like, of course, to detain the House too long on this, but this is a question of critical importance because the validity of the vote depends on it. I maintain that, on the basis of the votes cast on this amendment, the condition of the three fifths required by the Treaties has been met. I hold, therefore, that the amendment has been adopted. This is my personal opinion. This question must be thoroughly cleared up because it is capable of invalidating a vote of this House.

*(Applause from various quarters)*

**President.** — According to Article 5 (6) of the internal Rules of Procedure (PE 49.641): *Draft amendments to the text modified by the Council shall be put to the vote. They shall require for adoption the votes of a majority of the current members of Parliament, that is at least 100 votes in favour and three-fifths the votes cast. If they are adopted, the text modified by the Council shall be deemed rejected.* I think that is clear enough.

**Mrs Iotti.** — (I) Mr President, I should like to remind you that the celebrated paragraph 6 of Article 203 of the EEC Treaty actually states:

Within fifteen days of the draft budget being placed before it, the Assembly, which shall have been notified of the action taken on its proposed modifications, shall act, by a majority of its members and three fifths of the votes cast, on the modifications to its amendments made by the Council.

This means that what is required is that a majority of the members of Parliament take part in the voting, not a majority should cast a vote in favour. For the adoption or rejection of the modifications made by the Council, three fifths of the votes cast are required. I should like to remind you, Mr President, that this is written down in the Treaties of Rome and that no internal act of Parliament can gainsay the Treaties.

**President.** — So far, Mrs Iotti, the interpretation of this provision, which has also been adopted in Parliament's decisions and deliberations, has been to the effect that the votes in favour must represent a majority, that is to say must be at least 100. That is the interpretation which has consistently been applied until this moment and I cannot change it unless the question is put before Parliament by means of an appropriate resolution and Parliament decides to change the interpretation, without, obviously, contradicting the Treaty.

I think this is how the position can be described always with the provision that Parliament can re-examine the problem at a later stage.

I call Lord Bruce on a procedural motion.

**Lord Bruce of Donington.** — Mr President, may I draw the attention of Parliament to the situation that has arisen by Parliament's having passed Amendment 72 submitted by Mr Aigner and his colleagues, which, in terms of payment appropriations on the regional side, increases by 65 million the total amount. This amount of 65 million was not conceded by Council in the conciliation proceedings, and in the absence of any communication from Council, Parliament is in conflict with the Council at this time, having exceeded the amount that Council was prepared to authorize on the payment side in the Regional Fund. May I therefore ask, Mr President, whether Council will now make a statement on its position in relation to the position taken up by Parliament.

**President.** — After the voting the Council will have to announce whether or not it agrees with Parliament's decisions.

I call Mr Lange.

**Mr Lange, chairman of the Committee on Budgets.** — (D) Mr President, I should like to request officially that this discussion now be closed.

*(Applause from various quarters)*

There is no point in going on. We have reached a decision under conditions that have previously prevailed in this Parliament. On behalf of my group and the Committee on Budgets I would again expressly request you, Mr President, again to take up the interpretation of the provisions on voting contained in Article 203 with the Council and Commission. We cannot do that now; we must keep to what we decided on this at an earlier stage. Opinions may very well differ, but there is no point in trying to bring about changes now in a general and heated debate. This would also apply to all the voting we have had under these conditions. I would therefore be grateful, Mr President, if we could now close this discussion.

*(Applause from the right)*

**President.** — I am glad to see the House warmly applauding Mr Lange's statement, but I should point out that it did not put as much warmth into its applause for my earlier remarks to the effect that the interpretation of the Rules of Procedure which has been applied so far remains valid.

*(Smiles and applause)*

I have just been saying that this has been the interpretation followed so far and that therefore it should be respected, except if the matter is to be brought before the appropriate organs of the House and the Institutions concerned.

Mrs Iotti, do you agree with the chair that the discussion should now be considered closed?

**Mrs Iotti.** — *(I)* I quite agree, Mr President, that the discussion should not be dragged out. I should like to remind those colleagues who are showing so much impatience that we are not dealing here with a minor matter, but with the question of the validity of a vote of this House — a matter of extreme importance.

I should like to ask you, Mr President, precisely because such an extremely important matter is at stake, to refer it to the appropriate bodies of Parliament so that the procedure can be considered by the Assembly at the first opportunity.

*(Applause from certain quarters)*

**President.** — I wish to make it clear that in all the votes which have taken place so far we have adhered to this practice and to the decisions adopted by Parliament on the interpretation of the Rule relating to votes.

I should like Parliament to note this for the future. We shall now consider *Section IV: Court of Justice*, on which I have no amendments.

Section IV therefore deemed adopted.

We shall now consider *Section V: Court of Auditors*. On Section V — Court of Auditors — I have Amendment No 66 tabled by Mr Cointat on behalf of the Committee on Budgets and concerning the establishment plan.

The amendment is adopted (127-0-0).

Section V — Court of Auditors — with the amendment adopted today is deemed adopted.

The 'Revenue' section is modified in accordance with the votes which have taken place.

In accordance with parliamentary practice we shall now vote on the draft budget, as amended, as a whole. Since the Treaty makes no special provision for this vote it will be taken by a simple majority of the votes cast.

I put the draft budget as a whole to the vote.

The draft budget is adopted (119-10-0).

Parliament has voted by the required majority to amend the draft budget, but the amendments adopted

exceed our margin for manoeuvre as regards the increase in non-compulsory expenditure.

In accordance with the provisions of paragraph 6 of Articles 78 of the ECSC Treaty, 203 of the EEC Treaty and 177 of the EAEC Treaty, Parliament has, as a result of the vote taken today, amended the modified draft budget forwarded to it by the Council. Because of the amendments adopted, a new rate will have to be fixed as provided for in paragraph 9, last subparagraph of Articles 78 of the ECSC Treaty, 203 of the EEC Treaty and 177 of the EAEC Treaty. Following our vote on the amendments Parliament has expressed itself in favour of fixing a new rate.

I should be glad if the President of the Council could notify me of Council's agreement before the end of the present part-session, because in that way we can consider that the procedure is complete and thus avoid having to resort to the system of provisional twelfths. If this agreement is reached, I can then, pursuant to the provisions of paragraph 7 of Articles 78 of the ECSC Treaty, 203 of the EEC Treaty and 177 of the EAEC Treaty, confirm that the procedure is complete and announce that the budget is finally adopted. We shall now proceed to the vote on the motions for resolutions contained in the supplementary reports by Mr Cointat and the interim supplementary report by Mr Shaw.

I put to the vote the motion for a resolution contained in the report by Mr Cointat on behalf of the Committee on Budgets on Section I (European Parliament) of the draft general budget of the European Communities for the financial year 1978 (Doc. 444/77).

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the report by Mr Cointat on behalf of the Committee on Budgets on Section II (Council), Annex I (Economic and Social Committee) of the draft general budget of the European Communities for the financial year 1978 (Doc. 446/77).

The resolution is adopted.<sup>1</sup>

We shall now consider the motion for a resolution in the interim supplementary report by Mr Shaw on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1978 (Section III — Commission) as amended by the Council and Parliament and on the adoption of the budget (Doc. 441/77).

<sup>1</sup> OJ C 6 of 9. 1. 1978.

**President**

For the sake of clarity I shall read the corrigendum made to paragraphs 18 and 19 which you all have before you :

18. notes with satisfaction the acceptance without modification by Council of amendments by Parliament totalling 155 354 000 EUA in payments and 28 559 000 EUA in commitments ;
19. also notes with satisfaction the acceptance in modified form by the Council of further amendments by Parliament totalling 754 700 EUA in payments and 43 089 000 EUA in commitments.

I therefore put paragraphs 1 — 22 with the corrections I have read out to the vote.

Paragraphs 1 to 22 are adopted.

After paragraph 22 I have Amendment No 1 tabled by Mr Shaw seeking to insert a new paragraph :

23. Considers that the fixing of the sums for the Regional Fund by the European Council represents a challenge to the rights of Parliament over an area of expenditure which has at last been recognized by all the institutions as non-compulsory and over which the Parliament has the last word.

I put it to the vote.

The amendment is adopted.

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

The resolution is adopted.<sup>1</sup>

I put to the vote the resolution contained in the supplementary report by Mr Cointat on behalf of the Committee on Budgets on Section V (Court of Auditors) of the draft general budget of the European Communities for the financial year 1978 (Doc. 440/77).

The resolution is adopted.<sup>1</sup>

I call Mr Shaw.

**Mr Shaw, general rapporteur.** — Mr President, I would now like to say a word of thanks to one or two people who have been intimately connected with this very lengthy, very complicated, and at times, very tiring process that we have been through. Mr President, firstly, I would like to thank you for the way that you have looked after what has been quite the most complicated task any President has ever had to deal with, with this tremendous number of amendments that we had.

*(Applause)*

Secondly, I would like to thank the presidency of the Council for the very genuine way in which the Council has participated in our affairs and in the new conciliation atmosphere that I believe we have created this year.

Thirdly, as ever, we have had at all times the help of the Commission. Their advice has been absolutely invaluable. We could not do without them at any stage in our proceedings, and I would like to say a very big thank you to them...

*(Applause)*

... and to all members of the Committee on Budgets and others who have helped, but above all, to the chairman of the committee for the way that he has guided us, looked after us and at times kept us truly in order. I think he deserves a very big word of praise.

*(Applause)*

And finally, may I say a word to the staff of Parliament, to the technicians who have worked, sometimes right through the night—and I assume they were working all through last night on these amendments—the translators, the interpreters, who have been at it, hour after hour, both in the Committee on Budgets and in the session. But above all, I would like to say a very big thank you indeed to my own personal staff who have been absolutely invaluable. I do think that the process will have to be looked at again. The efforts that have been made to keep this thing on course have been superhuman, and I believe that the arrangements ought to be improved.

*(Applause)*

**President.**— I call Mr Lange.

**Mr Lange, chairman of the Committee on Budgets.** — *(D)* Mr President, ladies and gentlemen, I should like to thank Mr Shaw for the remarks he has just made and add that I am aware that I am not always an easy chairman to get on with and that I have undoubtedly made it difficult for some people from time to time, but this has simply been in the interests of the matter in hand, which I hope they will understand. The fact is that we must have a well organized method of discussion that allows us to do in the very limited time available what we must do under the Treaty.

I should like to stress, however, that despite everything — this is my impression at least — the members of the Committee on Budgets worked well together and that with regard to the questions we had to discuss with the Council as a delegation from the European Parliament there was excellent cooperation with the President and the various vice-presidents in the course of this conciliation procedure. Despite the differences of opinion we have with the Council, despite the differences of opinion we have with the Commission, we found both institutions very cooperative because goodwill was shown on all sides. It is simply that each of the three institutions has its own job to do and its own responsibility. All in all, then, depending on how one assesses the result — that is for each institution to decide — cooperation was excellent.

<sup>1</sup> OJ C 6 of 9. 1. 1978

**Lange**

To conclude, Mr President, we are to a certain extent employers. I am not now referring to the rapporteur. He is one of us, but I should like to say that Mr Shaw — this was my impression at least — has worked to his physical limits, and we should thank him for this.

*(Applause)*

And let us now turn to Parliament as an employer. The same thanks go to all those who have helped us: members of the secretariat of the Committee on Budgets, interpreters and those who have otherwise been involved in preparing all the documents. As employers we have perhaps expected somewhat more than we ought to have done, aware as we are of our responsibility for social conditions. We fully acknowledge this effort and thank the staff most sincerely, because without them we could not have completed this task. In other words, it is not only we parliamentarians who are the decisive factor, but all those who help us to perform our duties. Thank you again on behalf of Parliament and, in particular, of the Committee on Budgets. I also feel that we really should look into ways of changing the overall procedure so that those involved in it are no longer subject to these over-strenuous conditions and the work becomes easier for all concerned.

Mr President, that is all I wanted to say at the end of this debate. Everything else that we have been able to tell the Council and the Commission was passed on to the House on Tuesday of this week. That I should like to emphasize again. I should like to thank you, Mr President, again for the work which you have done in this connection.

*(Applause)*

**President.** — I call Mr Tugendhat.

**Mr Tugendhat, Member of the Commission.**— Mr President, may I also add my word of thanks to those that have already been expressed. First I would like, if I may, to thank you for the dignity and inspiration with which you have presided over our proceedings. It is in the end on the President that the success of an operation depends, and I feel a personal debt of gratitude to you.

I would also like, if I may, to thank Mr Lange, chairman of the Committee on Budgets. During the last twelve months, we have got to know each other very well and I would like to express my admiration for the way in which he conducts his difficult task and also to convey to him my best wishes for the challenges which await us in the future.

I would like, too, to thank the other committees of Parliament, which, I know, have been of great assistance to the Committee on Budgets. It is with the Committee on Budgets that I have personally dealt and to the Committee on Budgets that I would particu-

larly like to express my thanks, but I know that other committees have also been involved and I thank them as well.

I also share the expression of gratitude that have already been made towards the staff.

I would like to thank the Council for the way in which they have cooperated and for the way in which they have undertaken their side of this difficult and somewhat exacting programme. It is not always an easy position for them, but it is one that has always been carried through with friendliness and with good relations.

I turn almost finally, Mr President, to my former colleague and my good friend, Michael Shaw, to say to him that he has filled me with admiration by the way in which he has conducted these matters. I do not know how he has managed to sustain his good humour as well as his energy through all the trials and tribulations that have beset him. He certainly has earned a Christmas rest and I think we all owe a debt of gratitude to him.

I should also like to thank him for the kind words that he expressed to the Commission. In this my first year as the Commissioner in charge of budgets I have leaned perhaps particularly heavily upon the Director-General, Mr Strasser, and his staff. What Mr Shaw said was very just and very deserved, and I would like to associate myself with those thanks.

Finally, Mr President, a Happy Christmas and I look forward to seeing you in the New Year.

*(Applause)*

**President.** — I call Mr Humblet.

**Mr Humblet, President-in-Office of the Council.** — *(F)* Mr President, ladies and gentlemen, on behalf of the Council I should like to thank the Committee on Budgets and in particular its rapporteur, Mr Shaw, for the exceptional work they have put in during the preparation and consideration of the budget. I shall immediately inform the Council of the outcome of your deliberations this morning and the Council will set to work without delay and will not fail to inform Parliament of the outcome of its deliberations.

*(Applause)*

**President.** — I should like to express very briefly, but no less warmly than our colleagues have done, the gratitude of the President of this House.

I turn first of all to the rapporteurs, particularly Mr Shaw and Mr Cointat. I know how much common-sense, how much care and above all how much patience they have applied to their task and I believe that the whole House and its President must be grateful to them.

**President**

I also wish to thank Mr Lange for the way in which he has chaired the Committee on Budgets and above all for the dedication with which he usually chairs their proceedings.

Finally, I should also like to express particular thanks to the Commission — both to its President and Mr Tugendhat — for their cooperation, and to thank the Council for the way in which they have followed our work: even when we adopted differing positions, we have succeeded in achieving agreement. I hope that final agreement can be reached following today's decisions, enabling the budget to be adopted promptly and in time.

I should like to add a word of thanks to all the officials who either directly or indirectly have had to undertake this tiring work in such a busy period. A word of thanks therefore to all the staff.

I should also of course like to include in my thanks all the Members of the House for the work which everyone has done in submitting amendments, participating in the debate and, by their presence, making it possible to arrive at a decision.

Finally, I should like to address thanks to the press who have followed the proceedings of our Assembly and I hope that this will happen with increasing frequency so that the work and the responsibility of our House in regard to the budget can be brought to the attention of public opinion.

*(Applause)*

*6. Commission statement on agricultural prices  
1978-1979*

**President.** — The next item is the Commission statement on agricultural prices for 1978-1979.

I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, the Commission has the honour today to present two distinct sets of proposals to Parliament, namely the proposals concerning prices and related matters for the marketing year 1978-79, and another set of proposals which are contained in a separate legal instrument. These will be dealt with separately, even if, naturally, there is some substantive interrelationship. It is mainly a package of proposals designed to try to diminish the gap in development between the Mediterranean areas and other areas of the Community.

We are taking this opportunity to present these proposals to Parliament as soon as possible after their adoption in the Commission, with a view to informing Parliament of our intentions and political considerations and to ask you to give them your full attention. We are naturally aware that they are massive proposals with many intricate political problems involved and many technical complications. In presenting them

today, we only want to start the ball rolling. We are not asking the Parliament to express its opinion today. The process of discussion in your committees was already started last night.

Mr President, the Commission's proposals for prices and related matters for 1978-1979 are of major political importance. It is not just an essential routine exercise, but the occasion for guiding the common agricultural policy through obvious difficulties — an opportunity for setting our course.

We wish to maintain this policy as one of our cornerstones, but in order to do so we must be ready to adjust to changing realities; first and foremost to bring about a better balance between consumption and production, thereby getting away from structural surpluses resulting from production purely for intervention. This is clearly in the interests of the farm population itself. Farming will be a great economic asset for Europe in the future, if it adjusts to real patterns of demand. We want to avoid undue fluctuations to producers or consumers. Therefore, variable stocks are worth the cost if we also bear in mind international obligations and our interest in the markets of third countries. In the present situation, we also want to avoid aggravating unemployment by accelerating departures from agriculture. Further, we want to be able to export more. We are at present a big and growing net importer of foodstuffs. This situation should be more balanced also for solutions here in the context of the multilateral trade negotiations, including seeking to negotiate agreements on major agricultural products involving prices and stocks.

But I must warn against the belief that increased exports — however desirable — offer a miraculous cure for problems of surpluses. They do not. New structural measures and strengthened old ones can help our endeavours, but we must concentrate limited resources on priority tasks, which means, in the view of the Commission, the least developed areas. In a short while, I shall introduce far-reaching proposals to that effect in respect of certain Mediterranean regions which are certainly the least favoured. But, again, Mr President, there is no structural policy within our economic, financial and human means, which offers a miraculous cure to our problems. These considerations therefore lead to the unavoidable conclusion that we must pursue a moderate agricultural price policy. In our view, our proposals are a realistic balance between support for our agriculture, the needs of the economy as a whole, the need to restore and retain balanced product markets, and serve the consumer. Agriculture is a key part of the economies of all Member States, through its impact on prices and income levels. We must recognize that the general economy is still plagued by high inflation and unemployment. Problems in agriculture, as in other sectors, will only become really manageable with a return to

**Gundelach**

an economy of growth. We must take measures to reduce the structural surpluses in agriculture I referred to. The only price policy which is not in contradiction with these aims is one of modest increases in prices.

The objective method, which is a method which sets out in relative terms the increase, or an indication of the order of increase, of prices necessary to maintain roughly income relations with other sectors of the economy, must be one of our starting points. But I must underline that this method is, so to speak, of a somewhat theoretical nature, in so far as it is based on the hypothetical condition that we are operating in a market with uniform prices expressed in units of account. As everybody knows, that is not the case. Due to differences in development of inflation, due to different developments in monetary rates, not even always in accordance with different rates of inflation, we have a discrepancy of prices expressed in national currencies of about 40 % and not a unified price market. That is why we are also confronted with the necessity of maintaining a huge system of monetary amounts.

Therefore, our proposals, as has always been the case, must take into account other factors. Our proposals must be established, firstly in the context of economic policy generally; secondly, in the light of the proposal we have made on the gradual abolition over seven years of monetary compensatory amounts, which is already tabled and would increase price in national currencies for many Member States; thirdly, in the context of further discussions on other measures during the price package and fourthly, I repeat, the state of our agricultural markets. Taking these various elements into account, which all must be taken into account, we have arrived at proposals which mean an increase on the average expressed in units of account of a little less than 2 %. That is indeed a very modest price increase, but I have given the reasons why it is necessary. And I have asked you to bear in mind, that in adjusting these prices, it must be remembered that prices for the farmers are the result not only of increases in units of account, but also in changes in monetary rates, which in most cases will add to these prices, but naturally in revaluing countries will either detract from or leave the 2 % standing alone, which may admittedly in some cases cause problems which will need special attention.

We have to recognize, however, again that the economic climate for the Community as a whole, and naturally for agriculture too, is difficult, but that agriculture continues to have some advantages, legitimate results of the common agricultural policy. Almost three-quarters of all agricultural production receives the stabilizing benefit of guaranteed prices. Often the guaranteed prices apply to an unlimited quantity — milk, beef, cereals, are good examples. The price guarantees are also buttressed against monetary uncer-

tainty by the system of monetary compensatory amounts.

One must be careful to give due emphasis to the importance of these and other policy measures to the well-being of the farming community. Financial support from Community and national sources amounts to about a quarter of the value of all agricultural production together. I emphasize that despite the cost increases, farmers incomes on average will rise in 1977. This follows at 2.7 % real increase last year. Any discrepancy between these figures and the so-called objective method is due to the fact that the objective method only operates with a standard figure for increases in productivity of 1.5 % which in my view is too low, and does not take into account increases in production in the reference farms.

I have already emphasized the importance which the Commission attaches to finding solutions to the serious problem of monetary compensatory amounts. We must realize that with the price discrepancies to which I have referred we cannot resolve this problem in a short while. It will take a period of time. That is why we have suggested a semi-automatic proposal for abolition over seven years, semi-automatic because it sets minimum targets. Higher devaluations or revaluations can be agreed in each year. The Council has not yet finally expressed itself on this proposal and the Commission must reserve its right, in the light of the outcome of the discussion in the Council, to make additional proposals either on the basis of the adoption of a proposal something like the one we put on the table with certain amendments, or in a situation where agreement has not been reached in the Council. I must underline that we have reserved this right of action. If you took the present proposal as minimum — and it is a minimum — it in itself would add 1 % to the price increases to which I refer.

I should briefly recall to the Parliament that we also submitted a report about the advantages and disadvantages of introducing in the agricultural policy the new European unit of account. We are, in principle, in favour of this change. It has many good reasons going for it. But it must be underlined that a shift to this new unit of account will in no way diminish the problem of monetary compensatory amounts, and realistically, since no country will accept overall decreases in agricultural prices in national currencies, it will not solve any price problems of the common agricultural policy. It is a complicated exercise. It must eventually be done, but to complicate an already complicated price package with this enterprise would be wrong. We have therefore drawn attention to the problem, asked for discussion but have not made proposals in this price package and we do not intend to do so. In regard to the state of the markets, which I make a main element in my argument, I want to state again that unwanted surpluses are endangering our efforts to

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support and strengthen the common agricultural policy, which is our desire. If we do not succeed in restoring more balanced markets, we shall hurt ourselves and limit Community initiatives in other important fields. We must not let production get out of control. We must also do something to increase consumption, bearing in mind always that the growth of real income is being adversely affected by the recession. There are particular problems, as you know, in the milk field. We therefore propose the continuation of the milk action programme, even if certain of the elements may have to be changed, some abolished, others strengthened. In the sugar sector we have to propose a diminution of the B quotas. On beef we have already made known our ideas, which would increase consumption in periods of large supply. When this paper on beef, which we have submitted to the Council and to Parliament, has been properly discussed, we shall here make the necessary proposals.

For certain Mediterranean products we have put forward proposals for changes in marketing arrangements. For cereals we complete the so-called silo construction by raising the intervention price for maize to the level of the single intervention price for fodder grains. I must tell Parliament that this new system, contrary to some worries in certain quarters, has worked exceedingly well during the last year and we have had few difficulties in the field of cereals. The reasons which have led us to call for adequate and full consideration of our ideas on agri-monetary measures, beef and in the milk sector before we finally decide on our proposals, apply also to sheepmeat. We shall be putting forward a proposal for common organization of the sheepmeat market, but it is not realistic to expect to introduce this during the marketing year and not to consider it in the context of other types of meat with which sheepmeat is competing. But the rules of the game would apply as from 1 January.

The overall result of this price package on the 1978 budget would be a slight fall in expenditure (about minus 9 million u.a.) and an increase in own resources of a little less than 40m u.a. In arriving at the net effect on expenditure, an increase in prices and expenditure on related measures for milk products is more than offset by decreases due to related measures for cereals and sugar, and due to minimum agri-monetary changes. In a full 12-month period there will be an increase of 192.6m u.a. due to prices and certain related measures — beef and milk — which would be more than offset by related and monetary measures. The result would be a saving of about 11.8m u.a. Own resources would increase by about 75m u.a.

In concluding this chapter I emphasize that, although the Commission is committed to a prudent price policy, we consider that this is in the immediate interests of our agriculture and the future of the CAP. I trust that it will be realized that our present proposals will demonstrate this.

Mr President, even if Mediterranean agriculture is unrelated as a legal package, it is still related in other ways. I shall say a few words now about the proposals the Commission has made in regard to the Mediterranean areas. We must recognize the real problems in the Mediterranean areas of the Community. Therefore the Commission has put forward what I can only qualify as massive and concrete proposals for Mediterranean agriculture. This is an over 1 billion u.a. programme for structural improvements over a period of five years. It would also involve extra expenditure on the market regimes for Mediterranean commodities of about 170 million u.a. annually. It is not necessarily complete, but by any standard it is a major initiative.

Many regions of the Community suffer from retarded economic development, but problems are particularly serious in the south, the Italian Mezzogiorno and parts of southern France, and I would like to emphasize here that we have no particular limits and charts to demonstrate which are the regions which we will deal with. We only have a set of priorities. The GNP of these regions is less than one-third of the Community's average. The present recession has stopped the emigration of surplus labour. Unemployment in non-agricultural sectors and under-employment in agriculture are extremely serious. Agriculture remains the basic activity of about 2 million workers. They produce 18% of total agricultural production. Mediterranean agriculture has a great potential for production that is complementary to northern agriculture, but obsolete agricultural structures and insufficient water hampers development. Naturally the development of these areas cannot be secured alone by agriculture, but agriculture plays such an important role and must come first, but it must be followed by more far-reaching actions, a combination of Community, national and regional actions. As far as the Community is concerned, the resources of the Regional and Social Fund must be mobilized over and above those of the agricultural funds. That is clearly spelled out in the paper which is submitted. But the concrete proposals concerned start within with the beginning, and where it must begin, with agriculture. I would also like to underline that, whilst naturally the possibility of an enlargement of the Community is there in the background, these proposals are addressed to the problems, the imbalance, which exist in the present Community and not the problems in the acceding countries which must be dealt with on their own in due course in the negotiations with these countries.

Mr President, the Community must in our view immediately increase its support for the Mediterranean regions. Overall, including the proposals of a concrete nature which I am putting forward now, we should within the next five years transfer about 2 billion u.a. We should further transfer professional know-how. Thirdly, we should be adapting some parts of the CAP to the specific needs of these regions.

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On this latter point I want to make myself quite clear. We are all aware of a certain excess — that I have just spoken about — of protection and guarantees given to so-called northern products. The expression is not always happy. That is why we have to deal with surpluses of a structural nature for milk and sugar. It is the Commission's strong political view that the errors committed in the north should not be repeated in the south. But we also know that developing agriculture in the south also means developing agricultural production in the south. Such a development must be demand-oriented. It is our duty to tell the producers clearly which productions they can expand while improving their structures. The producers in these regions must know that the Community recognizes its natural ability to produce certain fruit and vegetables, citrus fruit, olive oil, wine and rice. However, producers must also know that consumers want quality products only and at reasonable prices. Our proposals clearly go in this direction. Agricultural development in the Mediterranean area naturally cannot be limited to these products alone. The Community has an increasing deficit in animal fodder. There is much room for the expansion of say, maize, peas, field beans and, why not, of soya. Our proposals aim at giving the south the necessary structural and marketing impetus to develop its agriculture.

Briefly these proposals cover the improvement of the olive-oil market organization, by favouring consumption through a new aid system; improvement of the food and vegetable market organization by encouraging quality production and by increasing the Community preference; improvement of the competitiveness of the Community fruit processing industry by a substantial new programme of support; improvement of the wine market organization by encouraging quality production — specific programmes will be made for various regions starting with one and continuing with a number of others; the creation of a market organization for peas and field beans; giving more responsibilities to the producers themselves by strengthening the power of producer groups and by intensifying investment in marketing and processing; the irrigation of an additional 200 000 hectares in the Mezzogiorno; the improvement of water, electricity and road services in the whole of the south; the development of advisory services in Italy; support for afforestation action in the south.

I repeat that the actions the Commission now proposes are in no way sufficient to solve the serious problems of our Mediterranean regions. They are only a beginning, but they are a real beginning. They are manifestly a real help. We feel that at the moment of deep economic recession, when the enlargement of the Community in the Mediterranean areas is in the air, it is the Community's duty to give support and to

bring hope to our fellow citizens living in the poorest regions of the Community.

*(Applause)*

IN THE CHAIR : SIR GEOFFREY DE FREITAS

*Vice-President*

**President.** — The House will remember that, after a Commissioner's statement, the chairman of the appropriate committee may speak for five minutes and, after that, Members may put only brief and concise questions, without engaging in a debate.

I call Mr Houdet.

**Mr Houdet, chairman of the Committee on Agriculture.** — *(F)* Mr President, it is not my intention to start a debate on the important statement we have just heard from Mr Gundelach. I should first like to inform Parliament that its Committee on Agriculture deliberated on this problem last night, that we have heard Mr Gundelach and that we shall hear him again. I also want to thank the Commission for drawing up its price proposals at a suitable date, thus enabling Parliament to consider them in detail. This time we shall not find ourselves in the regrettable circumstances in which we had to work last year when, if you remember, we were compelled to hold a special part-session to study the price proposals. The latter have to be approved by the Council of Ministers before 1 April of the current year and for us this deadline is imperative.

Mr Gundelach stated that this year in addition to the price package there are proposals of particular relevance for the Mediterranean regions of Europe. It is important for Parliament to realize that there is no direct link between the traditional proposals for the coming year and these long-overdue special measures which are needed to give the regions in difficult circumstances income guarantees comparable to those which the northern regions have derived from the common agricultural policy. However, although there is no direct link, we shall be drawing attention to the indirect link during these discussions and prices will certainly be an important factor in the proposals which the Commission will be presenting to us with regard to the Mediterranean regions.

I shall confine myself to these few comments and repeat my thanks to the Commission for submitting its proposals to us at this early date. In the two months between now and the debate in Parliament the Committee on Agriculture will be able to devote all the time and thought necessary for the preparation of its reports.

**President.** — I call Sir Brandon Rhys Williams.

**Sir Brandon Rhys Williams.** — I would like to thank Mr Gundelach for his comprehensive statement.

**Rhys Williams**

On the question of the latest Commission proposal for phasing out the 'green currencies', is there not a danger that, if currencies continue to slide in relation to each other within the Community, even at the end of the period of seven years we may find that the system of MCAs has not altogether been eliminated? Ought not the Commission to put in some overriding principle so that at the end of a given period the green currencies have been phased out altogether, even if there is continuing currency instability?

**President.** — I call Mr Corrie.

**Mr Corrie.** — I thank Mr Gundelach for his statement. I think it is a disgrace that there are so few Members in this House for such an important statement by a Commissioner. It really is an insult to him that so few people have come along.

I asked him last night in committee — and I am sure his failure to reply was an oversight on his part — what the percentage cost-rises had been in the agricultural industry. If they are more than the 2% proposed, are we not simply going to get extra production to keep the profit margin where it is at the moment?

**President.** — I call Mr L'Estrange.

**Mr L'Estrange.** — Mr President, I wish to ask the Commissioner if he is aware of the hardship that has been imposed on Irish farmers owing to the fact that there is no common agricultural policy for sheep. Can he give an assurance now to this Parliament and to Irish sheep-breeders that they can sell their sheep on the French market after 1 January without any levies being imposed on them by the French Government?

**President.** — I call Lord Brimelow.

**Lord Brimelow.** — Mr President, I should like to put two questions to the Commissioner. The first is: Of the 2 billion units of account which are to be assigned to the Mediterranean agricultural policy in the next five years, what proportion will go to price maintenance?

The second question is:

Is full attention being paid to the importance of the Commission's proposals for the subsequent enlargement of the Community to include Greece, Spain and Portugal?

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

**Mr Scott-Hopkins.** — The Commissioner accepts that there will be continuing surpluses, particularly in the dairy sector. Although he is pursuing a policy of reducing the high level of return, is he convinced that this will be sufficient to bring down the level of production in the milk sector? If not, and it probably will not be, there are two things that he has presu-

mably got to do. One is to reduce the numbers of cattle which are being milked, and the other is to improve the system of intervention so that it becomes uneconomic to produce for intervention and ensure that the disposal of the surpluses is better organized than it has been in the past. Perhaps he could let us have his thoughts about that.

**President.** — I call Mr Müller-Hermann.

**Mr Müller-Hermann.** — (D) I should like to thank Mr Gundelach for his statement and ask him if the Commission will take into account when fixing the prices, which are excessively modest for the Federal Republic, the fact that the investment costs and other costs agriculture has to bear are far higher, with the result that a real loss of income is likely.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, I would like to thank those who have participated in the debate, and I would like to reply briefly to the questions put to me.

To Sir Brandon Rhys-Williams I would like to say that, in my opinion, the proposal which the Commission has put forward for the abolition, over a specific period of time, of the remaining monetary compensatory amounts with a mechanism for abolition of new monetary compensatory amounts within a marketing year, is designed precisely to achieve the objectives to which he has referred. I am not, therefore, in disagreement with him, but I am afraid that he and I will find ourselves in disagreement with the representatives of at least two Member States. This is why I foresaw in my introduction the possibility that we might have to make concrete proposals for what steps forward we can make in the context of the price package for 1978/1979. I hope it will not come to that, but we must be prepared for it.

Mr Corrie referred to a question which I think I did try to answer last night in the Committee on Agriculture, but is of essential importance and therefore it is as well to talk about it again. The question is: how can you cover the cost increases in agriculture — which must have been a lot more than 2% — by just 2%?

There are various elements in my statements which you must bring together to answer this question. Firstly, bear in mind that cost increases have been quite different in different Member States: fairly high in some and, with all due respect to Mr Müller-Hermann, quite limited in others, in particular the Federal Republic of Germany.

Secondly, the prices to the farmers are not just the 2% increases expressed in units of account. They are the 2% plus the increases brought about by devaluation of national currencies. The French Government

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already has the approval of the Council to devalue the French franc by 2 ½ % by 1 February. That must be added.

The scheme, which I have just been discussing with Sir Brandon Rhys Williams, will on the average, in Europe, add at least 1 %, but that 1 % is a non-representative average because it will be more in certain countries than others. It will, on the whole, be more in the countries who have the highest cost-increases and lower, although not very much, taking into account the gradual elimination of some of the positive monetary compensatory amounts particularly in Germany. We may wait for the Benelux countries because it is so little. That corresponds to the picture of the different developments in cost increases.

I think, Mr President, that our proposals are not unjustifiable, when you bear in mind the various general economic safeguards which the farmers enjoy under the common agricultural policy. But they will fight a bit. They will in particular, as Mr Müller-Hermann indicated, due to the increased cost in new investments, probably slow down investment. But that is the intention, in particular in the fields of dairy products and sugar. That, then, is the reply to Mr Scott-Hopkins. The price increases — even allowing for some higher price increases expressed in national currencies — will mean that certain countries with higher cost increases will, nevertheless, be so prudent that they will not stimulate a new rate of investment in milk production, in the transformation of milk into milk powder, and will therefore act as they are supposed to act, as a brake on a further explosion of productions. The experiences we have had this year, have not been enough, as you rightly said, Mr Scott-Hopkins, to solve the problem, but have pointed in the right direction. Stocks are not continuing to increase, they are either stabilizing or levelling off; production is continuing to increase, regrettably, but at a lower rate than in previous years. I am convinced that, if a prudent price policy is maintained over a reasonably long period of time, the effects we have just been talking about — the discouragement of further investments or new investments when old ones run out — will bring about a better balance.

But I am not excluding, as I said in my initial statement, that other measures will have to be brought into play. Some were brought into play in the milk action programme this year; some have been successful, others have quite candidly not been so successful. That is why I said, in my introductory statement, that we have to seek other measures. Mr Scott-Hopkins rightly referred to two, which we will have to consider very carefully, in order to avoid what I would consider to be the real collapse of our efforts — the need to introduce quantitative restrictions on production. That would be the end of the road, that would be the end of a proper common agricultural policy. That is why

we must use the methods at our disposal, beginning with the price, adding to it what is otherwise relevant in the common agricultural policy over a period of time, because we cannot swing around a big tanker in just a few minutes. It takes a certain space, it takes a certain period of time, but as I ended up by saying in my introductory statement, I think we are putting the CAP in the right direction and if we keep in on that course, we will get there.

With regard to the two questions from Lord Brimelow, the part of the expenditure — I do not have exact figures — for price support, forms the overwhelming part of the agricultural policy. If one starts going in the direction this proposal indicates, and takes into account the Mediterranean proposals I referred to, there will be a shift to a new balance between expenditures for price support and expenditures for more structural or other related matters. That, again, will take time, but at the present time it is the price support which is the overwhelming part of the EAGGF budget.

As far as Greece and Portugal are concerned, naturally we have them in mind when we make our proposals on the Mediterranean policy. But the first thing we must do is to try and put our own Community in order, to be able to face the challenge of enlargement. What then has to be done for these countries in addition, must be considered in negotiations with them. It will undoubtedly include some of the things which are in this package. But that we will have to discuss in negotiations with them. I have no doubt that an effective and successful enlargement of the Community will eventually also necessitate a considerable transfer of resources to those two countries.

As regards the question of sheep meat, to which I referred in my general statement, the Commission regrets that it has not previously been possible to obtain agreement in the Council on a common marketing policy. We have proposed such a policy way back but, due to very great differences in prices in various parts of the Community, agreement has not been readily forthcoming in the Council. I stated in my initial statement, and likewise in the Council, that every effort must be made, in the context of the forthcoming price review, to solve this issue. I do not think it can be solved in isolation from other agricultural problems, in particular beef and other meats. But I am equally convinced that, if it is not solved in this price package, then it must be delayed *sine die*. That is not acceptable. Of course, when we are speaking about doing something for the disfavoured zones of the Community in particular, I must underline that the bulk of our sheep and mutton production takes place — be it in France, in Ireland or in Scotland — in disfavoured zones which have very few other, if any, economic alternatives. Our proposals must therefore, be designed to secure a proper income for the farmers

**Gundelach**

in these areas who have no alternative. I want to state that quite clearly. On the other hand, we must try to find mechanisms whereby we can enhance the development towards increased consumption of these commodities. I cannot speak for the Council on this matter: I can only say that, as far as the Commission is concerned, everything possible is being done to solve this problem before this price package is finished. As you will have heard, I feel that it is an important date: one cannot say, 'If it is not solved now, it will be solved half a year later or another year later.' I think the time has come where it must be dealt with.

In the meantime, the rules of the game apply, and Irish sheep hopefully will be exported to other parts of the Community after 1 January, including to France, and there will be no levy paid by the Irish producers. There will perhaps be limited quantities actually sold, but the effect will nevertheless be that prices in Ireland will improve considerably in the first quarter of this year, and therefore, what has been qualified as a dramatic situation, will improve on 1 January. As I did last night, I draw your attention to the fact that the sheep herd went down by about 10 % up to 1976, started increasing again modestly in 1977. I think we are agreed that we should seek a continued increase in 1978, and that will necessitate measures of the nature I have just indicated.

**President.** — I call Mr Howell.

**Mr Howell.** — Would the Vice-President explain the statement he made that any restriction or quota system for milk production would be the end of the road? I really do not quite understand why we can have a quota system for sugar and are thinking, I believe, of introducing it for wine and yet think it is totally unacceptable in the milk sector.

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, quite clearly, we have it in the sugar sector and it has worked very well, has it not? We have a worse surplus situation in sugar than we have in milk, and there you have your answer. Quotas introduce a rigidity into our marketing system which goes against the conception of a free market for agricultural commodities that shall be as free as possible, subject to the safeguards that we have. I am therefore, on fundamental grounds, and will remain, strongly opposed to any quota system. And the experience of the sugar market demonstrates that the sacrifice of principle is not even worth while in order to solve a surplus problem, because it has not solved the surplus problem in the sugar sector. By the way, we are not contemplating quotas in the wine sector, we are contemplating a restructuring programme which will take a number of vineyards out of production. This is

an entirely different method: it is restructuring; we are helping farmers to do something else than producing wine.

*7. Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

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

The House will rise.

*(The sitting was suspended at 12.55 p.m. and resumed at 3.05 p.m.)*

**IN THE CHAIR: MR COLOMBO***President*

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

*8. Question Time*

**President.** — The next item is the third part of Question Time (Doc. 437/77). We shall first continue with the questions addressed to the Commission.

Question No 5 by Mr Fioret has been held over until the next part-session at the request of the author.

Question No 6 by Mr Edwards:

Subject: Cooperation between anti-trust authorities of the Community and other countries

In view of the importance to the Community of controlling the activities of multinational undertakings, will the Commission seek to promote cooperation between anti-trust authorities inside the Community and those in countries such as the USA and Japan where multinational companies operating inside the Community are frequently based.

**Mr Ortoli, Vice-President of the Commission.** — (F) Cooperation between the anti-trust authorities of the Community and the anti-trust authorities of certain third countries, such as the USA and Japan, is based chiefly on the recommendations adopted by the Council of the OECD in 1967 and 1973. The purpose of these recommendations is to promote international cooperation in anti-trust action. The implementation of these recommendations, however, is running up against certain difficulties owing to the existence, in both national and Community legislation, of provisions placing restrictions on the divulgence of information about undertakings. The Commission therefore feels that effective cooperation may be achieved by stepping up, on a voluntary basis, exchanges of non-confidential information and contact between authorities responsible for applying anti-trust legislation. The Commission will attempt to intensify this action.

**Mr Edwards.** — Whilst thanking the Commission for that rather detailed reply, it is rather a negative one. How can we monitor the voluntary code on multinational companies agreed to by the OECD without effective cooperation in the Community and outside the Community? I wonder how we can bring to a halt the massive tax evasion that is made possible by transfer prices and, unfortunately, by tax havens even here in our Community. I hope the Commission will persist in their endeavours so that we might get some effective action against the most obvious anti-social activities of the multinational companies.

*(Cries of 'Hear, hear!')*

**Mr Ortoli.** — *(F)* I share the honourable Member's sentiments. As he knows, the provisions I referred to are included in both national legislation and certain cooperation agreements and they cannot be repealed unless there is a general consensus. But I can assure him that we shall continue to pursue the action I have just described and hope to achieve as much progress as possible.

**Mr Schuijt.** — *(NL)* The Parliament delegation has frequently had very full exchanges of views on this problem of multinational undertakings with the delegation from the United States Congress. I would like to ask whether the Commission has had similar contacts with equivalent bodies in the United States.

**Mr Ortoli.** — *(F)* As I said a few moments ago, the Commission maintains regular contact with the various bodies responsible for monitoring the implementation of the anti-trust provisions.

**President.** — I should like to take this opportunity, that is, the fact that Mr Schuijt has spoken in this sitting of Parliament, to pay a particular tribute to him on your behalf. He is in fact leaving the European Parliament after ten years of hard work and we should like to express our gratitude and our friendship to him at this time.

*(Applause)*

I call Mr Schuijt.

**Mr Schuijt.** — *(NL)* Thank you, Mr President, for your kind words. Critical as I have always been, I shall be so again now, because it is not ten years but twenty.

*(Laughter)*

**President.** — In that case we are doubly grateful.

*(Applause)*

**Question No 7 by Mr Prescott :**

Subject: Hoffmann La Roche appeal to the European court

Has the Commission been informed as to the date of Hoffman La Roche's appeal to the European Court

against their fine? Is the Commission still giving legal assistance to Mr Adams in his appeal against the Swiss authorities' conviction for industrial espionage and will the Commission make a statement?

**Mr Ortoli, Vice-President of the Commission.** — *(F)* On 28 August 1976 Hoffmann-La Roche appealed to the Court of Justice requesting it to quash the decision taken by the Commission in June of that year. The Commission heard this appeal, in accordance with its usual procedure, on 3 September 1976. Moreover, as promised earlier, the Commission is continuing to give its full support to Mr Adams during the penal procedure before the Swiss legal authorities. It is also assisting him in his appeal to the Swiss Court against the judgment of the Court of Appeal of Basle which has just endorsed the judgment initially pronounced.

**Mr Prescott.** — Does the Commissioner not feel that there is an extraordinary delay in dealing with this case — the appeal to the European Court — and is there any way he can make enquiries about that? Moreover, since the legal services of this House advise that this act by La Roche constituted a breach of the Swiss-EEC Agreement, would he call the parties together to discuss the nature of the breach and perhaps re-negotiate the Agreement?

**Mr Ortoli.** — *(F)* I obviously cannot interfere in the decision which will be taken by the Court. I hope, like Mr Prescott, that the decision will be taken quickly and in any case during the first half of next year.

**President.** — At the author's request Question No 8 by Mr Seefeld will be held over.

**Question No 9 by Mr Evans :**

Subject: Social legislation in the road transport sector

Following the meeting of the Council of Transport Ministers on 27 October 1977, can the Commission state which aspects of the Community's social legislation relating to road transport the United Kingdom will be expected to implement as of 1 January 1978?

**Mr Gundelach, Vice-President of the Commission.** — The Council of Transport Ministers, meeting in Luxembourg on 27 October 1977, agreed on a modification to Regulation No 543/69 concerning the harmonization of certain social arrangements in the area of road transport. Pursuant to the Council decision in this respect, the Commission is at present studying how conformity may be reached in defined stages, within the United Kingdom and Ireland, through the provisions of the modified regulations, as regards driving hours and rest periods. The honourable Member will appreciate that it is not possible to supply more detailed information at the present stage.

**Mr Evans.** — Mr President, may I join with you in welcoming Mr Gundelach to the controversial field of transport. He probably finds it as difficult as agriculture and fisheries.

Is the Commissioner aware of the continuing hostility of the British lorry drivers to the introduction of the tachograph into the British domestic road transport market, and will he accept that, without the cooperation of the lorry drivers, it will be impossible for the UK Government to introduce EEC legislation in this field? Will the Commission, therefore, undertake to embark upon an educational programme to persuade the British lorry drivers of whatever value or whatever benefits there may be from the tachograph?

**Mr Gundelach, Vice-President of the Commission.** — I am sure the field of transport is as difficult as that of agriculture and fisheries. I know that by experience, because the difficulties in the United Kingdom to which the honourable Member referred the hostility of the British truck drivers — were not dissimilar to those in the country of my origin. In the previous Commission I was asked to help my colleagues and try to persuade the Danish truck drivers association — which unhappily had my brother as its director to follow the Community rules in this matter. Now, that educational process has eventually succeeded, and I am quite sure that operating in stages, as I indicated we would, through discussion, education and also some give-and-take, I am sure we will also achieve success in the case of the United Kingdom truck drivers.

**Mr Mitchell.** — Will the Commission undertake a study of the cost to local authorities in the United Kingdom and Ireland of the implementation of the new social regulations? Is he aware, for example, that my own bus company in Southampton, owned by the Southampton local authority, tell me that the cost of the social regulations will be half a million pounds a year; and if that is so in most of the local areas in the United Kingdom, could the Commission undertake a study of this?

**Mr Gundelach.** — Yes, I think it is a normal procedure that the Commission should look into the cost consequences of the amendments in the rules for rest hours and driving hours referred to — that is affirmative. But, I think the study should also, as far as possible, take into account the costs which result from not having rules of this kind, in increases in accidents, or other faults, and therefore. I think the study will have to be a bit broader.

**President.** — Question No 10 by Sir Geoffrey de Freitas:

Subject: Steel industry

What recent discussions on the future of the steel industry has the Commission had with Ministers of the Community and with what result?

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, the Commission naturally maintains regular contact with ministers on developments in the crisis in the steel industry. The most recent discussion was held on 19 and 20 November. At that meeting the Commission outlined the problem and a general exchange of views took place on both the internal and external problems of the steel industry. The Council of Ministers is, I believe, due to meet next Monday and will be giving rather more detailed consideration to the problem of the future development of the Community steel programme: improvement of internal arrangements and, more particularly, deliberation on an area which is on the borderline between the powers of the Member States and those of the Community, namely the problem of commercial policy. This discussion should, as I say, be taking place on Monday.

**Sir Geoffrey de Freitas.** — Mr President, is the Commissioner aware that I realize the problems concerned but, in view of the alarming reports coming out of Washington about the possibility of tariff quotas, will he impress on our governments the need to work very closely together as befits a Community of member nations rather than giving the United States the opportunity to deal with us separately, to the disadvantage of all our citizens?

**Mr Ortoli.** — (F) That indeed is the Commission's objective: to ensure that we act jointly to defend our interests and those of the steel industry as best we can.

**Mr Osborn.** — Could the Commission indicate what talks they are now having with the world's steel-producers, particularly with Eurofer? Could they make an up-to-date assessment in the New Year of the world demand for steel and the world excess capacity to meet it! Could they also state what action should be taken in determining world trends over the next five and ten years? I believe the capacity is far too excessive.

**Mr Ortoli.** (F) Capacity is indeed excessive and we are concerned about it. As regards the matter of dialogue, the Commission, as you know, has held and is still holding a series of talks not only with steel producers but also with our main trading partners within the OECD.

**Mr Scott-Hopkins.** — Would the Commission undertake to publish in the Official Journal the method and quantity of the subsidies which are being paid by Member States to their steel industries? Will he also publish in the Official Journal the terms of the bilateral agreement between the Community and Japan to restrict imports of steel into the Community?

**Mr Ortoli.** (*F*) The Commission provides regular information on the progress of its action before the Council of Ministers and the Consultative Committee, and before your committees or before Parliament itself, where a fairly large number of debates on the steel industry have already taken place. I cannot tell you in detail what information will be communicated but you know that we are fully prepared to continue the dialogue here.

**Mr Edwards.** — Will the Commission, in any discussions they are having with the steel industry, not overlook the fact that many of the small mini-steel-plants serving local metal industries are often much more efficient than the large ones aimed at producing 10 million tons a year? I hope the tendency to organize mass production will not be the policy of the Commission as it relates to the steel industry.

**Mr Ortoli.** — (*F*) The contacts which take place involve all producers.

**President.** — At the author's request Question No 11 by Mr Cousté will be held over to another part-session.

Question No 12 by Mr Noè :

Subject : Phosphate fertilizers

Is the Commission aware that European producers of phosphate fertilizers are obliged to purchase all the phosphorites they require at world prices, whereas American producers obtain their supplies from their own phosphorite mines at very low prices and are thus able to dispose of their finished products at prices with which other producers cannot compete?

**Mr Ortoli, Vice-president of the Commission.** — (*F*) The Commission is indeed aware that European producers of phosphate fertilizers suffer a competitive disadvantage compared to United States producers. In order to at least partly remedy this and to obtain a clear picture of the situation on our markets as regards imports of this type of product, it has introduced a ten-year surveillance procedure by regulation of 1 March 1977.

**Mr Noè.** — (*I*) Mr President, in view of the importance of agriculture for the Community's life and independence, would not the Commission agree that steps should be taken to ensure that the phosphate industry, which is essential for the development of agriculture, receives support and is not exposed to crises which might deprive Community agriculture of the phosphate fertilizers it needs?

**Mr Ortoli.** — (*F*) Like Mr Noè, both I and the Commission attach the greatest importance to the maintenance of a phosphate industry in Europe.

**Mr Scott-Hopkins.** — Does not most of the phosphate come from the North African countries such as

Morocco and so on? What exactly is the Commissioner doing about it? I did not understand from his original reply whether he is subsidizing, buying specially or what he is going to do. It is not only an indigenous product; it comes from overseas.

**Mr Ortoli.** — (*F*) I am tempted to reply that as Commissioner I am as eclectic in this matter as my fellow Commissioner who is responsible for answering questions on agriculture and transport. But I can assure you that we are looking into the problem as a whole, including those aspects which are concerned with relations with the North African countries.

**President.** — Question No 13 by Mr Dalyell :

Subject : 'Black Sea' uranium

Will the Commission make a statement on the visit of the Energy Commissioner to Turkey and on his discussions on 'Black Sea' uranium?

**Mr Ortoli, Vice-president of the Commission.** — (*F*) Mr President, it is true that my fellow Commissioner, Mr Brunner, was to visit Turkey but he was unable to do so owing to the commencement of negotiations with the Canadian authorities which he had to take charge of last week in Brussels. This visit has therefore been postponed and no new date has yet been fixed.

Turning to the substance of the question, I think a statement on Black Sea uranium would be premature, as we have not yet received full information. According to information available to us, research into the existence of uranium in marine deposits in the Black Sea show that much more work is necessary to assess the production potential of these deposits and to overcome the difficult problem of the processing of the low-grade uranium which would be produced.

**Mr Dalyell.** — Will Mr Brunner be discussing the possibility of joint ventures with the Turks?

**Mr Ortoli.** — (*F*) If the opportunity of joint ventures arises, and provided it were shown that it is in our interest to exploit a substance which would actually be profitable, I see no reason why my fellow Commissioner should not discuss it.

**Sir Geoffrey de Freitas.** — Apart from any financial advantages which our Community will have from this, will the Commission remember at all times that Turkey is a very important part of our defensive alliance and that it deserves our economic support?

**Mr Ortoli.** — (*F*) As far as I know, Sir Geoffrey, we are faced with economic problems, technological problems and even problems of profitability. Having said that, I am just as aware as yourself of the fact that not only is Turkey an ally, but also that Turkey is actually an associated country of this Community. Consequently it is in our interest to expand our links with that country to a maximum and if we could

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indeed purchase products which we need from Turkey I think this would be an excellent thing.

**Mr Stetter.** — (DK) Does the Commission not feel that it would be appropriate to consider active participation in the prospecting for, and extraction of, uranium within the geographical limits of the Community? I am of course thinking of the deposits which have been found in Greenland, the large Danish island in the North Atlantic.

**Mr Ortoli.** — (F) I cannot but hope to see Greenland's uranium resources developed and the Community contributing to and benefitting from them as part of the links we have with Greenland.

**President.** — Question No. 14 by Lord Bessborough :

Subject: Energy

Is the Commission satisfied that firms are being given every encouragement by Member States in order to maximise the exploration and production of oil and gas with particular reference to the need to ensure attractive fiscal and commercial conditions and does the Commission intend to influence the rate of extraction of oil and gas?

**Lord Bessborough.** — Mr Brunner, I dare say due to pressure of time, was not able to give any answer to this question during the debate on Monday and I wondered therefore whether I could ask the Commission to let us have a written answer? I do not seek to ask any supplementary questions here because I did agree that the question should be subsumed, but I also did assume that I would get an answer and it was not answered specifically.

**Mr Ortoli.** — (F) A written answer will be given.

**President.** — Question No 15 by Mr Normanton :

Subject: Energy pricing

In the event of a surfeit of energy, how does the Commission define the minimum selling price for a unit of energy in order to protect the investment by the Community and/or Community firms in the production of that energy?

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, Mr Normanton's question is based on two alternative or cumulative hypotheses: a surfeit of energy and a fall in prices. That is not the situation we are in today, despite the fact that the situation on the price market occasionally eases. And I think we shall continue to encounter problems in this area, long-term problems especially, since those are the ones raised by Mr Normanton. One way of reducing our dependence on imported energy is to protect and foster the development of Community energy resources and the Commission has made various proposals to this end. One of these involved a system of guarantees to protect internal energy sources, oil in particular, against a substantial fall in the price of imported oil resulting from a surplus on the market or any other reason. This proposal was presented in

January 1976 but it did not prove possible to reach an agreement on it. As far as the application of a guaranteed minimum price within the Community is concerned, the Commission's departments have suggested various possible procedures to the Council.

**Mr Normanton.** — Mr President, I am grateful to Mr Ortoli for that particular reply and, obviously, he is justified when he says that the implications could or should be taken in two parts. Would he not agree that there is ample justification for those people who feel that we are being too wasteful with our resources of gas and oil, that the price levels of both these two rare and essential commodities are in fact currently much too low to ensure continued investment in exploration and also to act as a stimulant to the more frugal use of these rare commodities? Would he not agree, also, that the weapon of varying the pricing of oil is something which is still entirely in the hands of the oil-producing countries, and that we would be very ill advised to be off our guard in the event of these oil-producing countries once again resorting to oil pricing as a method of undercutting our capabilities in the European field? Can he assure the House, therefore, that he is aware of the problem and, if so, they will have the courage of their convictions to adopt, if necessary, a minimum support pricing policy on these two issues in an emergency?

**Mr Ortoli.** — (F) Mr President, I should like to make two comments on what Mr Normanton has just said. Firstly, it must not be forgotten that the energy price problem consists of two aspects. One of the difficulties we are faced with today, the economic crisis, is partly due to the fact that the price of energy rose so sharply that major transfers of revenue were necessary in each of our countries and the effects of this are still being felt. I therefore feel that this question has to be set against the general economic background and I am sure Mr Normanton would agree with this.

The price of energy is today fairly high. Having said that, we are pursuing an energy policy and this goes beyond the general economic problems which may arise. I believe, Mr Normanton, that certain mechanisms might be introduced in order to facilitate the development of Community energy sources or to encourage energy conservation. I am all the more convinced of this as I was President of the Commission when it made proposals relating to the guarantees which might be given to potential investors, to budgetary mechanisms designed to promote certain research projects of a technological nature or to encourage prospecting, and, since the arrival of the new Commission, the idea has been mooted of creating a Community financial instrument which might participate in the tremendous effort which needs to be made in the energy field. So although I have my reservations about the first point Mr Normanton made, I wholeheartedly endorse the second and I can assure him that this is indeed the objective which the Commission is pursuing.

**Mr Nyborg.** — (*DK*) Mr President, I well understand Mr Normanton's question. Indeed, I can well understand the British wanting as far as possible to safeguard their investments with a minimum price for oil. However, I would ask the Commission whether it does not feel that it would be appropriate here to contemplate a certain measure of reciprocity so as to ensure that the Community did not simply guarantee the United Kingdom a minimum price for oil but that the United Kingdom was at the same time placed under some obligation to supply oil to the other member countries, possibly coupled with some form of price fixing related to trends on the world market. (*Applause from certain quarters*)

**Mr Ortoli.** — (*F*) I would point out that at the moment we are on the market and I am convinced that we shall see a certain amount of trade developing in this area.

I think the problem of the internal energy market, which is moreover the subject of a debate in the Council of Ministers, is a matter of the utmost importance. No doubt we shall have many other opportunities of discussing it in this House.

**Mr Ellis.** — Could Mr Ortoli give us the reaction of the Commission to the view that preoccupation with minimum safeguard prices is excessively academic?

**Mr Ortoli.** — (*F*) As the Commission has made certain proposals with regard to guarantees which might be given to investments, I am obliged to uphold those proposals. I do not know whether the question of the minimum price is an academic one; what I do know, however, is that discussion of the best way of ensuring the development of our resources in economically acceptable conditions is not academic; indeed, it is probably a major requirement for our countries.

**Lord Bruce of Donington.** — Mr President, is the Commission aware, in regard to the answer to the question raised by Mr Nyborg, that if there is a certain degree of relevancy with world prices in the determination of the price of energy, those considerations equally apply in the field of agriculture?

**Mr Ortoli.** — (*F*) Lord Bruce is entitled to express his own views, but I for my part am convinced that the problems of agriculture are already complicated enough without our trying to give a snap answer to what seems to me to be more of a catch question than a genuine one.

**Mr Edwards.** — Would the Commissioner not agree it is the seven oil companies and their oil cartel that determine the price of oil?

**Mr Ortoli.** — (*F*) I think it is a little more complicated than that.

**President.** — Question No 16 by Mr Scott-Hopkins :

Subject : Marketing of potatoes in the United Kingdom

What is the Commission's view of the proposals put forward in the middle of November by the Farmers' Unions of Scotland, Ulster and England and Wales and the Potato Marketing Board and the Seed Potato Marketing Board for Northern Ireland, for the management of the United Kingdom potato market after the accession transition period ends on 31 December?

**Mr Gundelach, Vice-President of the Commission.** — Insofar as the market organizations in the various regions of the United Kingdom to which the honourable Member has referred in his question allow for free intra-Community trade — which, after the examination I have been able to carry out, seems to be the case — the Commission approves them as interim measures until the Commission and Council have adopted a fully European market organization which will, in effect, be adequate for farmers' needs anywhere in the Community.

**Mr Scott-Hopkins.** — Do I gather that the existing regime of the Potato Marketing Board will continue until the Commissioner has come forward with proposals? Can he give any idea as to when the Commission will come forward with these proposals, and also whether they will include the possibility of a central producer organization, backed by certain statutory powers and with powers to levy, backed by the Community? If so, when is it likely to materialize?

**Mr Gundelach.** — The answer to the first question is yes, they can continue.

In answer to the other question, the Commission has made the proposals, so it is not a question of when the Commission will act on this matter. It is a question as to when the Council will come to an agreement on the basis of our proposals: Our proposal do meet the requirements to which the honourable Member is referring. It is my feeling, from the priority plan which has been agreed for the work of the agricultural Council for the next half year, that it will be a priority item for that six-month period and will then be settled, probably around the time of the price review. The Commission has made its proposals: they cover the points raised by the honourable Member and we will be pressing these proposals in the coming months for adoption by the Council.

**Mrs Dunwoody.** — Would the Commissioner agree that the marketing boards, whether they are in potatoes or in milk, have shown themselves to be very efficiently geared to keeping a good price for the producer, and a reasonable price for the consumer? There seems to be a degree of vagueness in his statements regarding the length of time for which they can continue. There is still great uncertainty in Great Britain as to whether or not the Commission are

**Mrs Dunwoody**

going to allow us to continue an efficient marketing board. I hope he will take into account that there will be great ill-will felt by the consumers if anything is done to destroy the existing marketing organizations.

**Mr Gundelach.** — There was no vagueness in my answer. The situation is quite clear as long as there is no European marketing organization or a *chapeau* for various regional market organizations, coordinated on a European basis and which is satisfactory from the point of view of British consumers and producers — until our proposals have been adopted by the Council, the present market boards for potatoes can continue in the United Kingdom. That was the answer I gave, without any other reservations. They must comply with the competition rules of the Community, and as far as I can see they do. I cannot as you very well know bind the Council in this room. I can only bind the Commission to press this matter forward, on the basis which I have clearly indicated. The same applies to the Milk Marketing Boards about which I explained the situation to you last night, and on three or four previous occasions.

**Mr Hughes.** — May I ask the Commissioner whether, in the proposals, a continued ability to restrict acreage will be permitted to bodies such as a Potato Marketing Board?

**Mr Gundelach.** — There will indeed be a question of regulating acreage, but it cannot be in the form of localized monopolies. It must be in accordance with rules which are compatible with the competition rules of the Community. But, wherever necessary, it will cut down the acreage in this field, as in the other fields which we have already been talked about today. That will be provided for.

**President.** — Question No 17 by Mr McDonald :

Subject : Sales of butter at reduced prices

The Commission has made butter available at reduced prices for a limited period in eight Member States. Will the Commission now consider whether it would be possible to prolong indefinitely sales of butter at reduced prices within the Community, either to all consumers or to selected socio-economic groups, as this would be beneficial to the consumers and would lead to increased sales of butter?

**Mr Gundelach, Vice-President of the Commission.** — Mr President, it is a complicated subject, but I will try to make it brief and reasonably simple. At the present time, we have various schemes for providing butter at prices lower than the market prices for the consumer. We have a special scheme in the United Kingdom, which you know all about because it was discussed at length in the last price review. We are proposing that it should continue in 1978 but, in accordance with Council decision, be phased out during the course of the year.

We have the system of Community financial contributions to national schemes of selling butter at a cheaper price — the financial contribution increasing the higher the subsidy. The scheme has previously only been used by one Member State, it is now used by three or four Member States.

Thirdly we have a special provision in Regulation 1717/72 which permits sales at reduced prices to a number of non-profit-making organizations like children's homes, hospitals, charities etc., the second group to which the honourable Member is referring. On that point, the answer is clearly in the affirmative. That will continue.

Fourthly, we have this year an allocation by the Council of 52 million units of account, to be used for special sales which have become known as the Christmas sale of butter. The purpose was to help the surplus situation in the Community. Whether that type of subsidy will also continue in 1978, it is too early yet to answer. What is clear is that certain types of consumer subsidies have to continue, certainly for the sorts of organizations to which I referred and may be also other types of subsidies to butter sales. But what form they must take will depend upon the result of this study we are undertaking, and the results of the various subsidies in 1977, to which I have referred, and which will be available at the end of January 1978. At that stage, we will make known our specific proposals for 1978.

**Mr McDonald.** — I would like to thank the Commissioner for his very full reply. However, I would like to know if it is too early to ask the Commission the approximate cost per month of their programmes, and if there is any indication that the present comprehensive scheme, which is in operation in eight member countries, will be damaging in any way to the Community butter producers. Also, on what I think is a very important point, could we have the Commission's view as to whether or not the combined schemes the Commission are presently operating will help to reduce significantly the stockpile of butter that we presently have in the Community.

**Mr Gundelach.** — As the honourable Member will have understood, the cost of the programme he is particularly interested in is 52 million units of account. Whether that will lead to an additional sale of butter, or only to a concentration of butter sales when those special sales are on, with people buying and refrigerating and then buying less later on is exactly what we would like to know when the sale is over. The sale is still on in certain parts of Europe, and we cannot give the answer yet. One may have one's doubts : nevertheless, the interest in this sale has been so great that it says something about the theme I enlarged upon earlier this morning — the relationship between our agricultural prices and the level of

**Gundelach**

consumption. As to the disturbance of markets by this sale, I think I can say for certain that the quantities are not so great that there are any signs of disturbance in the normal commercial markets. That, of course, is another aspect which will have to enter into the studies to which I have referred, and we will only know the final answer at the end of January.

**Lord Bruce of Donington.** — Mr President, in connection with the Commissioner's reference to the Christmas sales of butter — which are a very laudable way of disposing of these unwanted structural surpluses — has the Commission's attention been drawn to reports, recently appearing in Dutch newspapers, of the practice of enterprising entrepreneurs removing the Christmas wrappings of the butter, rewrapping it and selling it again at a normal market price, significantly in excess of the prices at which the Commission has been kind enough to dispose of it? If his attention has been drawn to this, what action does he propose to take in order to eliminate this very undesirable, though free enterprise, practice?

**Mr Gundelach.** — My attention has been drawn to these rumours; there are too many rumours going around. We have carried out a check through the intervention authorities; we have found no proof that this has actually taken place. If proof is provided that it is taking place, it is a factor to take into account when one decides whether or not to continue this practice and, if so, under what form to continue it.

**Mr Hughes.** — Amongst other free enterprise activities, has the Commissioner's attention been drawn to the German practice of sailing out beyond the 12-mile limit, claiming the intervention restitution for export, selling the butter and then sailing right back, and could he give any indication of the cost to Community funds of this exercise?

**Mr Gundelach.** — That is a very long story which goes beyond the limits of Question Time. Let me only tell the honourable Member that we have been dealing with this particular problem for the last 8 months and fortunately we were able to get a regulation adopted by the Council on Monday of this week, which will put very clear and very severe limits on this kind of practice and therefore this kind of malpractice will not be able to continue after 1 January 1978.

*(Applause)*

**Mr Kavanagh.** — Did the Commission not require Member States to distribute this butter to people who could be described as deprived — the unemployed, the old-age pensioners, the handicapped, etc. — rather than, as has happened in Ireland, to those people who have the money, the cars, and the deep freezers to buy up large amounts and go from super-

market to supermarket and who stockpile that for use over an extended period, and thereby reduce the amount available to those poorer sections?

**Mr Gundelach.** — I drew attention in my initial reply to the fact that, over and above this special sale of 52m u.a. open to everybody, we have a special scheme for socially handicapped people which has been in force for quite some time, and therefore we are giving special facilities to the groups to which the honourable Member is referring. Now that scheme has not been quite so popular in Member States, because it does call for a small financial effort on the part of the Member States as well, whilst the 52 m u.a. sale is financed 100 % by the EAGGF. Maybe there is a lesson here to be taken into account when we decide our policies in this regard in the future.

**Mr Yeats.** — Mr President, while I accept the reply just given by the Commissioner, at the same time will he not accept that the basic motivation behind these sales of butter has been to increase overall sales of butter and reduce the butter mountain. But you cannot do that by selling to people who can afford to buy butter at the ordinary price, because they are mainly buying cheap butter instead of expensive butter. The only way you can get an increase in butter consumption is by putting it into the hands of people who cannot otherwise afford to buy butter. Will he accept that that has not been what has happened?

**Mr Gundelach.** — I think it was clear from my previous interventions that the priority, in my view, should be given to the special sales to the socially least favoured groups of people, the special cases, and that I was expressing regret that there has not been sufficient cooperation by Member States to service these groups of the population. There the motivation is not just to dispose of surpluses of butter but also to serve a social purpose. The two things may go together. As far as the special sales of 52m u.a. are concerned, I would expect scepticism, as you have heard from my first intervention. The motive is to dispose of surpluses. I have my doubts as to whether it actually will, or will just replace normal sales of butter. That is why I want to have a thorough-going study as to how this has affected the market before further proposals are made, or not made, in regard to the future. So you have understood me correctly; I am sceptical about the general sales but I am very much in favour of continuing and building up the sales to special groups.

**Mr Corrie.** — Would the Commissioner not agree that, rather than allow these surpluses to build up on the manufacturing side, it would be much better to try and encourage the European housewife to drink more milk, in the liquid state, so that we would not then have to manufacture butter?

**Mr Gundelach.** — Well absolutely, that is one of the reasons why I have consistently taken a positive attitude, for instance, to the British Milk Marketing Board. That is why in the use of the money which we are given, or the producers and we are given, via the co-responsibility levy, priority is given to developing the liquid milk market in other parts of the Community. I have a strong feeling that unless the trade is differently organized, we will not achieve results because the result depends upon a proper product being available on a regular basis to the consumer. Where these conditions are fulfilled, as we have seen in the case of the United Kingdom, the consumption of liquid milk will increase and that obviously will help the balance in the milk market.

**President.** — I declare Question Time closed.

I thank the representatives of the Council and the Commission for their contributions.

#### 9. Votes

**President.** — The next item is the vote on the motions for resolutions on which the debate has closed.

I put to the vote the motion for a resolution by Mr Bertrand (Doc. 423/77): Historic meeting between Mr Sadat and Mr Begin.

The resolution is adopted<sup>1</sup>.

#### 10. Agenda

**President.** — I call Mr Kofoed for a procedural motion.

**Mr Kofoed.** — (DK) Mr President, I would like to request that our question on state aid measures in the EFTA countries (Doc. 448/77) be deferred, as I feel it would be better if the debate were held in January. I would therefore ask that this item be removed from today's agenda.

**President.** — Since there are no objections, that is agreed.

#### 11. Fisheries policy

**President.** — The next item is the joint debate on: — the report drawn up by Mr Corrie (Doc. 442/77), on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

- I. a regulation laying down technical measures for the conservation of fishery resources
- II. a regulation laying down certain measures of control for fishing activities by Community vessels
- III. a regulation defining for 1978 measures for conservation and management of fishery resources by the establishment of quotas
- IV. a directive on certain immediate measures to adjust capacity in the fisheries sector
- V. a regulation laying down special aid measures for herring fisheries in the North Sea and the Celtic Sea

— the oral question with debate put by Mr Müller-Hermann, Mr Vandewiele, Mr De Koning, Mr Früh and Mr Verhaegen to the Council of the European Communities (Doc. 365/77):

Subject: Fisheries policy

What stage has been reached in the negotiations on fisheries agreements with third countries, in particular, Norway, Iceland and Canada?

Does the Council see any hope of a successful outcome to these negotiations as long as there is no agreement on the Community's internal fisheries policy?

I call Mr Corrie.

**Mr Corrie, rapporteur.** — Mr President, I have the honour and pleasure as rapporteur for the Committee on Agriculture to present this report on proposals from the Commission of the European Communities to the Council on a number of fisheries documents. Might I firstly thank the Committee on Social Affairs, the Committee on Budgets and the Committee on Regional Policy, Regional Planning and Transport for their opinions which they have sent in to us. I will deal with the amendments when that time comes, but I can say to the Committee on Social Affairs that I am happy to accept most of the amendments that they have put forward and, in fact, most of the other amendments.

Might I start by saying that this report passed through the committee stage with only one abstention, with everyone else voting for it. It has been altered very little and I take full responsibility for its contents. I accept that some of my fellow countrymen, or even members of my own group, do not agree with all I say. But, as rapporteur, I stand as a European, putting aside national interests.

The time has passed, Mr President, for emotional, tub-thumping speeches on fisheries policy. I look forward to the day when this Parliament has the opportunity to take the biggest step forward since the formation of the CAP by passing a common fisheries policy. I believe it is the only answer to the industry throughout the Community and I regret that today we are only passing a number of interim measures. I am saddened by any talk from any country of unilateral action, as this can only harm that country's interests, those of the fishermen and the Community as a whole. What countries must have is the power of non-discriminatory conservation policies to protect their fishing stocks.

Some of the Members may be surprised to see mention of Italian and Mediterranean fishing policy. We are, Mr President, simply putting down markers for the future because there must be a Community fisheries policy. The Mediterranean is just as important to the Community as the northern waters are.

<sup>1</sup> OJ No C 6 of 9. 1. 1978.

## Corrie

The day has come when we must farm the resources of the sea as we do on the land. The potential is enormous, but without proper control the potential is disastrous. There are too many boats chasing too few fish, with increased skill and sophisticated equipment making catches a certainty rather than a lucky chance. Fishing has grown from being an art to being a science. The odds against the fish have become too heavily stacked in favour of the fishermen.

Of course, as nationals we all want to see the best deal we can get for our fishermen. Of course, special regard must be taken of those regions who have depended for centuries on their fishing industries. It is their inherent right to go on fishing. As Europeans, however, we must see that all fishermen get a fair deal and their proportion of the TAC and that fleets are trimmed to work within that limit. What we must not have, at any cost, is a TAC laid down by the experts exceeded, as it has been for years in the past, simply for political reasons. What we must hope for is a rapid increase in fish stocks, having taken the appropriate conservation measures. But let us not forget, Mr President, it is fishermen who have fished out the seas, not the politicians. It has been pressure from fisheries groups and bodies that has forced the politicians to keep upping the quotas until there are no fish left in some areas.

Now we must have strict and lasting conservation measures to allow the fish stocks to replenish themselves. Fishermen may complain that too much detail and red tape is being put into their work. But, if quotas are to be observed, as they must, then much stricter measures of control are necessary. The only foolproof way is to license boats and skippers and to control where, when and how they fish and what they fish for. But this must be on a completely non-discriminatory basis. They will not like it, but they will have to accept it if we are not to produce a watery desert round our coasts.

As rapporteur I have written the bulk of this report under nine headings. I hope the Commission is pleased to see the Committee on Agriculture, and I hope this House, approve in principle what they are trying to do. There are of course some things that we are not happy about. I fully accept, Mr President, the Commission are extremely busy and, in many cases, documents come through at the very last moment. But, before opening the discussion on the contents of the Commission proposal, I must inform Members of an issue raised by the Commission proposal, which is of fundamental importance to this Parliament and to the relationship between Parliament, the Commission and the Council. I must stress that Mr Gundelach has done everything possible in his power to help us with these problems.

Members will notice that three of the Commission's proposals do not provide for consultation of the Euro-

pean Parliament under Article 43 of the EEC Treaty. It is not the first time that this has happened, nor does it seem that it will be the last. There are at present two proposals before the Council on which the Commission has not seen fit to provide for consultation of the European Parliament.

The first concerns restrictions on the fishing of the Norway out in the North Sea in the so-called 'pout box'. To some Members this matter seems of little importance, but for those concerned this proposal is vital, revising the question of the future of fish stocks on which entire fishing communities depend, and on the other hand, the future of the Danish industrial fishing fleet. This issue is as important as, say, the coresponsibility levy for the dairy farmer or a tax on wine to the Italian producers. On this proposal the European Parliament's opinion has been totally excluded so far. The Commission has brought forward measures under Article 149 of the Treaty as a modification to the proposal now under our consideration which made no reference to the 'pout box'. On the same day the Committee on Agriculture was adopting the report we are discussing today, the Commission adopted the 'pout box' proposal, but no one mentioned that fact to us. It would appear on the whole issue of the 'pout box' that Parliament was simply going to be by-passed. This House, Mr President, cannot simply be used as a rubber stamp. We have the inherent right to comment on a Commission proposal of this kind. I realize that there are in-built problems.

Mr President, the Committee on Agriculture has been patient over these matters; Parliament has been patient. It recognized the need for action to be taken quickly in the spring of this year, to conserve stocks in view of the failure of the Council to reach decisions on a fisheries régime. It accepted that emergency measures should be adopted under Article 103. But such a procedure cannot continue indefinitely. I sincerely hope the Commission would take on the feelings of the Parliament in this matter.

Turning to the actual contents of the Commission's proposal, they must be judged firstly in terms of whether they make sense for the marine biologists and the need to conserve fish resources, and to ensure a future for the fishing industry and those men who work in it, and then in terms of political acceptability. The main problem facing the Community is a political one. For more than a year the Commission and the Council have been searching for sufficient common ground between Member States. Even now, it seems that the final decisions will not be taken until next January, if even then. The division of interests between Member States cannot be underestimated. The debate today will certainly give evidence of that. But it is also true that the Commission's proposals are, I think, too hesitant and too

**Corrie**

timid in certain essential aspects to provide the elements for a political agreement.

The fundamental aim must be to create confidence in the whole fisheries industry — confidence that the conservation measures will provide adequate stocks for the future. Confidence that the control measures will ensure that conservation is respected by all on an equitable basis. Confidence that the measures are practical. Confidence that communities highly dependent on fishing will be ensured a future livelihood. Confidence, also, that the fishing fleets will not be treated unfairly and restricted in certain grounds without there being solid reasons for doing so.

The Commission's proposed conservation measures are particularly limited and merely incorporate existing NEAFC recommendations into Community policy. These measures are essential, but represent the bare minimum required at a technical level. The Community cannot wait each time until each individual fish stock is on the point of extinction before acting. This is why we must have an overall fisheries policy for the Community. This is why the report proposes that a much broader approach should be adopted, suggesting that much greater use be made of very precisely defined zones in which fishing is restricted to certain boats or particular equipment or even prohibited for certain seasons each year in zones defined by the characteristics of each fish stock, and proposing that purse seines and beam trawlers be excluded from all areas, not merely the Celtic Sea for herring fishing. At the same time, a degree of flexibility can be introduced to take into account particular communities highly dependent on inshore fishing, where a small discrete stock, independent of the main body of fish stock, can be treated separately without detriment to overall conservation needs. One example can be given. It is essential that the North Sea herring ban be maintained in 1978 or even beyond that. This will cause great hardship to certain communities dependent on herring. Yet there are small stocks such as the Longstone which are independent and spring spawning as opposed to autumn spawning stock. These could be used by these small local dependent villages.

The question of adequate control and inspection is a key factor in the acceptability of the overall proposals to many Community fishermen. Control measures must be, and must be seen to be, sufficient and equitable. Here the Commission seems to have taken a step backwards from the previous proposals by moving away from the concept of licences. The Commission now propose that Member States should inform the Commission of the number of boats which will enter a controlled fishing zone, a fishing plan and that, on that basis, forward fishing plans should be established. Surely, Mr President, the Commission would include the Community pond in total as a

controlled zone. Secondly, notifying Brussels of the number of vessels to enter a particular zone does little to help the inspector at sea. The many notification schemes cannot be considered as an adequate substitute for licences. The Commission will argue, I am sure, we must be prudent and take one step at a time. But how many times has this been advocated in the past and the first step becomes a final step from which only retreat is possible? Greater conviction is required. We are dealing with a package to establish a definitive fisheries régime.

It is not possible to leave essential elements of that package to one side in the hope of better things to come. Control must be effected. It must also be seen to be equitable and fair to all parties. This is why the report proposes modifications to the Commission's text, to underline the rôle of inspectors as carrying out inspection on behalf of the Community.

We further proposed that inspection vessels of each Member State carry at least one inspector from another Member State. Inspection will be carried out, of course, by Member States, but it must be clear to the skippers of all vessels that this is on behalf of all fishermen, and not merely to protect the interests of particular groups, so that one can have different inspectors from different countries on different fishing-boats.

There are other areas where we, as an agricultural committee, felt the Commission's proposals needed to be tightened up. If quotas are to be adhered to, it is vital that records of fish discharged at sea are accurate and are urgently communicated to those in control of the overall TAC of the particular species. Some way must also be found to control the use of nets carried on board, in order that these are stored in such a way that they cannot be quickly changed at the approach of an inspection vessel. It is also essential that control methods keep abreast of developments in fishing technology.

Turning to the question of industrial fishing, we confront a highly emotive issue. There are those who would wish to condemn it out of hand; there are those who say that it has a useful function to fulfil. I tend to believe the second of those statements. The Committee on Agriculture and the Subcommittee on Fisheries have considered these questions at considerable length. There is no easy answer to this problem. The only acceptable solutions are by regulations based on the characteristics of each fish species and covering the area, seasons and depth at which catches of species such as Norway pout are made, and in fact the answer is perhaps a series of mini-pout boxes rather than one large box.

Annex I of the report shows the extent of the problem of by-catches of premium white fish and the variations in by-catches by area and seasons, and this makes extremely interesting reading.

**Corrie**

A future fisheries policy must define more clearly the rôle of industrial fishing, and this can only be achieved by greater information on marine biology. Fish prey on each other and compete for food. It clearly makes sense to examine these relationships and their implications. The eventual aim must be to develop an active management policy based on the food-chain, and the competition and complementarity of fish species. To maximize the resources of the sea, it may not be sufficient to restrict the fishing of all species. It may also be necessary to increase the fishing of those species which have developed as other stocks have diminished and so upset the existing balance between species.

In the meantime, the Community must define its present approach and define more clearly those zones where greater conservation measures are required, or critical areas where the fishing population must be protected at all costs. We must cut down the by-catches where fish are being fished for industrial use. The Committee on Agriculture has declared on a number of occasions that effective conservation and management policies are not possible without a realistic structural policy. The Community fleet must adapt itself to its new and, in certain aspects, reduced circumstances. As I said earlier, we have too many boats chasing too few fish. Many distant water-grounds have been lost. Big factory-ships cannot be allowed to continue unimpeded in Community waters. A medium-water multipurpose fleet must replace the large boats. Even with the adjustment to the shape of the Community's fishing fleet, adjustment will not be easy, and there is simply no room for the deep-water boats back in our in-shore waters. The Commission have wisely, therefore, provided a wide range of instruments to ease the required adjustment, scrapping and redeployment premiums for boats and earlier retirement schemes for fishermen, and I would suggest that one must look after the men and not simply the boat-owners who can afford to ride out the storm. I sincerely hope that the funds supplied are large enough to do this.

There are many other points that I would like to put forward but time is moving on, and I know that a number of people want to speak in this debate. As I said before, fishing is no longer an art, it has become a science. It is up to politicians and fishermen, together with the marine biologists, to solve the problems that we, as human beings, have created; only in this way can we allow fish-stocks to build up to what may once again be a thriving industry if the right policies are followed.

Let me finish by saying this, as I said at the beginning: this draft report went through the committee, as

it stands, with only one member abstaining. As politicians, let us show Europe we are also diplomats. Let us show there can be unification, even where there are so many differences. I implore Members to appreciate feelings from both ends of the spectrum, and hope that they can meet in harmony somewhere in the centre. I would ask them to show understanding and logic when we come to the vote, so that we can approve these measures as a stepping-stone to a full fisheries policy.

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

**President.** — I call Mr Müller-Hermann.

**Mr Müller-Hermann.** — (D) Mr President, Community fishing policy is a particularly difficult matter, and particularly depressing to boot. As we say in Germany, fish stinks. This is perhaps occasionally true of fisheries policy too. In saying this, I have no wish to reproach the Commission, least of all Mr Gundelach, and the excellent report by Mr Corrie does, I think, basically confirm and support the intentions of the Commission. However, this is, I think, all the more reason to level a few criticisms at the Council of Ministers which goes on promising session after session that it will reach agreement on fisheries and then decides to put off this difficult matter until the next meeting. All I can say is that the German Minister for Agriculture can no longer risk being seen by the people involved in fisheries because he constantly turns up empty-handed.

This, therefore, is why I also have grave doubts as to whether much more will be achieved at the January meeting, as some people hope. One should never give up hope however.

I should like to base my question on the following assumption. It seems to me that all of us in the various Member States, and the Commission and Council of Ministers too, have underestimated the importance of the International Conference on the Law of the Sea and its implications for our Community. In the meantime, a 200-mile limit has been introduced and the Community itself applies this limit. However, we are just beginning to get a clearer picture of the full consequences. I should be pleased if the Commission or the Council would tell me whether or not they have come to realize that the Community as a whole should become a partner to any Convention which the International Conference on the Law at Sea might one day produce.

**Müller-Hermann**

This strikes me as all the more important as the nine Member States will undoubtedly not be able to defend their interests as well as the Community as a whole could, if it is able to bring its full economic and political weight to bear in the international talks.

I should therefore be grateful for some information on this point in addition to my other questions.

Now to the question of the so-called Community pond system. The thing about this, basically, is the constant uncertainty for everyone involved in the fishing industry, be they fishermen or processing workers or whatever. This uncertainty which has been going on for months, if not years now, is intolerable. Secondly, I can quite understand that Great Britain and Ireland, for example, should be particularly concerned about the question of special rights in a 50-mile zone. I think we should all realize that there are major difficulties in this area.

However, if the word 'solidarity' is to have any meaning within the Community, there must also be limits to this solidarity. In my view, in blocking agreement on this difficult question these countries are driving a hard bargain which is bordering on the indefensible. We must reach agreement, not only so as to obviate this uncertainty, but in order to provide a basis for successful talks with third countries. We must surely all agree that, if we hope to guarantee fishing rights for the Community in the coastal waters of third countries, this must be based on the principle of give and take, i.e. a reciprocal system. As far as I understand it, we must keep at least a million tonnes of fish available within the Community pond as a *quid pro quo* in our negotiations. Otherwise we will get nowhere in our attempts to obtain fishing rights in the waters of third countries.

I admit that the question of fishing in the waters of third countries does not affect all the countries of the Community to the same degree. Some Member States are hardly affected by this subject at all, whereas it is a major concern of other countries. I can only point out that 77 % of the deep-sea fishing carried out by the Federal Republic — to give that one example — is done in the waters of third countries, and therefore, if we fail to reach an agreement in the near future with Norway, Iceland, Canada, the United States, the USSR and possibly with Pacific or South Atlantic countries, at least 35 000 jobs — according to what I have been told — will be seriously threatened in the Federal Republic too. Other countries are equally at risk and, as the rapporteur, Mr Corrie, has already said, jobs will

be in jeopardy in other countries too for quite different reasons if we cannot agree on a solution.

In addition to the questions I have put, I should also like to ask whether the Council of Ministers or the Commission have thought of trying to make the Community self-sufficient as regards fish supplies, i.e. by relying exclusively on the Community pond. This would, I think, be a very risky thing to do. It would be a high-handed treatment of consumers and lead to a rise in fish prices. We must at all costs, in my view, guarantee a certain openness *vis-à-vis* third countries in this question.

Mr President, in conclusion I should just like to draw attention to the danger that if we do not manage to enter into serious negotiations with third countries in the very near future — and we will not be able to do this unless agreement is reached on the question of the Community pond — something will happen which I am sure none of us will welcome, i.e. the individual Member States will negotiate on a bilateral basis and conclude bilateral agreements, simply because too much is at stake for their own fish industry, fishermen and jobs. I think we are basically trying at every level to avoid unilateral action and bilateral agreements. I should nevertheless like to impress upon the Commission, and even more so upon the Council, that if agreement is not reached soon, the various governments will be under pressure from public opinion not to wait for the Community, but to guarantee fish supplies as far as possible by means of bilateral agreements with third countries — on the proviso, of course, that the international agreements will cease to apply when the Commission and the European Community finally get round to acting.

This is the background to my questions, Mr President. As you see, a whole series of problems remain unsolved, and I should be grateful if the Council's answer can make me feel more optimistic than I do at the moment.

**President.** — I call Mr Humblet.

**Mr Humblet, President-in-Office of the Council.** — (F) Mr President, Mr Vice-President of the Commission, ladies and gentlemen, I am very glad to have the honour of addressing the European Parliament. I have listened with great interest to Mr Corrie's excellent report, which has excellent report, which has given us a clear idea of the quality of the work done by the Committee on Agriculture and the Fisheries Subcommittee.

## Humblet

I did detect a certain impatience in the rapporteur's remarks and in what Mr Müller-Hermann said, but it must readily be admitted that the Commission has done a very large amount of work. The report, together with the motion for a resolution before us, which has been amended, filled out and added to in the light of the last extraordinary Council meeting on fisheries at the beginning of this month, covers all aspects of Community fisheries and represents a considerable amount of work. It is true that for several months, indeed since last year, the Council of Fisheries Ministers has been unable to agree on even a provisional clear position with regard to the Commission's proposals. It is true — and this is perhaps a positive element — that the last Council meeting decided, for only the second time in the history of the Community, to stop the clock and regard the year 1977, for the purposes of Community fisheries, as ending only between 16 and 18 January, the effect of which would be to maintain, if necessary by means of a number of formal decisions to be ratified by the Council of Ministers on 20 December, all the provisions that were to lapse on 31 December. If this is the situation we are in, I am sure — as I have said — that it is not for lack of effort or ability on the part of the Commission. Nor is it due to a lack of interest on the part of the Council or — if I may say so — of the Belgian Presidency. It had only a minor, indeed marginal, interest in the problem, but it has made and will continue to make every effort to see that a conclusion is reached in the middle of January.

This situation arises firstly from the fact that there are considerable interests involved, of much greater importance than appeared at first sight to the various observers and the Council itself. It is also due to the incredible complexity of the question. This is indeed a question not only of very major dimensions but also of exceptional complexity. Why is this? Because the objective facts, which are sometimes described in the Council's debates as scientific, are questionable, or at any rate open to discussion, and there is a lack of statistical data on the performance of European fisheries over the past few years or months, and because, in discussing such an important question, where so many economic and social interests are involved, the governments are reluctant to provide the Commission, and thus the Council, with all the information.

It is difficult, with a new question, to compile a dossier to serve as a basis for the discussions, compromises and decisions, and more particularly it takes time. This is why some impatience is to be expected, but this impatience is not entirely justified. People are impatient by nature, but when they are reasonable they can accept — sometimes with difficulty, but they do nonetheless accept — that certain things take time.

On this question in particular there were such divergent approaches and viewpoints that there was no

plausible prospect, even with perfectly prepared dossiers and with assiduous and persistent efforts, of being able in a few months to bring together the diametrically opposed positions, more particularly because, for both the Commission and the Presidency of the Council, the positions of the various parties were not known. I would add that the first stage, which was dealt with at the last meeting of the Council, was to clarify the positions, to clear the fog a little and get a slightly clearer idea of where each country stood; I think that we are beginning to achieve this clarity.

What, in fact, is the point at issue? There are two fundamental facts: one is a recent development in that it dates from October 1976, namely the new situation created by the extension of fishing zones to 200 miles. Obviously, this threw the geography of fishing into complete confusion and was not solely a Community decision; other countries — Iceland, Norway, the United States, the Soviet Union and Canada — took the same action and this upheaval affected everyone, creating new situations which have still not been defined or mapped out in full, and this of course raises the whole question of relations with non-member countries. There is no doubt that the new situations created by the losses suffered in non-member countries by the countries of the Community as a result of making certain quantities in Community waters available to Community countries, and the necessary negotiations with these third countries, constitute entirely new factors and that time is needed to make a careful assessment of them.

There is a second feature which is the subject of much discussion, although reactions to it are not consistent, namely the shortage of fish which has resulted from over-fishing, the situation being particularly serious in the North Sea with regard to herring stocks or the lack of them. This stems from a lack of policy in the past, when the Community was in fact not involved, and if there was not a draft European fisheries policy under discussion the restrictions that are now being blamed on the system of quotas proposed by the Community would be much more severe and would be imposed on the Member States *de facto*. Once again, however, the various interested parties must make themselves familiar with this new situation. And if, in certain cases, the consequences are going to be socially unpleasant, particularly in a period of underemployment, and particularly in a sector which plays an important part in regional economies — there are regions in the Community where economic activity is based on fishing and where alternative employment cannot be found from one day to the next — this means facing up to tragic situations which it will be difficult to accept but which would have arisen in any case even if we did not currently have plans for a European fisheries policy.

### Humblet

What point has been reached in this difficult process in the Council? I said a moment ago that I thought certain results had been achieved at the last meeting. How can I be more specific about this? Firstly, there seems to have been unanimous agreement on the absolute necessity of pursuing a conservation policy, which is the only way of building up stocks. To start with, certain countries — those who are most sensitive about this policy — attacked the others' motives and did not believe that everyone was determined to pursue a voluntary conservation policy. It can be said that at the last Council meeting this obstacle was removed, at least verbally. The Council took note of the declarations by the heads of delegations, thus avoiding, I think, any fundamental disagreement on the overall level of authorized catches. With only minor reservations, this level was accepted — you will see presently that it is easier to agree on the total volume than to agree on its allocation.

This perhaps somewhat novel position with regard to the adoption of a conservation policy was, of course, reflected in the adoption of a number of measures which were not laid down in complete detail but on which considerable progress has been made by two working parties; these were certain concrete measures aimed at ensuring that the authorized tonnages were actually respected, without there being formal agreement on a number of highly detailed proposals made in writing. There was in any case a softening of attitudes in certain cases on the part of certain countries which were very hesitant about the practical measures designed to ensure the effectiveness of conservation and the maintenance and administration of policing arrangements. It turned out that, provided this was on the basis of clear and precise Community regulations, there were few objections to having the control measures administered, as is normal, by the coastal state, but that this should at any rate be in the name of the Community and on the basis of a Community regulation. Moreover, the Community reserved the undisputed right at any time to exercise, using any appropriate means available, effective Community inspections in order to ensure compliance with the conservation measures, the principle of which does not seem to arouse much discussion.

I would add that any differences remaining between the countries' positions are due to the fact that some people regard scientific opinions as being decisive. They want the politicians to adopt without question the scientists' opinions, whereas other politicians say that the scientists' opinions are the basis for political decisions, but that the decisions must be political and must include certain elements of a socio-economic or socio-political nature. It seems to me that the gap still separating these positions should not be too difficult to close once there is no more mistrust, for it is mistrust which has complicated matters in the past. But behind, or perhaps in front of this mistrust, we

have the impression that the real problem has been that of allocation.

I listened carefully to the honourable rapporteur, but I do not seem to have detected any suggestions from the committee on the question of allocating resources. As things stand at the moment, if the Commission or the presidency adds up the amounts requested by the Member States the result is 145% of the available quota. This House thus has a clear picture, in figures, of the gap between the objective and the positions held on the afternoon of 7 December. The Member States agree on everything, except for the fact that the cake ought to have 145 slices, whereas what we have available is of the order of 100. This, I think, is the real problem that the Council will have to resolve on 16, 17 and 18 January; and with a view to this the Commission — Mr Gundelach will be sure to give you ample information on this — is to make further assessments, estimating, if possible, the losses to be compensated, assessing the qualitative, and not just quantitative value of the new species that can be used for replacement purposes, and it is also to try to make a rather more exact estimate of the scale and actual importance of additional costs involved in what is called industrial fishing, i.e. fishing for purposes other than human consumption.

These are a number of elements which have not been sufficiently clarified, and I think it was the imperfection of this dossier — which, as I said, is a complex one — as well as the need to allow time to take its course, that led the Council unanimously to prolong the period of preparation and to put off its decision. I have heard people saying they are sceptical. You can well imagine that if the presidency and the Commission were sceptical they would never get anywhere. We are thus not prey to scepticism; it is faith which moves us and we shall thus persevere in order to arrive — with, let us hope, the wisdom of the Nine — at a conclusion on 17 or 18 January.

It is true that there is one particularly delicate problem, namely what is called the problem of the coastal zone, which has been partially resolved for the twelve-mile zone up to 1982 but is a completely open question after 1982, and which was extended to 50 miles by certain parties, but it seems that they have returned to a more reasonable attitude. Here too, following the discussions at the beginning of this month, the Council does not seem to know exactly what the Member States want. We are in the dark about this, and the bilateral contacts which will certainly take place between now and 16 January will perhaps clarify the situation somewhat and make it possible to decide what is really a matter of principle or what is a matter of vested interests, for we have to know to what extent claims supposedly based on principle with regard to the coastal zones, which are indubitably the areas richest in fish stocks, do not in fact

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hide a strategy aimed at obtaining, perhaps in excess of the quota, a tonnage which it would be difficult to obtain by the simple application of percentages. What we now have to do is to carry out this analysis and gradually get it accepted.

A further point which we have not completely clarified is the administrative procedure, and the situation is not clear with regard to the licensing procedure and the establishment of fishing plans. The Member States' contributions to the discussion do not contain any concrete proposals. They refer to licences, fishing plans and preferential zones, though we cannot be sure that everyone understands these expressions in exactly the same way. This proves once again that time must take its course. The Commission's proposals contain — and this is indispensable — a first attempt at a structural policy, since it is clear that we must on the one hand prepare for the future and on the other hand face up to the immediate socio-economic consequences of the reduced catches. On this question, the Commission and the Council are very open-minded and realistic, while taking account, of course, of the opinions of the countries which are most vigilant with regard to Community expenditure. We are prepared to introduce a provisional, temporary programme for a structural policy in order to aid redevelopment in certain places, or even new development, since the Council remains firm in its belief in the necessity of taking account of 'mini-regional' situations. There are regions in the Community, of little importance in terms of numbers or size, but deserving of attention in human and social terms, for which provision must be made for a regional interpretation of the European fisheries policy.

I now come briefly — and I am glad to have this opportunity of replying — to the question on external policy and relations with non-member countries put directly to the Council by Mr Müller-Hermann.

It is clear that we cannot finally conclude important agreements with non-member countries until we have sufficient clarification of our internal policy. One is dependent on the other. The present situation in the negotiations is as follows — I refer to the present situation since this involves events of the past few days. Let me take up the story in the middle of this year. In June 1977 the Community concluded an agreement on fishing off the coasts of the United States. In March 1977, the Community signed fisheries agreements with the Faroe Islands and Sweden. Negotiations are in progress with other non-member countries in accordance with the terms of reference which the Council gave the Commission in November 1976. The Council has also decided that the Community will begin negotiations for a fisheries agreement with Senegal, Guinea Bissau, Mauritania and the Cape Verde Islands, and has approved additional directives for negotiating this agreement.

Exploratory talks are also in progress with the Yugoslav authorities with a view to negotiations for the conclusion of a fisheries agreement between Yugoslavia and the Community and of transitional arrangements which would enable Community fishermen, in particular the Italian fishing fleet, to continue to fish in Yugoslav waters. And at the last Council meeting it was decided to submit to the Council of Foreign Ministers for its approval next Monday Commission proposals, adopted by the Council, for allowing Italy to extend into 1978 the validity of the agreement reached in 1977, and proposals were put forward with regard to the financial consequences of this decision.

As regards the negotiations with Norway in particular, these are well advanced and a result may be expected in the near future.

As regards Iceland, Poland, the German Democratic Republic and the USSR, negotiations have temporarily come to a halt. The negotiations with Canada, which had been suspended, will resume on 15 December. As regards the relationship between these negotiations and an agreement on Community fishing policy, it should be recalled that the agreements sought in these negotiations are outline agreements laying down general conditions to apply in future. As long as there are still considerable gaps to be filled in the internal system, it will scarcely be possible to conclude annual agreements on the size of catches by fishing vessels from non-member countries in Community waters, and vice versa.

To conclude, it is essential — and I think that none of the Member States doubts this — for us to reach agreement on a European fisheries policy. Why? Because, as I have just pointed out, this internal agreement is of fundamental importance for our external fisheries policy, i.e. all the agreements with non-member countries. This is essential because, without a European fisheries policy, we cannot be sure that national measures alone, which are in any case absolutely contrary to the Community spirit, would be capable of ensuring the necessary conservation. Agreement at European level is necessary because the interests of all the groups involved in fishing are of considerable importance. The fact remains, as I have briefly tried to explain, that the negotiations will be difficult because it is a matter, on the one hand, of separate interests, with regard to the allocation of total authorized catches, and on the other hand, in certain respects, of questions of principle with regard to the coastal zone.

Mr President, ladies and gentlemen, I shall listen attentively to this debate, and I hope to find here a number of features which may give new reason to hope that an agreement will be reached in the Council in January. This is essential for Europe.

**President.** — I call Mr Vandewiele to give the opinion of the Committee on Social Affairs, Employment and Education.

**Mr Vandewiele, draftsman of an opinion.** — (NL) Mr President, it was only at a very late stage that the Committee on Social Affairs, Employment and Education received notice of the proposal for a directive on certain immediate measures to adjust capacity in the fisheries sector. Our Committee adopted its opinion on 30 November and, in the course of discussing the directive, also devoted the necessary attention to the proposed regulation laying down special aid measures for herring fisheries in the North Sea and the Celtic Sea.

The Committee on Social Affairs wishes to pay tribute to Mr Corrie for his outstanding and wide-ranging report. It also particularly appreciates the great efforts made by the Commission and by Mr Humblet, President-in-Office of the Council. Although there is still no question of complete agreement, we think that Mr Humblet's optimism is probably justified and that his efforts will be rewarded on 16 and 17 January.

With regard to the motion for a resolution, we should like to draw attention to the fact that the proposed measures for restructuring the fisheries sector will have serious social consequences. Thousands of workers will be faced with serious difficulties, and we must have the courage to point this out. In our view, these social problems are not given sufficient prominence in the proposed text of the motion, and with the consent of Mr Corrie, the overall rapporteur, I should now like to put forward a proposal for making up somewhat for this shortcoming.

We would like to ask Mr Corrie to accept a number of paragraphs which stress the social policy which must now be pursued in the fisheries sector. Our Committee is pleased to note that provision is made for deep-sea fishermen in the form of direct Community assistance from appropriations entered in the budget for this purpose. We would ask the Commission — in order to avoid giving the impression that social policy takes second place to the economic aspects — to consider, on the basis of Article 149 of the Treaty, whether this adjustment of capacity, like the other four proposals, cannot be presented in the form of a draft regulation.

The Committee on Social Affairs points out that the social measures accompanying these arrangements consist of early retirement or the maintenance of incomes during a transitional period, and fully approves of this approach. We would ask that the differentiation in the Community's financial contribution referred to in Article 17 should as far as possible be determined in direct consultation between the

Commission and each of the Member States concerned. Moreover, we ask the Commission to consider whether the provision of Article 2 (4) of the 'Herring Regulation' to the effect that 'the benefit of financial compensation should be shared equally between the parties concerned' should not also be incorporated into Article 4 (2) of the draft directive on the restructuring of the fisheries sector, in order to ensure that this aid provides not only compensation for the shipowners, but also supplementary or replacement income for the crews. We are sure that the Commissioner will want to consider this question and that he will perhaps go some way towards answering it in the course of this debate. We shall listen with great attention to what he has to say on this point. The text of the opinion of the Committee on Social Affairs is annexed to Mr Corrie's report and is thus known to the Commissioner's staff, so that it should already be possible to give an answer to this specific question.

Mr President, the Committee on Social Affairs stresses, with regard to these proposals, that the Commission should immediately begin preparation of an overall social policy for the fisheries sector. This policy should cover such matters as the maintenance of employment, vocational training, working hours and social security and safety both on board ship and at sea. And I would point out in passing that we are always talking about North Sea problems and the problems of the northern part of the Community, but sooner or later the Italians are bound to insist on including the Mediterranean region in this social policy for the fisheries sector.

We are glad that with the present proposals the Commission has embarked on a significant and welcome course of action with a view to providing help via the Community budget for this stricken sector of the economy. In view of the urgent nature of the measures we propose, we would urge the Council to give immediate effect to the Commission's proposals. We are pleased to hear that a number of the amendments put forward in our opinion to the Committee on Agriculture are supported by the rapporteur, Mr Corrie. We are grateful to him for this, and I would therefore ask Parliament to give unanimous approval to our amendments.

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

**Mr Hughes.** — Mr President, may I start by offering my very sincere congratulations to Mr Corrie, both on the report and on the way in which he presented it to this House. It was not easy for one of this country to say many of the things that he felt it necessary to say: it was an act of great political courage for him to say it, which I hope this House fully appreciates.

## Hughes

May I also thank the President-in-Office for the very full and frank report of the present position in Council as he sees it. I hope he will not take it in any way amiss if, when he said that it is not right to be impatient and wise men must accept the need for time, I reply that some of us in this House accept that we may have been wiser men and have taken quite a lot of time over the last two years or so; these proposals and this report reflect a sense of a growing together of political viewpoints in this Parliament which has not been mirrored adequately so far in other institutions in the Community. Two years ago, the gap reflected in debates in this House on fisheries was savage, crude and violent. That has, with time, diminished as we have collectively realized that unilateral solutions are no solutions and that the needs of our neighbours are also the needs of our own people. Whether it was major or minor matters of fisheries policy, there has been a great growing together of minds in this House, and anyone who looks at the record of debates in this Chamber will, I think, over the last few years, recognize that change.

Here I would like to pay an especial compliment to my own group: 18 months ago, though I played little part in this, the Socialist Group reached, with great difficulty, a compromise regarding many of these areas that are now under discussion — a compromise which the group regarded as acceptable, or nearly so, and which has been gradually moving into other political fields. It is on this basis that, on behalf of the Socialist Group, I welcome and ask for the full support of this House for the Corrie report, particularly with the additional amendments from the Social Affairs Committee just advanced by Mr Vandewiele: with those additions, I think this report is greatly strengthened.

There still remain a number of difficult problem areas. If I may put it in a nutshell as it was put to me by one of my Socialist colleagues, if there is in this report an attempt to renationalize large areas of sea, I cannot support it. On the other hand, another Socialist colleague asks why we are sticking out for a flat 50 miles, and it is precisely those two divergent points that have still, we fully recognize, to be got round. I would urge Members of this House and also those who may read this debate outside to look at the proposal of the Commission (COM(77) 524 final), where it says on page 7, talking about North Britain, how it came to arrive at the quantity of fish:

The objective has been to choose a base period during the last decade for which artisanal fishermen had their essential needs met by the catches taken from the North Sea and the West of Scotland areas. In principle, this catch becomes the minimum which the model attempts to make available to North British fishermen for 1978.

It is in that spirit, by basing next year's catch on a recognition of the need, rather than saying we must have 12 miles with bumps, variable zones and so

forth, that one of the difficulties may be overcome, if it can be shown beyond peradventure that the objective as laid down by the Commission has been achieved. Then one of the problems has been overcome, but not entirely, for how do you keep the North British allocation exclusively to the North British? This is one of the great difficulties. The history of both NEAFC and this Community shows that decision-making in conservation matters has occasionally been rather dilatory, so that another difficulty has been the need to have a fall-back position for unilateral non-discriminatory action, so long as it is transparently non-discriminatory, and does not merely pretend to be so.

It would clearly be very difficult, particularly for the Danish, the Irish or the British Government, to see valuable stocks further depleted while nothing was being done. It is in this area that for short-term purposes the need to be able to take non-discriminatory unilateral action can be envisaged, though one would surely hope that when a proper policy is developed the need for such action would be very rare indeed.

There remains the difficulty that fishermen of all countries are lacking in the trust both of their fellow-fishermen from other countries and the governments and government officials of other countries. The lack of mutual trust between governments and between fishermen and fishermen is one of the deepest problems facing the Council and this Parliament. Control measures must at all costs be seen to be enforced with an even hand across the whole Community, and it must not be thought by any one group of fishermen that such control is being exercised leniently in respect of their nationals and more strictly in respect of the nationals of other countries. Every fisherman must be made to feel that his responsibility is being shared by others. This is where we deeply regret the absence of effective licensing, for it seems to us that unless, through a licensing system, not only the fishing authorities but also every fisherman is made responsible for conservation and is given a stake in seeing that every other fisherman sticks to the rules, the control becomes less effective. Quotas of themselves are a proven non-method of conservation. Quotas have been in existence while the stocks have been depleted beyond redemption.

On various other matters, before I turn to the actual distribution of the total available catch, there are a number of legal problems in the report which have already been raised in the Committee on Agriculture. There is an amendment down in my name to suggest that all three regulations should be now considered as coming under Article 43, so that the problem of Parliament's being consulted is overcome and any lingering legal doubt as to their status is removed.

On the problem of the Norway pout, there is clearly a legal difficulty, since we are not absolutely certain that

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we are consulted, though we are told they would be very glad of our advice, which does make life difficult. Clearly, if one may use the Norway pout as the most perfect example of the difficulties, every Scottish inshore fisherman is convinced that it is the fishing by Danes for Norway pout that has ruined the Scottish white-fish industry and is continuing to do so. The Danes are quite rightly convinced that it is only on continued Norway-pout-fishing that their industrial fisheries, their fish-meal factories and all the rest can be sustained. The biologists are in no doubt that the level of by-catches from the Norway-pout-fishing is of a totally different order for the levels one would get with sand-eel, and that these fluctuate seasonally and also geographically. These are the sort of incalculable complexities that the President-in-Office was mentioning, but what is quite clear is that a 50-mile exclusive control in regard to the Norway pout is total and complete nonsense, because the damage is done outside the 50 miles. That is where the by-catching occurs, and asking for a 50-mile exclusive zone does not deal with the problem of the Norway pout. You have got to do that on a Community basis, but once that has been done the preserved white-fish are not the exclusive prerogative of the Scottish fishermen either. They go into the Community pool of total available catches, out of which, because of their regional need, one would assume, expect and feel it right and more than proper that the Scottish fishermen got a very fair share of that resource. That is the way to do it, rather than claiming this resource as our own, and it is in this spirit, particularly with regard to the Norway pout, that I look upon the whole problem of dividing up the total available catches.

No one can question that between them Ireland and the United Kingdom contribute, in terms of both tonnage and value, the vast bulk of the Community's fish. That is not in question. No one can question for a moment that in particular parts of Britain, such as Scotland and most of Ireland, the dependence of communities upon fisheries presents them with very particular difficulties which must be properly recognized. Nor can anyone doubt that Hull, Grimsby and the other deep-water fleets, have suffered grievous losses in third-country waters such as those of Iceland or Russia. Coming to the question of how to distribute the total available catch, these indisputable facts must be mirrored in the quotas. You cannot expect any British or Irish Minister or the House of Commons or the Dail to accept a solution which fails to give proper recognition to these essential requirements and here, if I may cease for a moment to speak as a representative of the Socialist Group and speak instead on behalf of my own country, it was the suspicion that the previous Commissioner was unwilling to consider that kind of reasonable argument that made us very distrustful of the goodwill of the Community as a whole. I say, regretfully and with some care, that the

record of Vice-President Gundelach's predecessor in the Commission responsible for fisheries left the British in grave doubts as to the existence of adequate preparedness in the institutions to understand our problems. It is that which has bedevilled much of our problems, and it is for this reason that we must try, as we have done in this Parliament, to build up a sense of mutual trust. The fact that in the Fisheries Subcommittee and in the Committee on Agriculture, Danish, Dutch, Belgian, German, British representatives can vote unanimously for these proposals is a reflection of this Parliament's greater maturity, and I trust that the Council will live up to that reputation as well.

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

**Mr Vandewiele.** — *(NL)* Mr President, my taking the floor for the second time is partly due to the fact that my colleague Mr De Koning, who was to be the spokesman for our group, has excused himself as he is at the moment detained in the Netherlands on important business. I should thus like to make a few observations on Mr Corrie's report on behalf of the Christian-Democratic Group.

I cannot, however, begin without first addressing Mr Hughes, Chairman of the Fisheries Subcommittee. Mr Hughes, it was with a sort of respectful silence and with great appreciation of your personal efforts that we all, as well as the Commission and the Council, listened to your speech. For what you said just now at the end of your speech is heartwarming for the President-in-Office of the Council. You pointed out that we in this Parliament have succeeded in making considerable progress in the past few months. Well, we are convinced that you have contributed in large measure to the creation of a good understanding. I am glad to have the opportunity of saying this in this House and of thanking you on behalf of our group.

Mr President, it was a cause of great concern for us to learn that the current discussions in the Council have still not come to a satisfactory overall conclusion. The fact that discussions have been suspended until 16 January proves for the umpteenth time that there are difficulties involved in creating a genuine Community system. But we are used by now to talking about this, and it does not even surprise us. We take into account the fact that the Commission is at present making great efforts to reach an acceptable compromise. Therefore, we should like to thank Mr Gundelach and say how much we appreciate Mr Humblet's perseverance and the trouble he has gone to as President-in-Office of the Council.

They have repeatedly, and rightly, pointed out that the proposed quota system and the associated measures for adjusting capacity in the fisheries sector are a

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Community problem. This problem must be solved at Community level, as both Mr Corrie and Mr Hughes pointed out just now.

The introduction of the 200-mile zone, the rapid development and modernization of deep-sea fishing, the fishing restrictions that have become unavoidable and the temporary ban on fishing in certain areas have undeniably led to a crisis in the fisheries sector in the Community. Too large a fleet is chasing too few fish. The Christian-Democratic Group can give its approval to a large part of the proposed measures, but we would stress that there must, as soon as possible, be an end to the Council's ostensibly 'temporary' arrangements and its half-measures.

In this way we only create even greater anxiety and uncertainty. Our ship owners and fishermen are urgently in need of an overall plan, with arrangements for the medium and long term. In view of the complexity of the problems under consideration, we feel that attention could usefully be drawn to the importance of consultation in drawing up a European fisheries policy.

To mention a few examples: the Netherlands Fish Marketing Board, the Belgian Shipowners Association and others have repeatedly asked, on behalf of the employers and the employees, to be consulted more promptly and thoroughly when the Commission proposals are discussed. Has the Economic and Social Committee already been consulted? Perhaps the answer will be that this has yet to be done. In that case, we may wonder whether this is not somewhat too late. Anyway, the motion for a resolution says nothing about this, and I would venture to point out that the failure to involve the workers' organizations in the discussion could cause us unnecessary difficulties. I would remind you of the terrible problems that arose a few years ago over the closure of coal-mines. Since the workers concerned were not given a full explanation on that occasion, unnecessary problems and very difficult and sometimes disastrous situations arose. I am just thinking of examples from Belgium.

Not only the financial benefits, but also the unavoidable sacrifices and burdens, must be evenly divided among the various Member States. The total fishing fleet of the European Community in 1974 comprised 52 245 vessels crewed by 145 700 fishermen, with a total catch of 4 758 000 tonnes. More than half of this was accounted for by Denmark, with 1.5 million tonnes, and the United Kingdom with 1 144 000 tonnes. If we talk about a total of some 145 000 fishermen, this figure must be multiplied by 3 or 4 when we consider the labour force in the whole fisheries sector. In the Commission document too few figures are given for particular groups of workers. I am thinking, for example, of fish processing plants. We do not have enough information on this, and I would specifically ask the Commission to make good this

gap. We know almost exactly how many tonnes of fish there are swimming in the North Sea. But we hardly know at all what people and which sectors are involved in the fishing industry in the Community. This is a short-coming, and I would just like to draw attention to it. In the Commission's document, we are told that in 1976 the deep-sea fishing fleet as such comprised some 2 500 vessels of more than 100 gross registered tonnes. The total tonnage amounted to about 842 000 tonnes. There are about 25 000 fishermen employed in the deep-sea sector.

According to the first, naturally provisional, estimates, the proposed action would require a total of 264 million u.a., of which 50 %, i.e. 132 million u.a., would have to be met by the Community. It is estimated that 10 % of the 25 000 deep-sea fishermen, i.e. 2 500 men, will take advantage of the early retirement annuities. In addition, the Commission says that 15 to 20 % of them, or 4 400 men, will be entitled to compensation for temporary cessation of fishing. All told, that already amounts to more than 6 000 people who will thus be directly affected in a very real sense by the Commission's proposals. It is clear that the relevant information should be given without delay, because all these intrinsically excellent measures are still insufficiently well-known and the situation has already given rise to anxiety. Is it any wonder that there is growing anxiety in these quarters, and that a large number of people are looking to the future with great concern?

We have no objection to certain special measures which could, in view of the number of specific regional problems, warrant appropriate concessions on a limited scale. On this point I agree with Mr Hughes who referred to this same problem just now. We are thinking here of the areas that are particularly dependent on fishing for their livelihood, such as the west of Ireland, Scotland and Western France. We hope there will be further negotiations on this question.

Funds for this must be drawn from the Regional Fund. We reluctantly accept that herring fishing in the North Sea and the Celtic Sea should be temporarily subject to severer restrictions, if not completely banned. We would, however, point out that the measures proposed here must be part of a Community programme to protect the important population groups affected by this and provide them with social assistance during the period in which catches are to be restricted.

All Community funds must now be coordinated in order to counteract the effects of the present crisis. Besides assistance from the European Regional Development Fund, help is needed in particular from the Guidance Section of the EAGGF and from the Social Fund. In line with what we are demanding for the textiles sector, the steel sector and the footwear industry, the fishing industry must be given the same treatment.

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We note with displeasure that after heated discussions in the Committee on Agriculture, there is still talk of the demand by some countries for the introduction of an exclusive 50-mile zone.

Our groups at any rate is opposed to this unreasonable demand. We shall, with regret, have to vote against the corresponding provision in the motion for a resolution, and we expect the Commission also to adopt a clear position on this point. There is no doubt whatever that those who are calling for such an extensive exclusive zone pose a threat to the whole Community fisheries policy.

The proposed scheme for laying up fishing vessels is not yet quite satisfactory in our view. In Article 5 of the draft directive it says that 'the Member States may grant, for each year of laying up, a flat-rate laying-up premium of 8 % of the construction cost or purchase value of the vessel plus the cost of any modernization undertaken.' Certain aspects of this proposal are being disputed. For example, the premium of 8 % of construction costs is regarded among shipowners as too low. This is a question that is bound to be raised at the next meeting of the Council. The age of the vessels eligible for this scheme is also a problem that we should like to see considered. Mr President, the Christian-Democratic Group is unanimous in supporting the proposals and amendments of the Committee on Social Affairs, and I should like to thank the previous speakers who have already expressed their support. We would urge the Council, when adopting the structural measures, also to give careful consideration to the Commission's proposals on the question of laying-up premiums, the necessary arrangements for the final cessation premium, questions of employment opportunities, early retirement, social security and suitable vocational training.

On certain points of the motion for a resolution, we have tabled amendments.

We call not only on the rapporteur but also on Parliament to support these amendments. Our group, confident that you will appreciate this and convinced that we can all look forward today with some apprehension but also with confidence to the forthcoming Community policy, will give its support to the motion before us and to the Corrie report.

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

**Mr Kofoed.** — (DK) Mr President, unfortunately, one might say, we are having another fisheries debate. I say 'unfortunately' because the Council should have taken a decision on the fisheries problems in 1977 so that we would by now have had a common fisheries policy, since this year has shown clearly how useful it would have been if we had had a fisheries policy from 1 January 1977 onwards. Turning now to Mr Corrie's report, I must congratulate him on the very sound

piece of work he has done. I also agree with Mr Hughes who quite rightly said that there has been a radical change in the attitude of this Parliament to fisheries questions.

If we go back to the debates of 1976 and compare the report I had the honour of drawing up with that of Mr Corrie, the remarkable change in the attitudes of some Members is quite clear.

A comparison of the 1976 debate and the debate we have had in the meantime also shows quite clearly that attitudes to the problems have changed radically and that the wish to find a solution has been in evidence. I think these facts are very clearly reflected in Mr Corrie's report. In particular, I should like to take advantage of this opportunity to thank Mr Corrie since, in the light of the views expressed in 1976 and in view of Mr Corrie's constituency, I think he showed considerable courage in putting his name to this report. This should not go unrecognized. In addition, I should like to point out that in this report the idea of a common fisheries policy within the Community is quite rightly put forward as a basic necessity. I reject the idea of any country having special advantages at the expense of others. The fact that we have finally realized the supreme importance of a common fisheries policy within the Community is a major step forward. I need only mention Mr Müller-Hermann's question regarding fisheries policy *vis-à-vis* third countries. After all, it is absolutely impossible for the Commission and Council to conclude any agreement whatsoever on fisheries policy with third countries in the absence of a common internal fisheries policy. This is, after all, absolutely essential if the Commission is to make agreements for our deep-sea fleet, which *must* fish in the waters of third countries, since, as everyone here is aware, this fleet cannot be given a share of the fishing in our own waters.

For quite simple technical reasons it is not possible to use the large vessels in our own waters and this places the Council under an enormous responsibility to reach agreement on 16, 17 or 18 January. There are, I think, countries in the Community which now accept the fact that even if we impose a 200-mile limit on third countries, we cannot have special zones of 50, 30 or 25 miles, in our own waters. There is only one limit which applies, i.e. the old limit laid down in the Treaty of Rome of 6—12 miles, and for the rest there are no intermediate limits, nor can there be in a community. The argument I have heard to the effect that one country has 60 % of the resources within its new territorial borders should not mean that this country should have special rights with regard to these resources which have, after all, always existed in the places in question. This would be as if France, for example, were to demand special privileges under the agricultural policy on the grounds that it currently possesses the greatest area of agricultural land. Such a thing would be unacceptable within a

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community. The only advantage which France or another country can enjoy is to be nearer to the resources. This has in fact always been the case, but they have failed to make use of these resources. They have left it to other fishermen. The only advantage they have is that they are closer to the fishing zone. They cannot be given any special privileges in this situation if they are members of a community. In a community no country should be in a more privileged position than another. This is the basic principle. In saying this I am taking up a point raised by Mr Hughes who explained very clearly why there were several misgivings on the part of his country. For my part, I feel that his country should understand that there are similar misgivings among fishermen on the other side of the North Sea. I hope we can both play our part in eliminating these misgivings and bringing people around to an understanding of the fact that no one can be granted special privileges. It is our common interests which are at stake.

I should now like to make a few remarks on the Commission's proposal regarding quotas. I will not go into the rights and wrongs of the actual amounts proposed since I do not think this is a matter for Parliament to adopt a position on. In my view, however, we must accept the quota system for a transitional period when stocks are low. This must be based on scientific data and I am amazed in this connection — if I have understood the representative of the Council correctly — that the Council has had difficulty in obtaining data from the Member States. I hope I misheard him, since it can surely not be the case that the Member States would fail to give the Council and Commission the information required. This is a very serious matter, in my view, and I think the Council should give us more details on this matter. Which Member States could dare to withhold such information? This would be tantamount to sabotaging a reasonable solution.

As regards conservation measures, I also think it is very encouraging that we in the Committee on Agriculture have come round to discussing the matter from a different angle, i.e. on the basis of economic considerations, and accepted the fact that the various species are interdependent, since we must realize that the stocks of fish for human consumption have considerably diminished. However, if we work from the assumption that the biomass is constant, we must pursue an active conservation policy, i.e. fish those species which have proliferated in areas where there has been a drop in the number of fish for human consumption. If this approach is correct, it will be easier to conduct a conservation policy in the future, since it will mean that we will be able to use some of the currently surplus boats for other purposes, thereby solving some of our structural problems. I also go along with the control measures proposed by the Commission. It is, in my view, correct that we have reached a point when we need not work out any

further control measures. I do not have much confidence in the licensing system. From my own experience in administering fisheries policy, licences are excellent in theory but if one has any insight into the mentality, attitudes and organization of fishermen, I would advise theoreticians against attaching too much importance to a licensing system, as this would turn any administrator's hair white, and, in my view, be doomed to failure, which would be a shame. I am therefore pleased that the Commission is not so keen on introducing the licensing system. Finally, I should like to comment on the measures for reducing capacities. I agree with Mr Vandewiele that the amounts earmarked for this purpose are probably not sufficient. However, it would probably be difficult at the present moment to ascertain how much would actually be required. I am not familiar with the figures quoted by Mr Vandewiele. I have other figures which give quite different results. All this shows is that the statistics are not very accurate. One should therefore be wary of basing too much on the statistics currently available. In addition, the effectiveness of these measures depends on the national fiscal regulations, or to put it another way, taxation policy in the Member States. In a country such as Denmark, and presumably the United Kingdom too, I can imagine that any compensation for loss of fishing would be heavily taxed, with the result that it would have no social value in these countries, whereas it might have the desired effect in other countries. On the other hand, however, I must admit that it is not certain that these measures are so essential. Who knows whether the economic problems facing fishermen will be as great in 1978? In conclusion, I should like to say on behalf of the Liberal Group that I go along with the report as it stands. I urge other groups to refrain from making radical amendments to the report and suggest that we adopt it as unanimously as possible. The important thing at the moment is that this Parliament should be able to adopt such a positive attitude to the fisheries policy in its debate that the Commission and the Council will realize that this Parliament is definitely in favour of a fisheries policy. Now it is the task of the Council to meet Parliament's wishes.

*(Applause)*

**President.** — I call Mr Herbert.

**Mr Herbert.** — Mr President, I would also like to congratulate the rapporteur on his excellent presentation of a very detailed and comprehensive report. The Commission proposals in many respects constitute a serious attempt at the formulation of a common fisheries policy. There are, however, some very essential elements missing in the proposal dealt with in Mr Corrie's report. The greatest defect, to my mind, is the absence in the Commission's proposals of any reference to a coastal zone reserved for coastal fishermen, let them be Irish or Scots; in those zones lies their only available source of income and livelihood. Nonetheless, these proposals merit serious discussion.

## Herbert

It is clear that any proposals for a permanent common fisheries policy must be based on conservation and management of fish resources, not—I would remind Mr Nyborg—based on Professor Ursin's theory; that to us is not at all credible. The high level of over-fishing that has taken place within recent years cannot, and must not, be allowed to continue. Too much pressure has been placed on many species of edible fish; the policy of taking fish from the sea without any kind of control must stop. Proper management of fish resources and fish species requires this and unless the measures adopted by the Community achieve this then all our efforts will have been wasted.

Much of the damage done to fish resources in recent years has resulted from the direct cause of uncontrolled industrial fishing and the use of highly sophisticated fishing techniques. To rectify this situation very strict controls are necessary, and indeed it is very clear that industrial fishing must be completely banned for many species in many traditional fishing areas.

It is also quite clear that industrial fishing takes an unacceptably high proportion of white edible fish. Thus it is absolutely necessary to place a very, very strict control on industrial fishing, if not banning it completely.

I am also disappointed at the lack of proposals for the licensing of fishing-boats. Conservation and management of fish resources cannot be achieved without controls, and a system of licensing is one of the most obvious methods of control. The resolution before the House contains many suggestions as to what licences should cover, and I hope that the Commission will take note and include such ideas in their proposals. The structural measures are also indeed very welcome. However, the structural measures largely concentrate on compensating fishermen who have given up fishing. We should not forget, and I would remind the House of, the promises of the Hague Agreement which gave Ireland the right to double its catch by 1978. In order to achieve this, we must greatly increase our fishing capacity, enlarge our fishing fleet, and for this purpose we need Community aid, and after all, EAGGF grants were available in the past to other Member States, to other fishermen in Member States.

At the beginning of my intervention, Mr President, I said that the major defect in the Commission's proposals was the absence of a reference to a coastal zone reserved exclusively for the fishermen of the coastal state. For Ireland and Ireland's fishermen such a zone is necessary for the conservation and improvement of the fish stocks around the Irish coast. It is also necessary for the development of our fishing industry, which is justified on regional and social grounds and is also justified in the interests of conserving Community waters for Community fishermen. For the Irish people, fish is a natural resource, and due to our

economic underdevelopment, it provides jobs and improves our living standard. Why should Ireland not have access to its own natural resources. If she does not, then she cannot improve the living standards of our people along the coastal zones.

In every other Community State, resources, whether it is oil or gas, are classified as natural resources, or resources of the Member States. Now, I ask a very simple question, why cannot fish in Irish waters go to the people of Ireland? What we are seeking is very little in Community terms, but it is of huge proportions in Irish terms. It deserves not sympathy, but agreement. This is why we feel that proposals for a Community fishing policy that does not contain a 50-mile exclusive zone, are unacceptable. Nevertheless, the proposals before the House are a step in the right direction. However, they do not go far enough, they do not refer to an exclusive 50-mile zone. I would appeal to the Commission to amend its proposals, I would appeal to this Parliament as the pioneer, many years ago, in the field of regional policy, and which has performed great work in the field of social and regional policy, I would appeal to this House to support the amendments I have tabled in my name and on behalf of my colleagues, spotlighting the big defect in the Commission's proposals.

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

**Mr Scott-Hopkins.** — Mr President, may I start off by congratulating my honourable friend, Mr Corrie, on the enormous amount of work that has gone into his report, and also on the way he presented it, shortly and concisely, here this afternoon. The fact that his speech, and indeed his report, removes many of the things I would have liked to or needed to have said, is, perhaps, fortunate for the House. Similarly, my right honourable friend, Mr Rippon, over the past two debates we have had on fishing, has said almost everything that needed to be said, so I have got very little to say, which is fortunate for everybody.

I think the speech we have just heard from the honourable Member, Mr Herbert, underlines the dilemma which is facing the Community and, indeed, this House. He made a very impassioned plea that all the fish off the Irish Coast should have the shamrock on them, and should go to Ireland and only to Ireland, with no question of the Community's being able to divide it up. And yet we are in the Community, and the whole purpose of being in the Community is that we have to find a Community solution to these problems. As was said by the Minister on behalf of the Council, a new situation now faces us: we now have a 200-mile zone and we have to work out new solutions to the problems. Of course, there are many people in my own country who believe that the fish around the United Kingdom should belong solely to the United Kingdom, and this is why the Minister has put

### Scott-Hopkins

forward the claim for a 50-mile exclusive zone. I think this is particularly relevant when one considers that not only the United Kingdom fishermen, but some of the Irish too, have been excluded, particularly over recent years and months, from well-known fishing grounds in which they have traditionally fished, such as Iceland and others. One of the things one might usefully ask the President-in-Office of the Council, is what is actually going on in the negotiations, for instance with Iceland, what is happening in the latest negotiations with another very important country, Norway?

But to come back to the point that I was trying to make. I do not think we can sustain the argument all that long, that now we are part of the Community, we do not have to find a Community solution to this problem. We do. But at the same time, we have to take into account the interests of those states such as Ireland and my own country, and others; this was very clearly underlined by Mr Kofoed, who spoke from the Danish point of view. There are fishermen on the other side of the Channel, and one has to take in their interests as well. Nevertheless, I was fascinated to hear the Minister say that, at the recent meeting of ministers at which he presided, there was agreement on conservation; and yet, reading the speech of the right honourable gentleman, the Minister for Agriculture and Fisheries in the House of Commons, it did not seem to me that there was agreement on conservation, certainly not agreement on conservation measures. He seemed to say that there were no agreements, whereas the Minister here has just said that there were. Perhaps we could have a little more explanation over that. There is one other point which has come through quite clearly, and which has been made by several honourable Members: industrial fishing is one of the facts that we have to face, as far as the preservation of stock is concerned. Mr Herbert went very far in saying he wanted to ban all industrial fishing, regardless. I think this is going too far, along those particular lines. As I understand it, the proposition has been very clearly set out, in Mr Corrie's report, and indeed in Annex I, concerning the Norway pout boxes; one sees what the by-catches have been when industrial fishing has taken place. One sees very clearly in Annex I, on page 37 of the English version, how very important it is that there should be control, and particularly conservation control, of industrial fishing. The tonnages of fish, which are not Norway pout, but catches of haddock and whiting, and which are being taken out in the early months of the year and the later months of the year, are enormous. Quite obviously, if the conservation measures on this particular basis of the Norway pout boxes are agreed by ministers then this will be a great advance.

As I understand it from our own Minister, this is not so as yet, but I hope it will be so. This is one of the parts of the Commission's proposals which is of

crucial importance for the preservation of the white fish for human consumption. This is absolutely vital.

If I may go on for a brief moment now to the questions of control. I too am very disappointed: I do not believe that the control measures put forward by the Commission are adequate. I wanted to see licensing going right down to the type of equipment that is being used, to the fishing vessels employed, to the times that they are allowed to fish, to the skippers, and so on, because I believe that only in this way can proper control be exerted. Whilst I am talking about control, I firmly believe that the coastal states should have exclusive control of the 50-mile limit. I do not believe that the existing regulations are going to be adequate, and I would hope that the Commission, and the Council, together, would look much more closely at this. I am really rather horrified by the Commission's belief that what we have put forward will be adequate. Another fact comes to mind too: as far as our Irish friends are concerned, I wonder what position they are in concerning the control of their coastal waters. Are they in a position to do this? Have they got the boats? Have they got the men? If they have not, what do they intend to do about it? Are they going to look to the Commission or the Council to subsidize them? This is what I hear from the honourable gentleman in a sedentary position, and no doubt, when he catches your eye, Mr President, he will elaborate this point. But what is the situation for those countries who are going to have control—maybe at 12 miles, maybe at 50 miles—but exclusive control, no matter what the area is. If they are incapable of this control or if they are going to be asked by the Council and the Commission to put into practice the conservation measures which are being taken, will the Commission and Council be putting forward proposals to subsidize these people? Will there be any measures for subsidization for the United Kingdom, for that matter? This is something which I think ought to be looked into more carefully.

I was fascinated recently when listening to one of the experts talking about the biomass of fish being constant in the European lake, or North Sea lake, whatever one likes to call it. Personally, I do not go along with this theory, even though I am not a scientist and I have no real right to criticize it, except that it did not seem to me that it carried the conviction of any of the experts, my colleagues, or indeed of any of the other experts who were present. But if this is so, quite obviously there is going to have to be a great deal more exploration, and one wants to know what the Commission are proposing, as far as research and development in this field is concerned. If it is really true that, when the herring stocks go right down, there is another type of stock which is increasing, and when they decrease that the biomass stays constant, this does change the entire outlook. One has to have much more evidence than we have been given to date, before one is prepared to accept this.

**Scott-Hopkins**

In conclusion, Mr President, I am disappointed by the fact that I do not believe that the control measures are adequate. I am not going to talk about quotas, because that has been gone over so many times. I do not think I can add anything useful. I believe that we have got to find a Community solution to this problem, and I am not all that sure that the way we are going at the moment we are going to find it. I believe that what Mr Corrie has said in his report is acceptable—it certainly is to me and my group—but I think the Commission are going to have to go much further. I hope the Council, too, will be in a more accommodating mood when they meet next time—in the New Year I think—to deal with this particular matter.

Unless we get a Community solution to this, it is going to sour up the whole of the Community action. I believe that this is an extremely important area which must be dealt with. I know it is new, but there are an awful lot of people, not only in my country, but in other countries of Europe as well—Holland, Belgium, Denmark and parts of Germany—who are depending on the fishing industry for their livelihood. The measures here which are being put forward as structural measures, although reasonable in my view, do not perhaps add up to enough, and we are going to have to go further along those lines too. But, unless there is agreement on the general lines of conservation, on the general lines of control, and on the general lines of how the little that is left can be divided up so it is adequate for the needs of all the fishermen—bearing in mind the traditional rights and traditional industries which are very important in my country, and in Ireland, and in Denmark—then I do not believe that this Community will really make the progress that it should. It is going to be one of those very important matters by which the general public are going to judge whether the Community is really going forward in the way that it should do, and in the way those of us who believe in it hope that it will.

**President.** — I call Mrs Goutmann.

**Mrs Goutmann.** — (*F*) Mr President, ladies and gentlemen, today's debate on the problems facing the fishing industry is important on several counts. The EEC's fishing industry comprises not only fishermen but also a whole range of associated industries such as shipbuilding, unloading, transport, fresh fish supply and salting. Fishing is therefore essential for the Community's independence as regards its food supplies and for the independence of all its member countries; it is of decisive importance for the future of the coastal regions, especially in France, where such regions are often industrially underdeveloped.

The Community's internal fishing arrangements are still under discussion. The French Communists have specific proposals to submit which will make it possible not only to establish these arrangements but also to safeguard the legitimate interests of our coun-

try's fishing industry, as well as those of other Community countries, whose interests are not necessarily contrary to our own. But we should first consider the needs of those most directly involved, that is the fishermen themselves. Furthermore, all the member countries should be given equal opportunities which means that there should be no fifty-mile fishing limits. Fish stocks must, it is true, be protected, and fishing must be more selective than in the past; but in fixing national quotas for various species of fish, account must be taken of traditional fishing grounds and of the use to which catches are put.

The French Communists believe that we should promote fishing where the fish caught are intended for human consumption, and we are opposed to the catching of young fish for fish-meal. There should be no one-sided decisions which suit some and not others. The protection of fish stocks should benefit everyone. Moreover, the interests of small-scale and in-shore fishermen should not be sacrificed again, especially since stocks are depleted far less by such fishermen than by the pollution produced by large industrial firms. The need to preserve natural resources should not make us blind to the activities in which the Community and the Member States are engaged by mutual agreement. As in the iron and steel industry, shipbuilding, textiles, agriculture and other sectors, restructuring means demolition in Community phraseology, the destruction of production capacity for the benefit of the large companies or the most powerful nations. For the workers in this sector this entails a reduction in working time, redundancies and a cut in purchasing power. It poses a threat to numerous coastal regions which are already in serious difficulties.

Were you aware, Mr President, that in French sea-ports such as Boulogne-sur-Mer and Etaples the number of fishing boats is dwindling constantly, and there are no more boats on order. Modern trawlers are now sold abroad. In two years the number of trawlers fishing in moderately high output areas has fallen by half. The French national fishing industry is now, in fact, being severely run down; and in all ports fishermen and their families are facing the same difficulties and torment. And now the Commission proposals, delicately referred to as 'immediate measures to adjust capacity in the fisheries sector', will aggravate this decline. As usual, this policy will be financed using funds which have been given priority and which, we have no doubt, will go to the major ship owners. This is the purpose of subsidies for the laying-up or scrapping of ships.

As far as employment is concerned, the Commission quite clearly states the following: 'Implementation of these provisions is likely to cause long-term unemployment or technical unemployment as the case may be.' The point could not be made more clearly, and the general implication is that the Commission intends to grant assistance to fishermen.

**Goutmann**

However, if we want to know what will really happen in the end, we have only to consider the fate of the unemployed in the iron and steel industry, textiles and shipbuilding. Yes, this policy fits in well with the French 'seventh plan' and with the Community's policy of restructuring at the expense of workers and for the benefit of big business. And when people tell us that they are restructuring in order to make what remains more viable, our answer is: 'What about the Mansholt plan?' Hundreds of thousands of agricultural holdings have disappeared, but this has not solved the problems now facing those who remain and who are in serious difficulties.

Is it conceivable that a similar fate awaits the fishermen? We believe that a different policy is called for. We must protect the resources of the sea, which means that action should also be taken against those guilty of large-scale industrial pollution. We should maintain our countries' production capacity while bearing in mind the need to modernize our fishing fleets. But the main concern of the workers is that fishermen should be given an assurance that they will be paid fairly for their arduous work and that crews will be maintained.

It is therefore necessary to guarantee reasonable production costs, in particular by lowering the price of fuel, to provide guaranteed minimum wages, and to shield the member countries' production from unfair competition from imports. We therefore ask that guide and withdrawal prices should be raised at Community level and that reference prices should be replaced by minimum prices below which no imports will be accepted; for if cooperation is essential between the Community countries in this field as in others, this must come about not by lowering production capacity, as is the case at present and as has been proposed by the Commission, but by developing and making full use of the potential of all member countries.

This is the policy which we advocate for the fishing industry and other sectors. The Community should consider this if it is to save an industry which once was prosperous but which now is struggling for survival.

**President.** — I call Mrs Ewing.

**Mrs Ewing.** — Mr President, could I say that I admire the courage of Mr Corrie in being a rapporteur on such a vexed question, considering that like me, he is a fishing MP and he has to go home and face his fishermen, as indeed I do too.

I admire many of the things that he has said, but he perhaps will not be too surprised if I have to part company with him on the basic matter of whether justice is going to be measured out sufficiently to the country I belong to. I am sure it is quite true, as many

of the speakers point out, there has been an increase in goodwill, and I am sure that Commissioner Gundelach will agree that when he visited the north of Scotland where I have a seat he was treated with enormous goodwill and indeed was surprised, I think, himself at the extent of the warmth of the welcome he got, even though not all the things he said were things the people who were welcoming him could agree with.

I am sure we can all agree on a number of things: the longer agreement takes, the greater is the deterioration to the stock; there is a total disarray in the effort to find a solution; this causes uncertainty to an industry where uncertainty often means very serious social things for communities dependent solely on this industry. I think we can agree that to a great extent the waters are fully fished. I think we can agree that the fish is in trust only to a generation for the future and that it will be in no-one's interest if the North Sea becomes a marine dust bowl or a place devoid of fish. I am sure we can also agree that there is a genuine desire to eliminate distrust on all sides. There are members of the Fishing Federation of Scotland in the gallery. They have met many people and, I am sure you will agree, they are not aggressive in the nature of their demands. But they do feel that the Community key to quota allocation must have regard to a national contribution to the pond. We do agree this, and we do find it just a little tiring sometimes for Mr Kofoed to give us spiritual lectures, considering that while we are all very sympathetic to the fact that the Danish fleet after the war constructed itself socially, for very understandable reasons, on fishmeal factories, we do find it a little bit irritating to be lectured about how no country has to have special advantages when we do not seem to have a corresponding assurance that no country has to have special disadvantages. While we are told that no country has to have special advantages just because they are giving a national contribution of 60 to 70 %, are we also to be told that no country has to suffer special costs socially and in other ways?

We also of course, have a view about industrial fishing and I do not want to repeat what Mr Herbert said, but I can agree with him, and I can make a practical proposal which has come from the suggestion of the Scottish Fishing Federation and that is as regards clause 14 on page 7. The suggestion I have to make is that on a boat, there should only be one kind of net, either for industrial or for non-industrial fishing. If we are not going to ban industrial entirely then you should have one kind of net, which makes it very difficult to cheat. We accept that Danish boats in particular, and others indeed, have two kinds of hold, but future boats should have one hold. When we look at the matter and the problem we should accept there should be no more building of fishmeal factories. There is a set of practical propositions.

## Ewing

I would like to turn to the fact that I have tabled two amendments, Amendment No 31, which affects paragraph 34. Once again, perhaps I can short-circuit this a little by agreeing with the remark of Mr Herbert and many of the remarks of Mr Scott-Hopkins. My amendment wishes to say that we recognize that certain Member States wish to establish a 50-mile zone of exclusive management and control where strict limits would be imposed by the coastal states. We envisage that the coastal states are the best managers and controllers and we are not here speaking about 50 miles of exclusive access. I think I did explain that in the speech I made in the last debate, in the last part-session, and I did go into some details, but that is not what we are seeking, not exclusive access but exclusive control and I think here is where some of the difficulty comes. A variety of phrases is being used — I do not know how they translate — but what we have in mind is exclusive control. We believe that the thing the Law of the Sea did establish to all those interested in maritime states and conditions is that the coastal states are the best managers. In answer to the practical question whether these can be policed, I believe that certainly we can police our waters.

My second amendment has to do with licensing. I believe that in a certain sense, if a licensing system could be devised that was fair, you would have a position where every skipper was a policeman, in the interests of the conservation of stocks, and if you had control exercised by the courts of the coastal state you could have a ready system, a quick system of justice, of a variety of sanctions; you could have suspensions ranging from a day through total suspension; you could have a suspension for a practical period of some months as a very quick retribution for those skippers who disobeyed the rules that we draw up about conservation.

In my amendment on paragraph 21 I say that the licences should be non-discriminatory — I believe I can agree with Mr Corrie's wording, because he used that phrase there — and should enable every skipper of a skipper-owned vessel in the country responsible for operating the licensing system to obtain a licence. I would like to give a word or two of explanation of the thinking behind this amendment to the Members of Parliament and the Commission and the Council. We are accustomed to talk in terms of the inshore fishing industry in Scotland. We are talking about a share-owned industry. We are talking about a case where the man who works in the crew gets a share of the earnings along with the skipper. We have a situation there of a very different social variety from big business, owning trawlers, perhaps several trawlers, where the person is in a rather more helpless position. We think it would be a very dangerous thing if the Community, with perhaps the best of motives, in trying to solve the problem of compensation for the deep-sea fishermen who have lost the waters, gave

these people compensatory amounts and they ended up by invading the inshore fishing grounds.

We have here a very bad situation developing within the United Kingdom. For quite some time, there has been quite a noble effort on the part of all the strands of the industry to work together to speak with one voice. But recently, we have had a rather alarming statement from Mr Austin Laing to the effect that there is an intention, an avowed and open intention to invade the inshore fishing industry to the extent of 30%. I do not think that is at all the kind of result that anyone really would deliberately set out to have, but it is actually one of the things that might happen from the present discussions that seem to be in operation and that is the thinking behind the justification, if you like, for the kind of boat that we are accustomed to have — a share-owned boat, fishing the inshore waters for human consumption.

I would like to agree with the views expressed by Mr Herbert with regard to industrial fishing. I think it is a tragic social situation for many parts of Denmark, but they have, I think, wrongly built a particular type of fleet, and I am sure as a fishing MP I can be the first person to be very sympathetic to those towns and villages, because I have towns and villages which are facing this uncertainty and this mistrust at the present time. But it cannot be right, in a world short of protein, to endanger the extinction of other species; is cod going to go the way that we have already seen the herring go? Are we going to take steps now for mackerel before it is too late? In a world of this kind I think we really have to accept that industrial fishing must be discriminated against, up to and possibly including a total ban on this.

Could I make a remark about paragraph 8 about the purse seines?

I do not think these should be the whipping boys, though I agree that they should be strictly controlled. I think there should be restrictions on the amount they land and I think that when we are talking about restrictions in area for purse seines we should refer more to the periods of fish spawning than we are doing.

With regard to the North Sea herring catch could I make a specific plea that the United Kingdom share of a proposed 20 000 tonnes would be approximately 12 000. I did appreciate the remarks that were made already in the debate about by-catches.

Could I say that the view I am asked to express by all the informed opinion I can get access to in Scotland is that the hope of new species solving our immediate problems is rather like a fairy-tale. We are not going to solve the problems at the moment. That does not mean to say we should not be examining new species, asking scientists to see what we can find out about them, and get as many statistics as we can. But there is a danger in talking about new species. You start

**Ewing**

setting up more fishmeal factories of a very uneconomic nature and you therefore in a certain way make the whole situation worse than it is already.

We believe that when we come to the inspection of vessels we think that again it is the coastal state inspector, it is the Cornishman, if you like, who will make the best inspector, who understands which of his fishermen behave and which do not. It is the local man, whichever part of the Community you go to, who is the most likely to have the knowledge of his local fishermen and be the best inspector.

I am sure my time is just about running out, although there are many, many more things I would like to say. Mr Hughes, I thought, made a very serious contribution to the debate, and he did make the point that we have here apparently two irreconcilable situations. You have a situation when the Scottish fishermen cannot yet trust this Community or apparently its immediate plans. But I do feel that too much is being asked, too much of a share of the cost. Too much of a social involvement is going to hit areas where there is no alternative employment, where you have a sparse population, where we have had a history of emigration. Surely this Community, which really does have a very advanced attitude to regional development and regional protection, cannot be in itself the tool which will end up causing regional debt. That was never envisaged by anyone, no matter how idealistic they are about each state giving up something. I am sure that my fishermen, that I often speak for, are very reasonable men too. I am sure that those of you who have met them would agree with this, but they do feel that, as far as the North Sea is concerned, they have been good conservationists, and that the proof of that is in the sea, and that many of the Member States have not been so good, and that is why they have had to look for access to other waters. But we do believe this: the fish is in trust. I must end on that. I cannot therefore go with this report for these reasons. We believe we must have 50 miles not of total access, but of total control.

**President.** — I call Mr Prescott.

**Mr Prescott.** — Mr President, I think the last speaker's final note indicates how much change has been going on in the argument about exclusivity. It started off some while ago as totally exclusive access for the vessels of one particular nation. There has been considerable change in the connotation of that word. From 'exclusive access' to 'exclusive control', to 'exclusive conservation', to 'exclusive dominant preference' — all these arguments have contributed to a particular fishing problem which largely concerns the allaying of two very real fears. On the one hand, those who have their fishing fleets in the waters of other Community countries and who, if these were to extend their areas of control beyond a certain limit — let us say 50 miles in this case — would be denied fishing areas to which, historically, they have had

access for a considerable period of time. On the other hand, there are those who believe that, without some form of exclusive control, quotas are not sufficient to ensure conservation. That is beyond doubt. From evidence over the last two or three decades it is clear that one cannot continue to fish in the way that we do on the basis of quotas and hope that one will conserve fish-stocks. I am bound to say a lot is said in Britain about how good we are at conservation; nevertheless, it is true that there are certain stocks in Britain that have been reduced, inevitably, by British fishing — whether it be Scottish, Welsh or any other. This has certainly contributed to the decline in stocks; but the latest example is provided by Mr Corrie's excellent report on the fishing industry — upon which I congratulate him: because fishermen from my area as well as from Scotland are depleting mackerel stocks in other parts of the UK, in my area in the docks they are piling up fish because they cannot pack it into the houses fast enough for industrial fishing. There is hypocrisy in our countries about industrial fishing: we know there are people in my own country who want to take up the capacity for industrial fishing if we are able to force out of these areas others who pursue industrial fishing. So, hypocrisy is not limited to particular nations; there is a fair share of it in all nations; and at the end of the day you have to make a balanced judgement on what is the fairest solution for all.

The Minister previously referred to the fact that he is looking for new ideas — I have one or two for him: I shall come to those later — but I would refer him to the resolution of my group referred to, as spokesman for my group, by Mr Mark Hughes — who is also an excellent vice-chairman of our Fisheries Committee — which spelled out the possible ways of dealing with these two almost irreconcilable aims, namely those of conservation and exclusive control. We think that resolution contains a formula suitable for acceptance by the nations. It embodies the principle of exclusivity — in regard, particularly, to the control of conservation — and recognizes the right of nations to seek to obtain as much fish as they can within quota limits. And the matter that binds it all is how you control and develop this particular industry. Here, again, I think the report is correct to point out that in these circumstances licensing, which is crucial in our resolution — one which was lost in this House by 2 votes, unfortunately, because of the Irish contingent at that time, I am bound to point out, but the record is there for people to read — is unfortunately an essential component of control. And it is essential for one specific reason. The fishermen themselves have the strongest grounds for wishing to conserve stocks. These stocks are, indeed, their future, and we suggested that, if you licensed the skippers and the ships, anybody who offended against whatever regulations were adopted at a Community or national level would lose his licence and that this was a much more compelling penalty than mere fines, the imposition of

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which tends to be the position at the present time. The skippers themselves would become the policemen on the beat, because they would know what ships had a right to be in any area. They would know what ships should not be there, and would be able to report offences to the controlling authorities, whether Community or national. Therefore I believe, as the report bears out, that the Commission's proposals have not yet gone far enough on this matter of licensing. Nevertheless, both Commission and Council have, since our resolution of nearly two years ago, slowly but surely come a long way towards adopting the compromise which we first advocated in this very House. That may well be an argument but, as Mr Corrie says, there is the problem of consultation with this Assembly when matters of difficulty require a solution.

At the end of the day I am bound to say the point made by the Minister is a crucial one, that the total claims are equivalent to 145 % of the total amount of fish available. In that case, it is clearly not possible to meet those claims, and some criteria will have to be arrived at which, by virtue of all the circumstances — political, economic, social and biological — cannot possibly satisfy all parties. So there will be the inevitable compromise, because it is a political deal: that is the very nature of this Community.

If both the Commission and the Council had taken part in the discussions I should not need to reiterate how people might feel in Britain, or others how they feel in Ireland. However, in my own country all parties are united in saying that the quotas are not satisfactory. And they are not. Indeed, the present solution is not satisfactory. But I do not think we want to waste any further time by reiterating many of the things that have already been said in this Chamber: they have been heard; they are no better being repeated, and I feel that both the Commission and the Council are well aware of the fact. But I do think they have recognized in their negotiations not only the historical right of the fishing nations to a claim in some waters, but also the need to take into account development factors, such as Ireland's wish to develop very considerable under-privileged areas. But inevitably — and I must stress this — account must be taken of the relative contributions made within the Community framework. I do not like to call it Community waters, because that is not correct: they are not Community waters, and this is likely to lead to sloppy thinking. In fact, international law as such assigns the rights, particularly mineral rights, to the coastal states; but when we come to fishing, we encounter certain problems of definition. With regard to conservation, it is essential that we recognize the coastal state's right of control, while allowing those states who are disadvantaged by that claim the right of having a finger on the trigger in the form of the control of quotas and methods of allocation. I think

that is the method by which we shall find agreement, and, of course, I hope that we are moving towards that aim.

May I make a further point to the Commission and to the Minister? My own area of Humberside is particularly affected by the implications of fishing in the waters of third-party countries — countries of non-Community status. This means that almost a third of our fish has come from these areas outside the Community — particularly Iceland, Russia, Norway, etc. When we talk about balancing the effects of the loss of fish from these areas, it must be borne in mind that the implications of these fishing efforts concern more than just one country or one area.

The problem is not evenly distributed. Humberside is particularly dependent on fish from third-country waters, so that any deals and compromises transferring fishing areas from third-country waters to inshore fishing — as it is called, and I want to make a point about that in a minute — present a serious disadvantage for areas like Humberside.

As a Northerner by birth and inclination, I discover that apparently I am not a Northerner under the Community's definition because 'Northern Britain' does not include Humberside. I do not know where the North starts. They tell me that even parts of Scotland are denied inclusion in the definition of the North. However that may be, it is quite clear from all the signs that for areas like Humberside yet another savage blow is being added to the problems they face from the decline in fishing and from the unilateral action of countries such as Iceland to extend their limit to 200 miles. To cite one small fact: we have lost something like 140 000 tonnes of fish from Icelandic waters since 1970. That is the equivalent of something like 4 000 fishing-trips. When we measure that in terms of employment and ships, we find it accounts for a considerable part of the economic and social problems of a region. That brings us to the other criteria which must be balanced when we talk about variable belts or parts of the 50-mile zone, or whatever. We must take into account the social and economic consequences for certain parts of the regions. That is not solely true of inshore fishing; it is true of areas like mine which are traditionally concerned with deep-sea fishing, as the Commissioner saw for himself when he was good enough to visit our area.

I cannot leave the question of exclusive zones, variable belts or whatever, without making one or two points that are prompted by contradictions in the argument. Mark Hughes, the spokesman for my group, certainly pointed out the difficulties of pursuing this exclusivity argument. It is patently clear that fishing can only be pursued at certain times of the year. It is patently clear that fish do not spawn in the same area that you catch them in. I am forced to recognize that the spawning-areas of some fish are not within the 50-mile belt that

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I would otherwise have considered a possible solution. So it is clear that, if one wishes to conserve fish, one has to rely on the goodwill of another nation in the Community which has that fish under its control. So there is one very important limiting factor for those who argue that exclusivity in its strict interpretation of the word may be a way out. Secondly, as was pointed out, I think, in regard to another anomaly, there is the question of the amendments by Mr Nyborg about preventing any development towards exclusive limits. I cannot help but wonder exactly how he, coming from Denmark, argues against Greenland when the Danes talk about *their* exclusive 200-mile limit. Indeed, they have responsibility in Greenland for the foreign policy in this affair. So there are clearly dilemmas for all involved in the argument.

I am bound to say to our colleagues from Ireland, particularly those I heard yesterday in the Fisheries Subcommittee, that when they talk about providing money for an increase in the conservation fleets, I heard an eloquent plea from an Irish delegate that the grant for the provision of ships and planes should be increased from 50 % to 70 %, and to expect the Community, on the one hand, to recognize an exclusive limit of 50 miles — this is clearly an argument, as I pointed out — and, on the other, to provide the money for building ships and planes to keep other Community ships out of those waters seems very difficult to justify even in this place, quite frankly! I think there are difficulties for all of us. Therefore, the argument cannot be won one way or the other. It is only by combining these things that we shall get agreement.

I congratulate both the Commission and the Council of Ministers, who, I think, are dealing with an extremely difficult political problem and are slowly moving toward the solution we envisaged some two years ago. It is a painful political process upon which we have embarked and one to which one hopes to see an end.

I want to make two further points and then conclude, Mr President. Incidentally, the document speaks of inshore fishing, and Mrs Ewing made the point about what will happen in Britain's waters if the deep-sea fleet starts to move inshore. Quite clearly, that is a very real problem that we shall have to look at.

When we talk about inshore, preferential and regional zones, as we do in here, I am sure that Mr Corrie, whilst using the old terminology, recognizes that the same applies to deep-sea, medium and inshore fleets. The principle is the same for them all. That is clear in my reading of the resolution. Important consequences derive from it. Restructuring the industry, which is inevitable and has been going on, with or without agreement, will require considerable amounts of money. When that money is allocated, it must not go into the pockets of trawler-owners. I differentiate between the trawler-owner and what the Commission

calls the 'entrepreneur fisherman', the man who has one or two boats, and I am talking about the industrial fisherman — the man who owns dozens of boats, or half a dozen boats, or the big trawlers and the freezer ships. In Britain there is a bad history — both under my government and the Tory government — of pouring money into these privateers, almost, who get money for doing very little about the industry's development, in my opinion. Therefore, I want to say to the Commission — and there is a precedent in Europe — that, before they give money, they make it a condition that it should start to be tied to improving conditions and compensation for those people thrown out of the industry. I hope we make clear, and my amendment makes that point, that money should go to those who are most affected.

My argument is that the trawler owners themselves are not the most affected, for one very interesting reason — and I draw this to the attention of the Commission, though I am sure they are aware of it. If you look at Britain, after the loss of Icelandic fish — say 140 thousand tonnes — the value of that in 1970 was a little over £ 13 million. Half of that tonnage is equal in value to 50 % than it was in 1970 ; so £20 million is now received by the industry for half the amount of fish. Whilst they may have lost fish and they may need fewer trawlers, they have not received less money. They have written off their ships in tax depreciation and they have received considerably more money for less fish, so there is no argument for compensating these people with cash. There is considerable argument for using money to compensate the men in this industry when made redundant, and also for improving the assets.

The Ministers talk of new ideas: here is one for the Ministers and the Commission to take into account. Mr Gundelach, I hope, will come along and explore this idea. We will have to consider, in Europe, the development of a fishing industry on a scale that has never occurred in the past. We will plan our resources, we will plan an industry. People will have a confidence in the future, if we do it properly, but we will also have to take into account that — as the energy programme has JET as the centre for energy research — we will have to consider the development of an excellent centre for fishing. Frankly, surely the Humber-side, which is going to be the most affected — which has some inshore, some deep-ship, some medium-ship fishing capacity — has all the training facilities, many research facilities. All these matters could be considered; as compensation to the Humber-side for the greatest loss it is going to suffer, it can have a say, for the future, in the development of the fishing industry — and, in a sense, become a European fishing centre. It is clear that other areas will have competing claims — Denmark is a classic example that does much research — and other areas in my own country. But I hope the Commissioner will consider this as one of the possibilities in the

**Prescott**

final negotiations, that he may consider it as a compensation to those areas like mine which will not have the same compensations as the inshore areas.

Finally, I would make a particular plea here, to the Commissioner especially. We are always talking of the shortage of fish. It is the consequences of the loss of fish, due to the reduction of stocks, that we are constantly dealing with. But can I draw to the attention of the Commissioner that there is one particular problem in my area. It is not only to the fishing industry that how much stock is available is important — it is all the interdependent industries that are dependent upon it, and there are more people employed in those than are actually employed directly in catching the fish. Unfortunately, in my area there is a ban on Icelandic catching. I am in the midst of negotiations with Icelandic people at the moment to finish that ban, because it only aggravates the problem in my area. But, in the course of those negotiations, I have discovered the problem that Iceland could take out 9 000 tonnes of plaice from her waters. She only takes out 4 000 and has trawlers unemployed at present. The English market would prefer plaice — but what happens? We find there is a discriminatory import duty of 15% on plaice coming to Britain. Now, on the fish that comes from Ireland to Germany, namely the red fish, it is only 2%. Clearly, that is a crazy situation. We could, perhaps, get thousands of tonnes of fish for a desperately needy wet-fish market through some sort of negotiation with Iceland, if we were to alter that particular duty preference. I hope the Minister and the Commissioner will give consideration to this important fact, which would very much help the wet-fish industry on our side, and possibly help in the negotiations with Iceland in trying to find an agreement between the Community and Iceland.

These are three positive ways in which — beyond the problem of fishing, in the hope that the Council of Ministers is going to find a solution in January — we can look ahead as to how we could re-organize the fishing industry, and two practical suggestions about money and where it should go, as well as a levy on fish, which would certainly help us in Humberside at the moment, and would seem quite easy to do.

I thank the House for giving me its time and attention. I am very pleased to see that we are slowly, even despite the criticism of difficulties, moving towards a solution that will recognize the justice of the claim of those who believe in exclusive control, and of those who believe that there is some claim through quotas in other waters — which they will not directly control — if you concede some principle of exclusivity.

**President.** — I call Mr Nyborg.

**Mr Nyborg.** — (DK) Mr President, I should first of all like to take this opportunity to say how I sympa-

thize with Mr Corrie for the great amount of work he has put into this report. Clearly, it was not an easy job to gather together or to try and gather together all the various points of view and find some kind of basis for a fisheries policy. Unfortunately, however, I do not agree with all the views put forward in the report.

For this reason I have tabled seven amendments most of which speak for themselves. I shall therefore merely make a few general remarks. Paragraphs 22, 23 and 27 of the motion for resolution set out measures which look excellent on paper and from a theoretical and idealistic point of view. These measures would, however, be absolutely impossible to administer unless we wished each individual fishing vessel to keep exhaustive accounts of its catches. From what I know of fishermen it would be extremely difficult to get them to do a large amount of paperwork on board. I am glad Mr Corrie took account of the various North Sea models, including that of Dr Ursin, which is one of the most recent. I have frequently referred to this very model in this House over the last year and a half. I am therefore pleased that the Commission is willing to study this model more closely and that the Committee on Agriculture has referred to it in its report.

According to recent calculations a total catch of approximately one and a half million tonnes per year would not be unacceptable for the three species sprat, Norway pout and sand eel, since these species are numerous and should therefore be more intensively fished. I am quite aware that this would give rise to problems of large by-catches, but these could perhaps be solved by lowering the current limit by half since fishermen can regulate their by-catches by fishing in different areas to ensure that their average by-catch is acceptably low. It seems to be a fact that the number of fish in the North Sea is the same today as it was in 1964 but the breakdown is different. Thus there appears to be a self-regulating factor in the marine food chain. In other words, fishing in the North Sea can be allowed to increase as long as this is done according to a sensible plan, designed, among other things, to keep down the numbers of those species which feed on large amounts of fry. Our fishing must be based on the principle of maximum possible freedom for the fishermen who should be hindered as little as possible by unnecessary intervention since the working conditions for these people are not easy as it is. This is not to say, however, that they should have a completely free hand in the matter. This is not what I mean. Let us, however, try to find systems whereby they will have as little administrative work as possible to cope with.

I am also against the establishment of exclusive national zones, since the Community waters should, basically, be open to all fishermen from our Member States alike. For this reason, I cannot — partly in the light of what I said before regarding the numbers of

**Nyborg**

sprat, Norway pout and sand eel — accept the proposal to introduce one or more pout boxes in the North Sea. I must strongly oppose the establishment of zones of this kind based exclusively on national legislation, with which the United Kingdom has recently experimented. Having made these criticisms, I should like to congratulate Mr Corrie once more on his work.

**President.** — I call Mr Bersani.

**Mr Bersani.** — *(I)* Mr President, ladies and gentlemen, I too should like to pay tribute to Mr Corrie for the excellent job he has made of this complex subject. He has tried to work out a reasonable compromise in the light of the praiseworthy proposals put forward by the Commission, and especially by Mr Gundelach.

A whole new series of factors has arisen, such as radical technical changes and the extension of fishing limits to 200 miles, and we all agree that an urgent rethink is needed if the Community is going to be able to work things out internally and thus be ready to negotiate a more general settlement with non-member countries.

The fact that we are now on the verge of achieving an internal settlement is definitely a step forward. It is to be hoped that the generally concordant views we have heard here today will encourage the Council to act swiftly and adopt the decisions which become more and more urgent with each passing day.

I also want to point out that there is one area which has been rather neglected amid all the efforts to solve the problems of the fishing industry within the Community. I am referring to the Mediterranean and other southern areas, especially West Africa, which have a lot in common with the conditions of work and life of the fishermen of the Mediterranean.

It is quite understandable, in view of the structural problems involved, that attention has been focussed on the northern regions of this continent of ours. But we cannot fail to emphasize the vital importance, for various parts of southern France and particularly Italy, of the fishing industry and of the policy we intend to develop internally and thus externally.

Italy, in particular, is in an extremely serious situation. It is serious because as a result of the more general changes which I mentioned, a whole series of bilateral agreements have expired or been revoked, especially those with Yugoslavia and Tunisia and, in the case of West Africa, with Senegal, Guinea Bissau, Mauritania and so on. The agreements are no longer in force, but Community policy has provided no complete and general solution to the problems.

The President of the Council gave us some interesting information on the likelihood of renewing the agreement with Yugoslavia before it expires on 31

December. He also mentioned the situation regarding Senegal, Guinea Bissau and Mauritania since the talks Mr Cheysson had with these countries last July.

The problem in its wider context is now very urgent. The next meeting of the Council of Ministers really must take a look at this situation, which in the past was based on a patchwork of agreements which has now gone by the board for the reasons mentioned today. If the Community, in the course of negotiations, does not quickly replace these bilateral agreements which have expired or been revoked, it is obvious that the crisis which has hit the fishing industry in Italy and southern France is very quickly going to get worse.

A second problem concerns the specific measures to be taken in connection with the individual sectors provided for by the four regulations and the directive in the case of fishing in the Mediterranean. The balance between species is one problem; another is the protection of certain species, starting with tuna fish which is one of the commonest in these waters. There are also problems of regional policy, in view of the special importance of fishing for a whole series of key points along the coasts of southern France and central and southern Italy. These problems are in fact mentioned in the general outlines of the Commission's proposals, and Mr Corrie is to be thanked for underlining their importance at different points in his report. In my opinion, however, the approach to these problems is not yet resolute enough to cope with the serious and pressing needs of the current situation. A lot more attention must be devoted to these problems, although time prevents me from doing anything but merely mention them.

In connection with these areas, I just want to say that, apart from the structural problems and the problem of maintaining the balance of the species, there are more general problems concerning relations between the various fishing fleets which operate in the Mediterranean. Serious incidents with arrests, injuries and deaths are occurring more and more frequently. There is a climate of tension which ought to spur us on to find a more wide-ranging settlement, especially as regards the waters off North and West Africa.

We recently had a meeting at Maseru, the capital of Lesotho, and for the first time the problems of fishing and maritime rights were considered in the light of the potential enlargement of the Lomé Convention. Personally, I believe that this would be a step forward in the implementation of this major agreement. Not only would it provide guarantees for us, but it would also be definite proof of our solidarity and collaboration with many of the signatory countries. We must, however, speed up our examination of this issue both internally and in our relations with these countries.

Turning to structural measures and regional policy, I agree broadly with what was said by Mr Vandewiele

**Bersani**

and a number of other Members. It is true that southern Europe is particularly affected by adverse social factors which are especially serious in view of the lack of alternative job opportunities and also because of the special and complex structural form which fishing has taken on in many coastal areas.

Careful attention must be given to the potential effects of structural reform in these areas. As for the problem of exclusive fishing zones, I feel that I can share the general feeling of the House — without ignoring the claims of coastal areas — that no rigid concept need be pursued, but that a more flexible and effective policy should be aimed at.

These were the comments I wished to make, Mr President, ladies and gentlemen, on the problems affecting a vast area of the Community, the coastal areas of the south. In connection with the social aspects of the problem, I should like to stress the need to encourage the participation of the fishermen's representatives. It is my view that, in the Community today, there are representative bodies whose role could be more than the vital one of consultation and collaboration. They could be urged to play a more active part in working out a Community policy which, from now on, is destined to become much more operative and effective than it has been in the past.

On the whole, therefore, I agree with the proposals made by the Commission and with the Corrie report. Let me repeat again my sincere hope that, with improved internal relations in the vital sector of the fishing industry, we may soon see a better climate for a more general approach concerning our external relations.

**President.** — I call Mr Brosnan.

**Mr Brosnan.** — Mr President, I too welcome this report, and I wish to join with the other speakers in paying tribute to the rapporteur for producing such an excellent document at such short notice. It gives a clear and comprehensive picture of one of the most complex and difficult problems which has faced the Community over the past few years, and I feel that this report must certainly form a basis for the formulation of any common fisheries policy which may be evolved by the Community in the years to come, and even, perhaps more importantly, in the short term.

May I say that we in Ireland accept Mr Corrie's proposals and the underlying principles. We accept them; they have been received with approval by all; we accept them with some minor reservations, but with one major reservation, which has already been referred to by Mr Herbert. We would like to see more detailed reference in the report to the licensing of fishing ships, to the size of the ships or boats, to the size of nets and meshes, and also to the provision of financial

aid by the Community towards the policing and protection of fishing activities in coastal waters, our own coastal waters, and in those of other Member States if, and where and when necessary.

I would like to correct our colleague Mr Prescott, in the reference he made to our claim for financial aid from the Community. The Commission apparently thought fit to consider giving us a considerable sum of money which we were to match pound for pound. As a matter of fact, I was the person at the meeting and I said that we were entitled to grant aid of 75 %; I still insist upon that. I would also like to remind Mr Prescott and the House here that we have 200 miles to police and protect, not 50 as suggested by Mr Prescott.

However, the major defect in the report, from our point of view, is the complete failure, as pointed out by Mr Herbert, the complete failure to make any proposal or even a mention of a proposal, to provide an exclusive coastal zone for Irish fishermen. This omission we would regard as fatal; it is a fatal defect in the report, where we are concerned, so much so that it vitiates the whole report and makes it almost unacceptable to us. And when I say us I mean the other Irish Members here, as far as I know, and the people of Ireland and the fishermen of Ireland. It was and is the declared policy of the present Irish Government, and it was also the policy of the previous government, that the reservation of an exclusive 50-mile coastal zone for Irish fishermen was a condition precedent to the formulation or to the discussion of any fair, rational and workable common policy on fisheries. This policy has received the full support of our government, of the previous government, and, may I say, Mr President, it has also received the sympathy of many Members of this Assembly. We are convinced of the justice of this claim and there can be no retreat from this stand which we have taken.

We are one of the least developed members of the Community, and apart from the soil, our fish is the only natural resource we possess. It is, as Mr Herbert has pointed out, our oil, our gas, our coal, our iron; it is the only natural resource we have. And I fail to see why we should not have the right to reserve this for ourselves. I have listened here today, and I have heard no cogent argument advanced as to why this right should be denied to us; neither here nor anywhere else have I heard any good reason given why we should be denied this right, this exclusive right to ourselves. I want to make it clear and to assure the House that our government and the previous government of our country, and our experts have not embarked upon this policy out of folly, and not without study and analysis and they certainly, I suggest, know what they are doing, and I also suggest that they are determined to pursue this policy.

**Brosnan**

May I ask why do Member States want access to our coastal waters? Is it because of the fact that, having denuded their own fishing grounds, they now covet the rich fish stocks we have off our coastal waters? I want to say, Mr President, that there is not a nation in Europe, and I am including the Member States who are represented here today, who have not at one time or other trespassed and poached in our territorial, in our coastal waters, over the years, over the past two or three generations, even when the fishing limit was only 3 miles, and Mr President, I can vouch for that myself. I have seen it. At one stage I was a full-time professional fisherman, and I can bear witness to what I am saying. Surely this must not be allowed to happen again. The only way in which this can be prevented, is by granting to Ireland a coastal zone of 50 miles which we now seek. This degradation is going on even today, Mr President, by the fishing fleets of third countries, some of whom are aspirants to this Assembly.

I want to conclude by appealing to my colleagues here for support for Mr Herbert's amendments. We have, as I say, a just case; we have a fair case; we expect the support of our colleagues. If we receive this support, if we receive the concession of an exclusive 50-mile zone, the Assembly and the Community will be conferring a great benefit upon our country, both from the regional and from the social point of view. They would also be serving their own best interests by ensuring a supply of much-needed food for the Community, and in view of what I said earlier, may I also suggest that the Members here will be afforded an opportunity of making amends and making reparation for some of the damage and the degradation which they have caused to our fishermen and to our fishing industry in the past.

**President.** — I call Mr L'Estrange.

**Mr L'Estrange.** — Mr President, I welcome the report and indeed the opportunity of taking part, on behalf of my country, in this very important debate, because we in Ireland have a special place in the context of the fishing industry. I do not come from a fishing constituency, but I interpret the views of the fishermen of my country, and the views of the present government and the views of the past government, and that is, that we need a 50-mile exclusive fishing limit, and also we need a proper conservation policy. We believe that unless immediate action is taken, we will not have waters to dispute or the fish to catch.

I would appeal to the Commissioner to remember that this is a very important aspect of the whole fishing industry, because the exploitation of our fishing grounds and waters will have to stop. Fishing today is in the doldrums, and why? Because the rich nations of Europe have overfished, and exploited their own fisheries, and are now looking, as Mr Brosnan said, for other areas that have not been exploited to the same extent. Unfortunately, they are now casting

their greedy eyes on our fishing grounds. They are our fishing grounds, we are jealous of them, and we want to guard and protect them, just as the Germans guard and protect the coalfields of the Ruhr, and the French want to protect their steel and iron resources. We do not covet their steel, their coal or their iron or their ore; indeed we are delighted they have such resources, and if we all believe in fair play and honesty, we would expect the same treatment from them. It should be remembered that there are depressed areas around the western seaboard of my country and that fishermen have invested large sums of money in boats, gear and equipment. It is vital to their livelihood. I believe that we have a special case to make, because the future of so many of our fishermen depends on action taken in the next month or two. Even if we were to double our catch from the waters around our coast, it would not amount to 4% of the whole of the catch made by the Community fishing fleet, so we could never be accused of plundering fishing grounds.

It may be easy, perhaps it is, to set up a full procedure for national quotas, monitoring the fish caught, size of net etc. We can make rules and regulations; but can we enforce or police them? That, I think, is the big question and I doubt if it can be done efficiently. Mr Scott-Hopkins enquired if Ireland had the financial and manpower resources to control a 50-mile exclusive zone. I wish to stress that such a zone would conserve fish-breeding stocks for the whole Community and therefore it would be in the Community's interest to help Ireland financially to carry out this work.

Other Member States have their priorities, we also have ours and although having only 1 1/4% of the Community's population and 2/3% (or 0.666) of its gross national product, we will, by the declaration of a fishing zone, provide almost a quarter of the total additional waters thus generated by Community countries. This surely entitles Ireland and Irish fishermen to at least justice, irrespective of what Mr Prescott may have stated earlier.

Fish is one of Ireland's few national resources. We have very little underground wealth such as coal, steel, ore or iron, like the great nations of Europe. The standard of living of many of our people depends on what we can get from the land of Ireland and the waters around our shores. Our fishing industry is underdeveloped and we should qualify for special treatment. Why should we be asked to give up so much? What we have, we believe we are entitled to hold and we need a 50-mile exclusive fishing zone to protect our fishermen, the fishing industry and our fishing grounds.

**President.** — I call Mr Jensen.

**Mr Jensen.** — (DK) Mr President, in recent years the fisheries policy of the European Community has

## Jensen

consisted largely of a variety of temporary measures and it is therefore encouraging that we are now working towards a common policy in this field. When a country such as Denmark, which, as we all know, is the major fishing nation in the Community, reluctantly bows to necessity, it is disappointing, at least as far as industrial fishing is concerned, to observe the selfishness of the British attitude up to now. I am thinking in particular of the somewhat hypocritical attitude on the part of the British which has led them to prevent agreements being reached swiftly, thus making it more and more difficult for the Danish industrial fishing fleet to survive. I can also see quite clearly what the British are aiming at. By upholding the idea of conservation, Britain hopes to bring this important sector of Danish industry to its knees. However, I will keep a watchful eye on the prospective buyers who turn up from the other side of the North Sea when a large proportion of the Danish fleet has to be auctioned in the near future. We cannot expect the fishing industry to put up with these destructive delaying tactics, this stop-go policy, where the fishermen do not know where they stand. For this reason, we can only welcome the Commission's proposal regarding the geographical and temporal limits of the Pout Box. However, I have my doubts as to whether the British might not still manage, in spite of everything, to put a spoke in the wheel of the Commission's proposal to open the Pout Box for a period of three months beginning on 1 April 1978. We have seen how it was made impossible to reopen the Pout Box both on 16 October and 1 November last year when Britain, acting as an individual nation, took advantage of old Community decisions to keep the Pout Box closed. If the United Kingdom wants to become a large-scale industrial fishing nation it is perfectly entitled to do so and there have been various indications, including an article by John Edwards in *The Financial Times* of 9 June 1977, to the effect that this is the United Kingdom's intention. In this article, the writer says 'the potential is there for the British fishing industry to expand its catches of industrial fishing significantly.' Later he goes on to say, 'certainly in Britain there is ample scope for expanding what has hitherto been a neglected area.'

This is quite clear and straightforward. It is honest of Britain to admit that it has recently bought industrial trawlers in Norway and is planning new fishmeal and fishoil factories. This is why in my introduction I described the British attitude — which is ostensibly based on the view that the Pout Box is a conservation measure — as hypocritical since it is now common knowledge that Britain wishes to build up an industrial fleet, and I was pleased earlier this afternoon at Mr Prescott's frankness on this point. All this tactical beating about the bush is wasting valuable months and years for the fishing industry. It would therefore be a pity if our fisheries policy should continue largely to reflect these national concerns of the United

Kingdom. Britain has tried to direct our fisheries policy to its own advantage, as we saw, for example, in the application of herring quotas for the waters to the West of Scotland. Another example is the stringency of the quotas imposed on industrial fishing which clearly stems from Britain's attempt to reduce the amount of industrial fishing carried out by Denmark so that it can subsequently build up a large trawler fleet of its own. It is no good if the quotas are reduced so far that there is no Danish fleet left. The English and Scottish fishermen think that if only they can put a stop to industrial fishing of Norway Pout, the stocks of haddock in particular will increase to a level comparable to that of the 50s. In reality, precisely the contrary is true. Unless we reduce the numbers of these small predatory fish — which after all is what Norway Pout are — by fishing them intensively — they will destroy the stocks of young cod, haddock, whiting and herring. The reason why the Danish fishing industry has done so well in the past — that is to say without the help of any state subsidies — and the reason why other countries have looked enviously on the success of the Danish fishing industry is that Denmark had the good sense to change its fishing habits when they ceased to make good economic sense. But why should such a brilliant and efficient fishing industry like Denmark's get it in the neck simply because fishermen in my country know their job inside out?

**President.** — I call Mr Gundelach.

**Mr Gundelach, Vice-President of the Commission.** — Mr President, allow me first of all to congratulate the rapporteur on his excellent report. Although the rapporteur on Parliament's Committee on Agriculture has only had a relatively limited time at his disposal, he has been able to submit to Parliament a thorough, comprehensive, interesting and balanced report on the very difficult problems covered by the Commission's proposals from October this year. It is indeed in many ways a remarkable report, because it does bear out what Mr Hughes and others have been saying, that over a period of time, views in this Parliament on the fishing policy of the Community have come closer together, in a manner which I hope will be an illustration for the Council. I recall vividly the first debate I participated in this Parliament more than a year ago. They were indeed violent affairs; now we are constructively discussing a matter of vital importance to Europe as a whole.

I think that the debate this afternoon has again, on the whole, taken place on a very high level, and has moved us forward towards a basis on which an all-European agreement can be reached. Naturally, as can be expected, from the one side and the other there have been statements strongly influenced by national interest, carried to a point to which one did not expect it to be carried in a European Parliament. But

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since they have come from one side and the other side, they are more or less cancelling each other out, and as far as the Commission is concerned, we will in particular listen to the very wise remarks from any speaker where the European element, the European dimension, has been clearly present, however different the views might otherwise still be on certain subjects.

It is recalled that the Commission made complete proposals for an internal fishing policy in the autumn of 1976, accompanied by implementing provisions for 1977, later on with a proposal for an interim regime for 1977. None of this was accepted by the Council. Consequently we have been living through a confused year, where a number of decisions have had to be taken, be it on the external front or the internal front, in an *ad hoc* manner. This is what has been characterized by many as the salami method. This obviously is a situation which cannot continue indefinitely. It leads to uncertainty for the fishermen and the dependent industries in the Community. This is intolerable. They do not know how to invest, how to restructure, how to develop their economic activity for the future, because they do not know what their catching capabilities are going to be, what their supplies of raw materials are going to be, etc.

Furthermore, it has the obvious drawback that the Commission is not in a position to conclude real agreements with third countries. We have had to live with so-called gentleman's agreements for shorter and shorter periods of time. Even with such important partners as Norway and the Faroe Islands we have only been able to conclude framework agreements or gentleman's agreements, but have never been capable of really negotiating a substantive agreement — firstly because we did not have the background for it, and secondly because there were members of the Council who took the view that there could not even be a serious effort to that effect before there was an internal fisheries policy.

It has also hampered our efforts in the end yet to come to some kind of agreement with Iceland, which I still consider to be a possibility and something we must seek, for overall reasons but also for some of the reasons to which I think Mr Prescott was referring. But as long as we have no internal fishing policy we have no basis on which we can carry out meaningful negotiations with the outside world. Therefore, to bring about certainty inside the Community in order to bring about a basis for dealing with the external side, we must now have a decision, by the Council, on a fish regime.

In referring to 1977 as the year of the salami tactics I would, however, like to say that it has nevertheless been possible in the course of that year to take a number of measures which are important for the future. The exploitation of stocks in danger was not permitted to go on. The herring ban was introduced

and finally adopted as Community policy. The Norway pout solution was actually found which will stand also for the future, and a number of other conservation measures were agreed upon.

So there was some progress and that is the reason why I think the President of the Council rightfully referred to the last meeting of the Council as one which was characterized by some progress. We were, irrespective of what Mr Scott-Hopkins could tell us about the debate in the House of Commons, very close to agreement on fish conservation measures and made considerable progress in regard to control measures, and some of the ideological questions which have also dominated the debate this afternoon took on — let us put it this way — a different character. It was less a discussion of dogmas or about exclusive zones or this or that. It was a more profound discussion about how to distribute between the fishermen of the various regions and nationalities the fish catching possibilities available to us.

There was agreement as to what these fish-catching capabilities were. The so-called total allowable catch. Then we were left with the question how to distribute it and that really is the essential problem. What the Commission so far has proposed — and I want to be clear on this — was to start off by a distribution using the so-called NEAFC key, not because that should be the end-product, but because it was a good starting point, because it was using a key everybody understood and it gave us a well-known starting point.

Thereafter, corrections had to be made, and the first set of corrections we made were to give substance to what we had suggested, and to what the Council agreed in The Hague last year, that there should be a regional preference to develop the fishing industry in Ireland. I would like to hear the Irish representatives explain to me one day why they did not start exploiting their riches 10 years' ago, but it is agreed they should have that possibility now. There should be special arrangements for Scotland, or northern Britain, as it is called here, in order to allow their dependence on fishing to be manifest in our fishing policy, and special arrangements for Greenland. That is the second stage.

The third stage — yes Mr Prescott now we come to you, among others — concern the losses which have been sustained in third country waters or otherwise. It has always been said in the communications and proposals of the Commission, that these losses must be compensated for. This was not included in the proposals we made earlier in the autumn because at that time, we did not have the necessary information from the Member States as to the size of their actual losses and their claims for compensation for such losses. The progress we made at the meeting on 4 and 5 December is that that information is now on the table. We now have an assessment of losses from all

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the countries in question and accompanying requests as to how, in specific terms, the individual countries want that loss to be compensated. It adds up to 140 % or 160 %, but it still gives us for the first time a concrete basis on which to work.

Therefore we can now take the third step, which has always been foreseen, to make a third allocation which takes into account third country losses. In doing so we must naturally, critically examine the loss figures we have received, because they might be too high. Let us take a clear example : losses in the waters of Iceland are obvious. But should it be all the catches lost in Iceland which should be compensated for ? Let us say that if the best conceivable agreement had been concluded with Iceland it would have been an agreement which allowed Community fishermen, British or German, to continue fishing in Icelandic waters on equal terms with Icelandic fishermen. But for conservation reasons the Icelandic fisherman has also had his catch cut down, in other words the loss figures have to be reduced by the figure by which the Icelandic fishermen themselves had been reduced. This explains why I say the loss figures have to be reduced to be realistic figures.

Secondly, when we are speaking about compensation of losses we are not saying that country A having lost X, that X should be transferred to country B, because then we are just transferring a loss from one to another. We are talking about having a fair equitable distribution of the losses, so it must be split up between A and B and C and D etc. That is the task in front of the Commission. Bearing these considerations in mind we now proceed to the final re-allocation before the meeting of the Council on the 16/17 January.

There are three ways we can go. We can allocate fish stocks which have not yet been allocated ; we can re-allocate quotas which were allocated following the NEAFC key, it being either in our own waters or where we have fishing rights in third country waters. Or, as a residual, compensation can be given via the structural policy which we have also proposed.

In my view all three methods have to be followed, but it follows from that that re-allocation cannot be done solely by allocating some blue whiting or sand eel or other types of fish which have a certain value today and maybe a higher value in five years from now. It must also involve a re-allocation of species of value, which is painful because it means taking something from somebody and giving it to somebody else. Since the purpose of the exercise is to arrive at a fairly equitable distribution of the catch possibilities between the members of the Community, taking into account special situations in this or that Member State, it can be done in no other way. This is the price which must be paid in order to obtain a common fisheries policy. There must be that degree of solidarity, otherwise such a fisheries policy is not possible and is not really a Community policy.

Whether we shall achieve this result on 14, 15 and 16 of December, I naturally cannot say for sure, but think we are well on the road to achieving it. If we achieve a solution on this question of distributing the catch possibilities, which is the sum total of what is left of catch possibilities in third country waters and in our own waters less what we have to give to countries with whom we have reciprocal fishing arrangements, then all this talk about exclusive zones really starts disappearing.

Now this has been presented in this debate as a matter of control zones. Let us be clear, let us not confuse the distribution of fishing possibilities, the introduction of necessary rules on conservation and necessary rules on control with zone arrangements which may be motivated by considerations concerning fish quantities. If we look upon the control zone as it is presented, as a measure of controlling, there is a contradiction, because you must recall that, irrespective of what ideas you are rightly putting forward as far as the future is concerned, physical control must be exercised in the immediate future by the coastal states. Only they have the physical possibilities for doing so. But it is not 50 miles that they must control, they must control 200 miles. There is nobody else to control the remaining 150 miles. They must control 200 miles and not 50 miles, but they must control them in accordance with Community rules, which will involve rules as to how to deal with conservation problems which come up as an emergency or due to a difficulty in the Council and I am sure rules of that kind will be found. This being so, we do not have to speak about particular zones in this context but we may have to speak about them in another context because certain waters are more exposed than others. They are not located on this or that side of the 50 miles ; they are anywhere. It is not a band of any type you can define and they are sometimes out close to the 200 miles and sometimes they are closer to the shore. There are fishing grounds more exposed than others.

Therefore, as far as the control measures are concerned, the Commission accepts — it did so in this proposal early last year — that we must consider the use of a licensing system. But we have moved further than that in the meantime. We have developed the concept of fishing plans, which is a much more far-reaching and much more sophisticated control system which involves licences but in a much more comprehensive manner, to be applied where the need is the greatest. Then there may be other parts of the waters where we may have a lighter licensing system — licences for the boat but not necessarily following the man every metre he sails. Therefore the control measures you have suggested must be strengthened. The Commission accepts that, but they must be strengthened in a more sophisticated manner.

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There is no point in having a simplistic system which goes too far in certain areas and not far enough in other areas. We must profile it to the actual need and you will find the Commission quite willing to do so but not willing to introduce unnecessary burdensome bureaucratic measures where they are not needed but where, due to the fragility of the fishing stocks it is necessary to go further. We shall always be willing to do so and must do so in the context of the decisions which are to be taken very shortly.

Speaking about licences there is one comment I must make in regard to the report. Over the year we have had a big battle in the Council as to who is administering the licences which we have introduced for third country fishing. Everybody has agreed at long last that they are naturally Community licences and therefore they must be administered by the Commission. I am therefore close to being flabbergasted to find here a report which suggests that the licences for fishing in Community waters — sorry Mr Prescott but from my point of view they are Community waters — are to be administered by the national authorities. This cannot be a serious suggestion by the European Parliament.

Naturally the licences have to be administered by the Community authorities — nothing else is acceptable. But they must be controlled physically by the national authorities, because they are the only ones who can control it. So you must make a distinction. It's the issuing which must be done by the Community Institutions because there must be a link between how many licences and how much fish you have been allowed to fish. When you come to the Control, then, according to the basic Community rules, it is the national authority. But I would like to make this clear, because this distinction is important and one which has already been unanimously accepted in the Council in regard to the administration of licences for boats from third countries fishing in the waters of the Member States of the Community.

Mr President, referring more specifically to Mr Corrie's report, the Commission can subscribe, as you will understand, to this report and its general lines. The number of questions which I have to raise is limited, and as far as most of them are concerned, it is not really a matter of disagreement. There is the matter of the legal basis, to which the report refers in paragraph 6 of the explanatory memorandum and which the rapporteur referred to this morning and was also raised by me in the Committee on Agriculture last night, and I think I can deal with it rather briefly, because undoubtedly there has been an awful lot of confusion and a bit of a mess in the course of 1977. I personally do not know why we put forward the proposal on Norway pout under an article other than Article 43.

Since we put forward the proposal concerning the herring ban under Article 43 there seems to me to be

a lack of logic. But I would like to clarify this situation as far as the Commission is concerned by saying that basic legislation concerning fish conservation, control, etc. in the view of the Commission must come under Article 43, and consequently subject to discussions with Parliament. Once the basic regulations and the more detailed concrete matters of law have been settled, then there may be matters of administration where one will have to find ways of drawing up a dividing line between what has to be discussed in Parliament and what is a purely executive business. But there is no disagreement that the type of regulations to which you have referred should be presented under Article 43; that must be so in the future. I hope the Council will follow us in this direction. Then there may be occasions where one needs to take rapid, urgent action to safeguard an emergency situation. There, as the Court of Justice has recognized, one can use Article 103 but only for a short period of time. Either the situation and the rule disappears — in which case there is no problem — or the problem continues, in which case one has to transform the urgency measures into more permanent measures and refer to Article 43. I hope by these comments that I have settled this part of the legal difficulties in a manner which is satisfactory to Parliament.

Another legal matter which has been raised is the question of whether the new proposals of the Commission really have a legal basis, since they refer to a basic regulation proposed last year, which has not yet been adopted by the Council. I do not think this is a real problem. What is the situation? The situation is that the Council is never going to adopt the basic regulation before they know what this is going to lead to in terms of catch possibilities in tonnes of fish for the one or the other. You will never have the one accepted without the other. Therefore, I think this is a false problem, because they will be adopted together and the basic regulation cannot live without the implementing proposals. But the implementing proposals obviously have no meaning without the basic regulation. They can never be adopted alone. They will have to be adopted together and thereby the problem resolves itself. There may have been concern in Parliament that the implementing proposals — that is the proposals setting out figures — would not be submitted to Parliament. When I met with the Fisheries Subcommittee before we submitted our proposals to the Council, I undertook to ask the Council to submit the whole lot to Parliament. I did so and the Council accepted this. The whole lot was submitted to you. I really do not think we are confronted here with a real problem. I think this has taken care of itself.

Now to refer to more technical matters. On several occasions, in points 2, 3 and 9 of the resolution and points 43 to 48 of the explanatory memorandum, the rapporteur underlines the necessity for a sophisticated

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inter-species conservation management policy and others have referred to this in the course of this afternoon. The Commission agrees in principle that its additional species-by-species approach must be improved. It is also quite clear, as set out in the report, that in the actual state of scientific knowledge we are not in a position to base an entire policy on a complete knowledge of the interaction between various species and stocks in case of different fishing hypotheses. The Commission, however, follows with interest the work done in this field and there is no disagreement of principle on this point with the rapporteur. The implementation will come when the practical possibilities are there.

Reference has been made in the report to the Mediterranean aspects and it has been raised also in the debate this afternoon. There are a couple of things which I think I must make clear. In the Mediterranean the 200 miles have not been introduced. Therefore, the Community powers are different in the North Sea from those in the Mediterranean. This means that, when it comes to fishermen from the Mediterranean area, we are naturally in a position of solidarity. That is why the Commission has made a proposal to the Council for giving us a mandate which went beyond fish-for-fish to fish-for-money arrangements with the West African countries, and we have received that mandate from the Council and can therefore, in all probability, in the reasonable future find a solution to the Italian problem of fishing in waters west of Africa, and opening up possibilities for fishermen in other Community countries.

Likewise, we have recently made a proposal for giving money to Yugoslavia to make it possible to continue the inshore fishing by Italian boats within 12 miles of the Yugoslav coast. And we are sure that that fishing will continue in the year 1978, so I think we have rather manifestly demonstrated our solidarity in the case of Mediterranean fishing. But, as far as fishing problems in the Mediterranean are otherwise concerned, these are outside our competence.

As far as the conservation and control measures in concrete terms are concerned, the Commission can subscribe to most of the observations in the report. As you know, the Commission's conservation proposals are based on the existing NEAFC recommendations. However, on several points, the Commission's proposals are stricter than the recommendations hitherto applied by Member States. This is the case for certain mesh size proposals for the Norway pout etc. On the basis of scientific advice available, the Commission will continually follow the situation with regard to fish stocks with a view to adopting new or modifying existing conservation measures whenever necessary.

The report raises a specific question of the use of purse seine and beam trawlers and suggests that restrictions on the use of these measures are extended to all the areas for the fishing of herring. I am not in a posi-

tion to give the Commission's final appreciation of these problems today, but the Commission will certainly look into these matters and go as far as we think it is necessary to go, not as a matter of political judgement but as a matter of what is biologically necessary.

This question of distinction between various fishing techniques brings me to a few remarks on the protection of the small traditional inshore fishing. This has also been mentioned this afternoon and touched upon in the report. In its 1976 basic proposal, the Commission put forward a proposal for a 12-mile coastal zone which, subject to the historical rights, would be reserved for the category of fishermen mentioned in Article 100 of the Act of Accession, that is those traditionally fishing in that zone. These measures should give the small traditional in-shore fishermen a protection against not only fishermen of other Member States using larger vessels and sophisticated gear but also against such fishermen of the coastal state itself. As far as the control measures are concerned, I have already indicated our willingness to go as far as necessary, but underline the need of adapting the techniques to the actual needs. Therefore it is not a simple question of licences, it is a question of fishing plan licences of one type, or licences of another type. You may have licences where you spell out everything which is permitted, or you may just have a licence system where a boat is licensed to fish this or that, but you do not go very much further in control. How far one goes depends on the circumstances in particular fishing waters.

As far as the proposal for certain immediate measures to adjust our capacity in the fishing sector is concerned, I would, first of all, underline that this proposal is only to be seen as part of the Commission's ideas on a structural policy within the fishing sector. The Commission has already submitted to the Council a proposal for the harmonization of national aids and for the restructuring of the non-industrial inshore fleet. Parliament has already given its opinion on these proposals. The Commission is aware that the actual revolution in the fishing possibilities for Community fishermen caused by the scarcity of a number of stocks, may call for certain modifications in the existing proposals, as well as for supplementary proposals established in the light of a definitive common resources policy. The Commission has underlined in the title of its latest proposal that this proposal deals with some immediate measures. I wish to add, by the way, that the Commission believes that the proposed measures, taking into account the uncertainty and complexity of the present situation, require a certain degree of flexibility. You cannot really have a structural policy fully developed before you have seen what are the fishing plans, what are the fishing possibilities for this or that country. Therefore, these measures should be put in the form of a directive

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rather than a regulation, as the rapporteur is suggesting for reasons which I otherwise understand. The Commission, when elaborating its further proposals in the structural sector will give due consideration to the suggestions in the report.

As far as the social aspect of the structural policy is concerned, may I remind you that the Commission has put forward provisions regarding early retirement and income maintenance during a transitional period. A special problem has been underlined in the course of the debate this afternoon and lies behind Amendment No 4 by the Committee on Social Affairs. The Commission very fully understands the philosophy behind this amendment, very fully understands that it is of paramount importance that aid, in the last resort, goes to those who are most affected, which mostly are the workers and the fishermen themselves. Now, how exactly can we assure that this is achieved? I cannot tell in detail today but I can assure you that we shall not rest until we have found appropriate measures to make sure that this will be the result. Because, without that being the result a structural and social policy really has very little meaning.

*(Applause)*

In the context of unemployment. I would also like to make a few comments in regard to a point raised by Mr Prescott, relating to the supply of raw materials from outside sources to our fish preserving industry. Of course, naturally it is right and important to bear in mind that the fishing industry overall consists of two parts — the catching industry and the handling and processing industry. And if we have a scarcity of supply due to the fact that our catch possibilities are diminished, we may have an important unemployment situation in the processing industry. Now, on an early occasion this year, the Commission took the initiative to suspend certain tariffs, in order to supply the industry which was based on herring with supplies of various types of mackerel from other parts of the world, because it turned out that there was a certain possibility of substitution between herring and mackerel. We shall certainly be willing to do this again when we are confronted with supply situations:

I would only like to make one point of warning, and that is this: some of the countries who have been reluctant to accord us continuing fishing opportunities in their waters — be it Iceland or Canada — have demonstrated a very big interest, having secured for themselves a much higher catching capability, in having our markets open to their fish which are now caught by their fishermen and not by our fishermen. You will see that our possibilities of eventually arriving at agreements which are sensible and reasonable in opening up again fishing possibilities for our fishermen in their waters, might be seriously jeopardized if we gave away all our trade policy possibilities beforehand; so consequently there is a balancing act

here to undertake: on the one side, not to be so stupid that we prevent our processing industry from getting the raw materials, and on the other side, not in a permanent way giving away the trade policy hand we have to play in securing either continuing fishing opportunities, as in Canada, or some return to the Icelandic waters and some reasonable terms in Norwegian waters. If we sell out all our trade policy possibilities, lower our tariffs, remove our tariffs on fish products, then gentlemen, do not come and tell me afterwards that I am a fool, that I cannot bring about continuous fishing possibilities in the Barents Sea or in the Canadian Sea, or Norway. On Iceland you may be more sceptical; it is a long difficult exercise. The others are real possibilities and even on Iceland, I have not yet given up. So in giving a positive answer to Mr Prescott, I do not think the Community should sell its only serious weapon — a weapon which this Parliament has, on several occasions, impressed upon me that I should use. So please be a bit consistent with yourself in the end.

To come to certain concrete amendments to the draft regulation laying down measures of control for fishing activities by Community vessels: as far as the first amendment to Article 1 is concerned, the suggested new paragraph 3 aims at the harmonization of national penal sanctions for breaches of the Community rules; in its basic proposal for 1976 the Commission has already suggested that the Council, on a proposal from the Commission, and after the consultation of Parliament, shall establish Community sanctions. The difference with the Commission's proposal lies in the fact that the text of the proposed amendments aims not at establishing Community sanctions but of harmonizing national penal sanctions for breaches of Community rules. I do think that the Commission would be in a position to accept the proposed amendment. I would however raise the question of whether the proposed text should not go into the basic regulation proposed in 1976.

The proposal for a new paragraph 4 to Article 1 cannot be accepted by the Commission because of a number of legal and budgetary complications, which cannot be overcome by including in the proposed regulations rules as suggested in the resolution. It will require special and heavy procedures laid down in Article 201 of the EEC Treaty. We are not basically against what you have in mind but we think it belongs a little bit more in the future.

As far as the amendments to Article 2(b) and Article 4(f) are concerned, they deal with inspection and nomination of inspectors and the manning of inspection vessels. The object of the amendments is clearly to communitarize the inspection and guarantee its correct carrying out. The Commission favours the coordination of the control and the establishment of Community rules and guidelines for the exercise to be

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controlled. However, the Commission is of the opinion that the actual execution of the Community rules, the physical control, must be, in the actual state of affairs, in the hands of Member States, as I said a while ago, as is the situation in other fields, for instance, the administration of agricultural market organizations. In my opinion, the solution proposed by the Commission — a combination of provisions concerning the exercise of control and Community supervision, implying Community investigation and on-the-spot checks according to Article 14 of the proposed regulation — will give reasonable guarantees, at least for the time being. The Commission will further examine the proposed amendment, but it is my feeling that the Commission will not be in a position to modify its proposal on this in the short term, but it may be different in the long term.

As far as the amendments to Articles 3, 7 and 8 are concerned, the Commission can, subject to further technical examinations which may result in changes in detail to the proposed amendments, accept the amendments. It may however turn out to be appropriate to include the proposed modifications not in the present proposals, but in the detailed rules of application to be taken on the basis of the present proposals. With these remarks I can, however, accept the ideas expressed in the proposed amendments.

As far as the amendment proposed to Article 13 is concerned, I have already commented on the question of licences in general, but as far as the precise proposals to establish a licensing system with the introduction of fishing plans are concerned, I can say that the licences may, in many cases, be a natural part of the application of the fishing plan, as I already explained.

Regarding amendments to the regulation laying down technical measures for the conservation of fishery resources, the Commission is aware of the wish to make the provisions of Article 12 as exhaustive and effective as possible, which is the reason behind the proposed amendment. The Commission will, however, have some difficulties in accepting the proposed amendment. The Commission's proposal contains a relatively clear list of operations which can be carried out, and the purpose of this decision is notably to exclude the use of huge factory vessels in Community waters. Whereas the Commission's proposal is based on an objective description of the operations which can be carried out, the proposed amendment introduces a subjective element in a description of authorized operations which could give rise to certain uncertainty and doubt as far as the correct application of this provision is concerned. Whilst for these reasons it is not in a position to accept the proposed amendment, the Commission will closely follow the developments in processing techniques, with a view to proposing appropriate modifications to the provision if this should turn out to be necessary.

Mr President, the report has a number of amendments which have been put forward. I have already replied to the important Amendment No 4, by the Social Affairs Committee, but I shall also refer to Amendment No 2 by the committee. If this amendment were adopted, the number of vessels covered would be changed from approximately 2 000 to about 50 000 vessels, which would have considerable budgetary implications as you may understand. Moreover, the problem of the smaller vessels involved here is covered in a proposal which was already put before the Council, and to which I have already referred. For this reason the Commission does not feel it can accept this amendment.

On Amendment No 8 by Messrs De Koning and Vandewiele, Parliament is probably aware that the Commission's position is that there should be no exceptions to the herring ban in 1978. There may be occasions like the one in a small French port. If such occasions occur, naturally we will not have a dogmatic attitude, and if that is what is meant, then my position is considerably more flexible.

On Amendment No 12 by Messrs Vandewiele and Klinker, the Commission has already forwarded to Parliament a proposal for Community participation in the cost involved in fishery inspection off Ireland and off Greenland, because of the special economic burden caused by the large areas to be covered, particularly in relation to the modest income for the limited amount of catch involved. The Commission does not, at this stage, find it advisable to consider further participation in other areas of the Community, but should a case be made out then, of course, there again we will have a more flexible attitude.

I have a certain sympathy for the idea of Mr Prescott for a European institute for fishing activities. Of course he is right: fishing will never be quite the same for anybody, in the future, as it is now. There will undoubtedly be a need for an institution of this kind, and if its location could, in particular, help overcome difficulties in one area which has obviously been hit by events, so much the better.

Mr President, I think I have answered the amendments; I think I have answered the debate. I have made clear the Commission's position in regard to the report for which I thank you once again and I thank you for the support it gives to the Commission, and I will end by saying that with the support of this Parliament, we will approach the important meeting of the Council on the 16 and 17 of January, and make a major effort to find a fishing policy which is based on Communitarian principles, and which also accepts the principle of legality, burden sharing, and hopefully, in the future, of again sharing in the joy of a flourishing fishing industry.

## IN THE CHAIR : MR DESCHAMPS

*Vice-President*

**President.** — I call Mr Corrie.

**Mr Corrie, rapporteur.** — Mr President, may I just say thank you to the Commissioner for the very full report he has just given us, for the excellent way he has wound up this debate, and for the many points that he has brought forward, which I think have clarified many of the questions that have come up today. There will always be people on one extreme or the other, and this one has to accept, but I think that people in Parliament are moving closer, because Members have learnt more about fish and fishing; they have done that because fishermen have come here in delegations, and explained to us exactly what is happening at sea, and what should be happening at sea. And as long as that goes on, and we are getting that sort of information, then we can get it right with the help of the fishermen, this Parliament, the Commission and the Council.

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

12. *Crisis in the textile industry*

**President.** — The next item is the report (Doc. 438/77) drawn up by Mr Normanton on behalf of the Committee on Economic and Monetary Affairs on the crisis in the textile industry.

I call Mrs Dunwoody for a procedural motion.

**Mrs Dunwoody.** — Mr President, I think the Normanton report is of considerable importance, because the situation in the textile industry in Europe is very important to us all. I have in my hand a telegram, which I have received from the International Textile, Garment and Leatherworkers Federation, which represents 5 million workers, asking us if we will refer this report back to committees, so that it may be further considered. Now I do not necessarily wish to do that, but is there no hope of our postponing such an important debate until the January session of the full Parliament? To take a textile debate at this hour of night, when the interpreters alone have been working since half past eight in the morning, seems to me to be undermining the importance of the subject, and the real essential debate. Although I know that the Commissioner has been kind enough to wait all this time to take part in it I would ask you, very seriously to consider putting this debate back until the January session of Parliament.

**President.** — I will call one speaker for and one against this proposal.

I call Mr Normanton.

**Mr Normanton, rapporteur.** — Mr President, as the rapporteur, I would like to oppose this, and to do so

very quickly and briefly, for two reasons: firstly, that this is a matter which was raised as long ago as May of this year, and for various reasons, good and bad, has been deferred from committee meeting to committee meeting; secondly, that we are, currently, in the course of, or nearly coming to the finalization of, international agreements concerning this industry. The committee and Parliament have consistently clamoured that we do not receive opportunities to put our views forward before decisions are taken. This is the very last split-second, so as to speak, when we will have that chance. If we defer it now, we are once again abdicating — and that, I personally cannot support.

**President.** — I call Mr Damseaux.

**Mr Damseaux.** — (F) Mr President, I believe the state of Europe's textile industry is a subject of vital importance which cannot be simply treated like a kind of nightcap. I therefore support my English colleague's proposal to postpone this debate, because I do not think a subject involving the fate of millions of workers in our Community should be discussed at this late hour and virtually in camera.

**President.** — I put to the vote the proposal to defer this debate to the January part-session.

The proposal is rejected.

I call Mr Normanton.

**Mr Normanton, rapporteur.** — Mr President, may I say to all those who did vote for the continuation of this debate tonight, thank you very much, and I am certain that 3 ½ million men and women in Europe will be grateful too.

In introducing my report, I am sure you would wish me, Mr President, to inform the House that this report has been prepared after what I firmly believe to be one of the most intensive courses of consultation ever undertaken by a European Parliament committee.

I am not being conceited when I say this, I am simply stating a fact. Consultations involving the whole range of the industry's sectors: cotton, wool, linen, man-made fibres, and all processes of the industry: spinning, weaving, dyeing, bleaching, printing, knitting, and the making-up of garments, and these soundings have been taken in every Member State inside the Community, with employers' organizations, and representatives of those employed in the big industries. In addition, I have met large groups of leaders, of textile producers, of India, Pakistan, Israel, Korea, Taiwan, Japan, and Brazil, all of which are relevant to the matter which we have commented upon in this particular report.

### Normanton

In short, Mr President, this report has been prepared on the principle that decisions which affect people must be based upon the recognition that people have an interest, and a contribution to make. To enable decisions to be taken — and when it comes to decisions, those should be taken here in this European Parliament — we must, we definitely must, always bear in mind the sources of those contributions and the interests of those people to be affected.

Let me remind the House, if I may, of just a few basic facts. I do not propose to go through the whole of this report, only to pick out a few salient features to draw to the attention of this House. I hope the unusually large weight of statistical analysis and factual presentation for those who have a special interest in it, will be studied before it comes to making decisions on the resolutions.

Firstly, there are at least 3½ million men and women employed fulltime in the Community textile industry. After having fallen, during the last decade, from a level of 7 million people, the industry has dropped to 3½ million. Not all, but most of those who were displaced, have found alternative employment. But post-1973 energy-crisis Europe is a totally different Europe from that which existed prior to that major political and economic event. I have to press the point that we are now dealing with the problems which arise, or would arise, from further unemployment, under economic conditions where it is quite impossible to contemplate the absorption of any more of those who are employed in this industry. We have to ask ourselves, therefore whether, we are really prepared to condemn more men and women to future unemployment. My answer, unreservedly, in this report, and that of my committee is 'no'.

Secondly, the European textile industry is by far the most capital-intensive textile industry in the world. It is a slander, it is a total distortion of truth to claim that our European textile industry is out of date, badly managed, under-financed with lazy and inefficient workers. It simply is not true. That is another point which I hope this House will, generally and universally, reinforce.

Thirdly, it is a thoroughly unrealistic line to follow, to say that the production of textiles and garments should be left, like a poor man's crumb, to the developing parts of the world to deal with. It may make good academic theory in an ivory tower, or in a university classroom, but it makes sheer arrant nonsense in industry and at factory production level, where European men and women have to earn their living. The best service the Community can render, to help the developing areas of the world, is to give an assured and carefully managed and regulated market for them to produce their goods, and obtain the benefits of trade on fair and equal terms with the Community.

That is or what should be, the aim of the Multifibre Arrangement.

If there is to be a totally unregulated trade in imports — which, incidentally some Members of this House honestly, sincerely and genuinely believe to be appropriate — I reject it utterly, and so does my committee. But, if there is to be a totally unregulated trade in imports into Europe, then it is the truly developing countries themselves, in particular India, which will be the first to suffer. It will be the developing countries which will suffer, and not those, such as Korea, and Taiwan, and Hong Kong, who are not, under any circumstances, eligible to be described as developing countries.

The fourth point I would make is that the MFA has not been successful in achieving a uniform distribution of the burden of textile imports the length and breadth of the Community. Unless, and until, we do have an equality of the burden throughout the European Community (a) we are not a Community open market and, (b) we are distributing fairly and reasonably this important and significant burden. MFA needs to be updated in the light of the experience which the Commission, the Member States and the industry have bitterly before them, during the years this has been in operation.

Fifthly, the Community is, and must remain, firmly and irrevocably committed to the concept of the expansion of world trade, but not if we have to bear the burdens unilaterally. That is what has been happening only too extensively, and only too painfully, as far as the textile sector of the European industry is concerned. What we must have, and what we must work to achieve, is fair trade, not just free trade.

Sixthly, we have to realize that what is, and has been happening to the European textile industry is virtually a blue-print of what, I believe is, and will happen, to each and every major industrial sector of the Community.

Shipbuilding: to be logical, we should be standing up and saying that we should transfer the whole of the shipbuilding industry to Korea, to Taiwan and Japan, by the same token exactly, and the same logic, as that which has been put forward by some honourable Members in this House. The aircraft construction industry: that it should be transferred to the United States. Ball-bearings should be transferred — because they are able to compete so much more effectively — to Taiwan, Japan and to the USSR. The answer from this House must be heard to be an unequivocal 'no' to this sort of philosophy.

I submit to this House, therefore, and to the Commission, a plea that we must urgently institute a serious analysis of the economic problems facing major

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sectors of European industry. At the end of a relatively short period of time, we have to come up with quite new thinking on how we should develop an industrial policy for the future. If we do this, I can foresee the certainty of the adoption by the Community, for the Community, of a Community set of proposals offering some kind of system for the regulation of trade, and particularly where it is taking place with and from countries with an economic, or maybe political system, totally different from that which applies to our own. This, Mr President, is the purport of paragraphes 5 and 6 and 9 which, in some senses, logically should be read together.

The next, and penultimate point I want to make is that the need for Community action for a Community problem is urgent. The MFA, if renegotiated or amended, will go some way to dealing with the textile industry's difficulties. But, I assure this House, it will by no means go as far as is appropriate to deal with this problem, and the other sectors of industry to which I have referred.

The House therefore awaits, I believe, with growing concern, a report on the outcome of the Commission's activities in the international negotiations which they have been conducting on behalf of the Community, within the framework of GATT and on the subject of the multifibre arrangement. If, at the end of this debate, or in the course of it, the Commission, when they come to reply, are able to give a progress report on it, this will be listened to attentively and with great seriousness.

I commit this report, Mr President, to the House on behalf of 3½ million men and women throughout the Community, and in the name of our Committee on Economic and Monetary Affairs. When the Commission come to reply, I trust the hopes of this major industry and all who are employed in it will not prove to be confounded.

**President.** — I call Lord Ardwick to speak on behalf of the Socialist Group.

**Lord Ardwick.** — Mr President, I am sure that Mr Normanton will understand that it was with no spirit of deep hostility to his report that I proposed that we should defer it, until the time when we could have a bigger and more representative audience, and a better time of day, so that it might attract the attention of the newspapers. Indeed, in the committee, I gave considerable support to Mr Normanton's proposals, and so did a number of others on the other side of the table. On behalf of the Socialist Group, for whom I am speaking tonight, I must thank Mr Normanton for the thoroughness of his report and also, I should like to add, the draftsman of the two long and very carefully considered opinions — Mr Nolan for the Committee on Development and Cooperation, and Mr Müller-Hermann for the Committee on External Economic Relations.

I think it is right to say that the Socialist Group goes along with Mr Normanton, though with a heavy heart, a troubled conscience and some twinges of misgiving; but perhaps all Members of this Parliament may feel that way. Most of us are anxious to keep trade as free as it possibly can be kept, in a fast-changing and turbulent world. When there is a proposal to make it less free, we ask ourselves: is it necessary and could it be avoided? In this case, after a study of the facts which have been so copiously provided in this encyclopaedic document, we must surely come to the conclusion that restraint is essential, and that there is no way of getting around it.

But then we are further troubled because the restraints are going to be put on some developing countries. And yet, we feel a deep moral obligation to help them to overcome their poverty by importing the products of their industrial development. Now, we must contrast the disappointment that some of them will feel, — as we restrict the growth of imports — with the anxieties of a million or more workers in the Community's textile trades, whose jobs will be endangered in the next few years, unless something is done to check the increase of textile and clothing imports. The contrast between these two sets of workers — those in Europe and those who live in the Third World — is one with which those of us who have lived in Lancashire have long been familiar. It is well over 40 years since Mahatma Gandhi visited the cotton towns of Lancashire which were then suffering a deep depression. As he walked down the rows of grim streets, watched by unemployed cotton workers, shabby and grey-faced, existing on a niggardly dole, they looked at him hoping, I think, that India would accept more exports from Lancashire. Yet, to Mr Gandhi, these poor people were affluent and -nourished compared with those who were working on the Lancashire-made machinery in the mills of Bombay, or on the hand looms in India's countless villages.

Now we are facing, today, a really grim situation. In the 1970's over half a million people in the Community's textile and clothing industries have had to leave their jobs, and another half a million have suffered unemployment or under-employment. A million, or a million and a half people now seem to be threatened with the loss of their jobs in the early 1980's. I have heard a number of sophisticated people talking complacently about this. I think they are people of limited imagination who have never been within a hundred miles of a mill, or a clothing factory. They say that textiles and clothing are no longer industries for Europeans, they should be left to the Third World which can make them cheaper and as well. They have a dream utopia of a Western Europe producing only

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sophisticated goods of high technology, and exporting them to the lesser breeds without the law, if I can quote Kipling, an English poet. Mr President, this is a dream world. As Mr Normanton points out, even the textile machine industry cannot exist unless related to a sufficiently large active and neighbouring textile industry. We just cannot live on the carriage alone, or, as he puts it, on the export of Rolls Royce motor cars and their like. We have to find a way of preserving, at least into the foreseeable future, a substantial proportion of our traditional industries, which means of course, making them more efficient all the time; continuous restructuring of some of them will be required.

In this Community we are coming very late in the day towards a coherent industry policy. We are late because during the golden years of the Community, the need for a policy was not obvious even to the most superior prophets. If people then lost their jobs in a declining industry there were, except in certain unfortunate regions, jobs galore in many other trades. Even the near future was not then visible. Who would have thought that the western industrial world would have been brought into recession by a sudden multiplication in oil prices? Who foresaw this strange combination of mass unemployment and high inflation that we are still living through? Which one of us perceived that the high standards of living and welfare, achieved by our own skill and energy in the Community, would cause investors to put their money into the latest machines and install them in countries where wages were low, and where welfare was minimal? Were there any prophets who saw that the new and lately — equipped factories, run at minimum cost, would aim not to supply the millions of people of Asia, but to penetrate and disrupt the market of the developed world?

We are, Mr President, a low tariff zone, and we are proud of that fact. But it has meant, in recent years, that we have absorbed no less than three-quarters of the growth in textiles and clothing imports. It cannot go on developing in that way. The penetration has occurred at a time when the general depression has accentuated structural unemployment.

The absorption of displaced workers today is one of the most difficult tasks that we face. Restructuring is essential, — yet alone, it will not solve our problems. I am talking about general restructuring, not restructuring in the cotton industry. Parts of most of the cotton industry of the Community, as Mr Normanton said, are efficient and it is not lacking in capital, though there are parts where some serious work needs to be done.

Our troubles, I think, are not only practical ones. They are moral ones too. We are against protection, but we are not quite clear what we mean by that word. The multifibre negotiations, for example, have been

described as an attempt at equilibrium between free trade and protection, or they have also been decried as seeking to put order in the place of a benign anarchy. Mr Normanton's term is 'regulated trade' — perhaps that is the best description, perhaps it is the best, and the least hypocritical, base for actions we shall have to take in textiles, and in other industries too. The multifibre negotiations started off with high ideals, to promote the progressive liberalization of the ordered development of the world textile trade with special regard for the developing countries. The first agreement has not worked well, and our sights may have to be lowered. But we must have special regard for those least developed countries — perhaps for the less developed countries too — those poor countries with nascent textile industries, and a desperate need to export their surplus. And, as the reports and the two opinions we have before us make clear, we must distinguish these poor countries from other countries such as Hong Kong and Singapore, or South Korea and Taiwan which, I think, can be described as more developed than developing. I hope that when Mr Ortoli comes to review the multifibre negotiations — and I am sure he will, when winding up this debate — that he will be able to give us some assurances about special provisions that have been made for the poorest countries. Perhaps we have to distinguish, too, between those countries where a successful textile industry produces investment in other local industries, — and in infrastructures, which the Community itself could supply, and thus increase its export trade — distinguish between those countries, and those where the wealth largely disappears overseas. There are many problems.

Mr President, one paragraph of the resolution will not be supported by the Socialist Group: review is the paragraph which suggests that increases in imports should be of the order of one half per cent for each one per cent in the Community's economic growth. Mr President, that struck a number of members of the Socialist Group as too niggardly; perhaps the fact that he has used the fraction produces a half makes it appear to be meaner than it is. It looks a little better if you say that there would be a 2% increase in imports, if the Community hit its minimum target of 4% growth. But perhaps even that is too sharp a drop from the general figure of 6% which seems to be envisaged. I hope that Mr Normanton, having established his principle in an earlier paragraph, would withdraw that. There is also an addition which the Socialist Group propose, but I will leave that; it is about the ILO and about the social conditions in factories, of developing countries, and particularly the social conditions in factories which are owned by multinationals. I am going to leave that to Mrs Dunwoody, who will move that amendment.

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

**Mr Van der Mei.** — (NL) Mr President, I should first like to congratulate the rapporteur for providing the House with a report which is certainly a very valuable contribution to the problems of the textile industry. This is by no means the first time the European Parliament has discussed this matter and I am sure it will not be the last.

In general terms, I think two basic aspects of the problem must be considered. Firstly, there is the question of the textile industry as such, and secondly, the question of the textile industry as one aspect of the overall series of structural problems for which the European Community is responsible. Both of these aspects must be considered in the effort to find a lasting solution.

The overall structural problem as it concerns the Community must be seen in terms of the rapid changes that have taken place in the international division of labour. This has of course always been subject to a process of constant movement and change. But in the past few years changes have been particularly swift and their consequences very far-reaching. Moreover, this is happening at a time when international consultations are failing to produce any satisfactory or complete solutions. As a result there has been a marked tendency to resort to measures of a protectionist kind, which as everybody knows, are no real solution. There is clearly therefore an urgent need to improve the international negotiating situation.

Here one thinks naturally of GATT, one thinks naturally of the OECD, but we must also think of the specific framework within which relations with the developing countries are discussed. An improvement is necessary in order to ensure that the changes in the international division of labour can take place in a gradual and balanced, and therefore responsible manner. I would put it like this: the change in the international division of labour will require a kind of 'policy mix', involving on the one hand some regulation of trade based on maintaining the principle of free international exchange of goods, and on the other, a restructuring policy aimed at improving the competitive position of the various branches of the industry concerned. The problem is not of course confined to textiles, but in the textile industry we can see the first symptoms of what can be expected to happen to other industries if appropriate measures are not taken in time.

To return to the question of textiles as such. There is no need for me to repeat the wealth of information and analysis which the rapporteur has produced. I shall make just one point. The textile industry used to be one of the major industries of the European Economic Community. Its importance is reflected in the large number of supplier industries which are more or less dependent on it. It has always played an important part both in providing job opportunities

and in maintaining a balanced economic structure, and it should continue to do so.

In recent years we have been confronted with a sharp fall in employment opportunities in this sector, and it is natural to see this in connection with the enormous increases in imports. That is hardly surprising for it can be shown that since 1966, imports of textile products have increased fourfold. The present situation is one of great excess capacity, insufficient profitability and sharply rising unemployment, especially in structurally weak areas.

And many workers are afraid they will lose their jobs in the textile industry. The trade unions in the Netherlands have produced new estimates of employment prospects. They consider that by 1985, a third of the jobs available in the textile industry in 1976 will have been lost. That will mean another one and a half million unemployed, not counting those in the supplier industries, and that could affect a further one or two hundred thousand people. These prospects, which are based on developments to date, are a clear indication of how serious the situation in the textile industry now is.

The Community is, moreover also threatened from within. The danger of one Community country deciding to follow a unilateral textiles policy more or less independently of the other Member States is by no means a remote one. But this would only aggravate the existing differences, and for that reason alone such a course should be totally rejected. It should be quite clear that for the Community countries to pursue different policies is no solution. And here I would say that I consider paragraph 9 of the motion for a resolution of fundamental importance, although I prefer the wording of Mr Shaw's amendment. For the essential thing here is that we are calling for the introduction of proposals for an effective structural policy for the textile sector. Restructuring the textile industry is a job for all Europe. I should also like to make it perfectly clear on behalf of my group that in setting out a policy of this kind, great speed is absolutely essential. I therefore look forward with considerable anticipation to the Commission's reaction to what is stated in paragraph 9 of the motion for a resolution.

A sound trade policy must be pursued in conjunction with the internal policy of the Community and of the Member States in this sector. I have read an account of the situation in the textile trade which states that the essential objective is to rationalize trade between countries with a production system based on private undertakings and a free market economy, countries which impose excessive restrictions on imports and often subsidize their exports, and state trading countries.

I think this adequately sums up the problems we face in international trade. I began by saying that where regulation of trade is concerned, the governing prin-

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principle must be that of free international exchange. Freedom in international trade presupposes the existence of provisions making it possible to intervene to remove distortions, and in my view the current negotiations on the Multifibre Arrangement are compatible with that approach to free international trade. It is right to make distinctions between the different developing countries according to their stage of development and to distinguish between products that are highly sensitive, those that are less sensitive and the remainder.

Mr President, it is very important to know what the Commission will achieve in the negotiations with 31 countries.

It is also important to know to what extent the outcome will be compatible with the mandate given to the Commission by the Council. You will appreciate for this reason that I am very anxious to hear what the Commission representative has to say about this.

If you will allow me, Mr President, I should like to say a few words in explanation and support of the amendments tabled by my colleague Mr Schwörer on behalf of our group. Amendment No 1 concerns paragraph 5 of the motion, which refers to the need to create a true common market in textiles in Europe. This is a perfectly correct objective, but we feel that our amendment will make a fundamental improvement to the original text with the addition of the words 'and at the same time improve the competitiveness of the European textile industry on the world market'. Because that is precisely what it is all about.

Amendment number 2 concerns paragraph 8, which states:

Requires the Community, in the event of failure to achieve international agreement by 31 December 1977, to introduce and to implement unilaterally, a policy of import regulation without which the Community textile industry can have no viable future.

We feel that the wording we propose is a more balanced statement of the position. We have used the words '... unilaterally to regulate increases in imports in accordance with the agreements in force...' I think this is a much more balanced statement of what I am sure the rapporteur himself intended. The main objective is to control the level of growth in imports and then to take action according to the type of product and the country of origin.

Finally, Amendment No 3, which refers to paragraph 9. The wording we propose makes it clear that we are concerned with implementing an overall industrial policy, of which textile policy should be one component. Secondly — and this is also mentioned in the original version — I should particularly like to stress the importance of the date of 31 March 1978, because it is essential to act quickly in introducing this industrial policy for the textile industry. This is a Commu-

nity duty and a Community responsibility. I hope we can perform it satisfactorily.

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

**Mr Damseaux.** — (*F*) Mr President, Commissioner, ladies and gentlemen, I wish to tell you right away that over the last few weeks my group has of necessity attached great importance to the renegotiation of the Multifibre Arrangement on the most favourable terms possible for the Community's textile industry — and I say 'of necessity' because though this is necessary it is only a temporary answer. Therefore, we were rather pleased to read in this morning's papers that the agreement in principle had now been tabled ready for renewal in Geneva and this might perhaps lead us to modify or adapt certain paragraphs of Mr Norman-ton's excellent report.

We are told that the Community has called for a number of derogations, the main one being exemption from the obligation to increase its textile imports from third countries by 6% annually. Although this may be considered reasonable enough in the present critical situation, it should be observed that this exemption could be interpreted as a protectionist measure in disguise. This is why it should be allowed only as a temporary derogation to help the textile industry to adjust to the new circumstances on the world market, namely, the high cost of energy and raw materials and the competition from the new countries which is, in some cases, underhand and in all cases on the increase.

However, Parliament does not have sufficient information at present about the bilateral agreements concluded by the Community and I think it would be a good thing if Mr Ortoli could tell us exactly what the position is with regard to the negotiations with the 34 countries exporting textiles to the Community, and especially those I would call the Big Four, Brazil, Egypt, India and Pakistan.

Indeed, I hope we shall be given some details about these four countries which together account for — and this is no mean figure — 17% of our textile imports and can directly affect the future of a large number of undertakings and jobs in the Community.

The vital importance of this matter becomes all the more obvious when we consider the failure to supervise and apply the Multifibre Arrangement signed by the Community in 1973. I need only remind you of the single fact that the Arrangement was supposed to limit the increase in abnormal imports to 6% per year, while, in actual fact, they increased by 84% in three years. We therefore think that the Commission should give Parliament its views on the reliability of the bilateral agreements which have been or are to be concluded. Such a request is all the more reasonable, seeing that it is obvious to us that Parliament must be

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in possession of this information before the Council of Foreign Ministers meeting in Brussels on 19 and 20 December discusses the attitude to be adopted by the Nine in Geneva.

Anyway, to ensure that future agreements are successful, it is essential on the one hand to apply them stringently in the case of 'pseudo' developing countries — Hong Kong or South Korea — and, on the other, to revise the rules on origin. Only a strict enforcement of these rules will make it possible effectively to combat deflections of trade, a practice that must be severely penalized.

However, although we have given special attention to the renegotiation of the Multifibre Arrangement and the need for such a framework, we also believe that our textile industry must undergo a number of modifications and all the problems confronting the Community's textile industry urgently need examining. There are some who believe that the new international division of labour should logically entail transforming the structure of our industry and allowing the developing countries a new role, involving in particular the manufacture of certain finished and semi-finished textile products.

Faced with this situation the European countries must pursue a policy for restructuring the system of production. The lack of a policy of this kind at a Community level means that, in situations of crisis, Member States are tempted to grant direct financial aids to the textile industry. Although I am aware of the need for direct assistance to the industry, I think we should bear in mind the danger of such aids being increased indiscriminately in each of our Member States and in other sectors of industry.

It would therefore be interesting to hear the Commission's views on national aid and we hope the Commission will shortly be submitting proposals for coordinating these aids at Community level.

One of the first measures required concerns the tax burden on our undertakings. This is considerably heavier than the burden on our competitors in other countries and measures must be considered to alleviate the para-social taxes imposed on our textile undertakings, that is to say, all the social security charges. It is true that there are differences between the social security schemes of our Member States — particularly in regard to the rate of levy — but it would be advisable for the Commission to try to work out proposals applicable to the Community as a whole.

If the Commission does not do something we are afraid that the divergencies between our countries will increase, because more than one of the Member States — faced with new social problems — will be tempted sooner or later to adopt measures to alleviate the social security burden on its own textile industry. Such a situation is bound to jeopardize the chances of achieving a common policy for the textile industry.

Community action is also required to encourage investments for rationalization measures. This could perhaps involve using the Community funds and the European Investment Bank with the support of a new Community financial instrument to provide assistance on a uniform basis in each Member State to undertakings prepared to rationalize and to modernize their equipment. Another kind of direct intervention worth considering would be some form of direct tax relief, specifically, if this were possible, within the framework of a systematic reduction of VAT.

However, none of these measures can affect the problem of employment in the textile industry. The fact that so many workers are employed in textiles — the rapporteur has given the figure: 3.5 million — makes it obligatory for us to consider ways of safeguarding existing jobs and creating alternative jobs in other sectors of the economy.

Nevertheless, I wish to stress that social policy measures should not be unduly emphasized in this essential reorganization of our textile industry. As Mr Davignon pointed out in the October part-session, and I agree with him, decisions regarding our internal economic objectives must be certainly accompanied by, but not replaced by social policy decisions. For, if we were to consider employment only we would certainly be in danger of repeating past mistakes and keeping moribund undertakings alive by injections of public aid. We are firmly opposed to any policy which would preserve jobs artificially. This is a most important question, because at this present time of crisis the public authorities cannot be very generous with public funds and I presume the Members of this Assembly know how much the preservation of redundant and unproductive jobs costs our people. It is time to speak the truth and face facts.

The economic and commercial measures I have just referred to seem to us to offer more hope of meeting the social requirements of the present time.

To safeguard employment we must certainly create alternative openings in other sectors, but here again it would be disastrous to provide for fresh expansion only in public administration. In this case people working in the productive sectors would find themselves penalized by this redeployment of labour in the textile sector.

To conclude my remarks, Mr President, I should like to reiterate our fundamental position on an issue which is once again making itself felt in all spheres of political and economic life: I am referring to protectionism.

As I said at the beginning, my group is in favour of the renegotiation of the Multifibre Arrangement supplemented by effective bilateral agreements. But these agreements must be regarded as purely

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temporary protective measures and never as a permanent safeguard. Europe's textile industry will not find a new direction unless it acquires a modern, clearly-defined industrial policy. Therefore, the purpose of the Multi-Fibre Arrangement is to give this sector of industry time to save the jobs that can be saved and otherwise to find alternative jobs. Protectionist measures do not constitute an industrial policy. The maintenance of our industry generally and in particular of its future competitive capacity can be achieved only by re-establishing free trade at the world level.

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

**Mr Power.** — Mr President, I congratulate the rapporteur on this very comprehensive report for covering, as it does, the many aspects of the textile industry — in fact, every aspect. I must say I am very pleased to find myself very much in tune with all the speakers who have contributed so far.

This group has made repeated endeavours to alert Parliament to the difficulties in the textile industry, in May and in September, and even yesterday. We feel that this is necessary because of the seriousness of the problem. Some people may ask why we are so persistent about this. We feel that this is a problem that should take priority, and that it needs to be treated with urgency.

Membership of the Community has brought unemployment in its train, in my country, particularly unemployment in the textile industry. Thousands of jobs have been lost through unfair competition from other countries — not other Member States but from third countries. We could understand competition from Member States and would live with that. But the unfair competition that we have suffered has come from countries that Mr Normanton himself has not classed as underdeveloped countries at all, by any stretch of the imagination. I have seen factories close down that have been built up after 20 and 30 years of patient work, family firms that started off with maybe one or two machines, and built up, possibly investing a lot of money later on when things were going well; I have seen their workers unemployed. Many of these — as has already been said — were in remote, rural, disadvantaged areas. Many of the workers that are now unemployed were women for whom alternative labour could not be found. These people have said to me, 'This is what the EEC has done for us. Cheap goods have flooded our markets and we are now out of a job.' What can you do to stop them? What can you do to help these workers? I have asked this question in our own parliament, and I ask it of you today. The answer that I get from some people is that the member countries, all our friends, say that we must be nice to these third countries. We must not exclude their products lest they, in turn, exclude our products. No matter what case you put forward, we can only see

that if that is the attitude of the Member States — with friends like that, who needs enemies?

I agree with the previous speaker that we do not want protectionism. But we want to return to proper international trading, where law and order will prevail. If our goodness in opening up our imports is being abused by multinationals, who exploit poverty and the labour force in underdeveloped countries to line their own coffers, — and, in so doing, add to the number of unemployed, — it is up to us to take action. I wonder, does the reason in the Multifibre Agreement hold good, does it offer new hope to people whose jobs are in jeopardy? Mr Normanton mentioned that we were on the verge of making very important international agreements. I would like to say that any Multifibre Agreement will become a very pointless exercise, unless it succeeds in promoting and guaranteeing the security of the whole textile trade, on an international basis. At a time when both the textile and clothing industries are trying to make progress, following their very leanest period since the war, crucial decisions have to be made to prevent the collapse of the Community markets, due to cheap imports.

If we look at these imports in detail, we must surely be alarmed by the rapid growth of imports into the Community. If we look at it in terms of tonnage, we see that in 1974, imports amounted to 163 000; in 1976 they had risen to 600 000 tons — a fourfold increase, as was mentioned here earlier this evening. If no real agreement can be reached, I think the figure of 1 million tons is not unlikely within a few years. How many jobs will then be lost? We must help to restore the balance in trade, if our export markets are not to be permanently lost. 10.5 % of employed are engaged in the Irish textile industry. One in every 10 people unemployed in Ireland at the moment had a job in the textile industry which was lost.

The importance of promoting an active textile policy is self-evident. Not only must there be a will within the Community to buy Community products but also policy to back it up. If something is not done now, we will soon have a textiles mountain. Already, in the Community, in the synthetic fibre industry, there is a 30 % overcapacity rate. I wonder if we are to expect some type of intervention agency, followed up possibly by a cheap Christmas textiles game. In our country, we have a slogan that we should 'buy Irish'. Surely, in the EEC, we should have a slogan that we will support Europe? I would like to ask if we can say, as the result of any agreement, that we have succeeded in stabilizing our imports? The Normanton report realizes that this is the nub of the problem. The Irish textile industry employs 19 000 people. A very big injection of finance will be needed to keep this labour force employed in the textile industry. Our textile industry is facing very unequal competition from the United Kingdom because of their temporary employment subsidy. British goods can be quoted 10 % lower than Irish goods, solely because of this premium.

## Power

This temporary employment premium, is acting as a subsidy to provide employment in the United Kingdom, but at the expense of creating unemployment in Ireland. So we, in Ireland, do not really have to go to Hong Kong to identify our troubles.

In conclusion, I would like to say that it is a natural reaction for any creature to protect itself. Self-preservation is the first law of life. If we depart from this very important guideline, we are very close to industrial and political suicide.

**President.** — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

**Mrs Kellett-Bowman.** — Mr President, I was very surprised indeed when Mrs Dunwoody and the Socialists tried to defer this vital debate until January, when it could have little, if any effect, on decisions currently being taken. I was even more surprised to hear one of the reasons put forward by Lord Ardwick — who said that it would not catch the newspapers if we had it tonight. I know that he is a very distinguished ex-newspaper editor, but surely, Mr President, the object of debate in this Parliament is to influence decisions rather than simply to hog headlines? I am, therefore, very glad indeed that this Chamber had the good sense to put this debate on now, rather than waiting for things only to get worse.

I must congratulate Mr Normanton — as a lot of speakers have done — for having set out and analysed very clearly both the importance of the textile industry to the economic situation and employment in the Community, and the problems afflicting it. We understand that the renewed MFA will be read strictly in conjunction with the bilateral agreements referred to in paragraph 10 (c), which have been negotiated, indeed, in the case of Hong Kong and Brazil, almost imposed. Without these, a renegotiation of the MFA would have been totally unthinkable to the countries of the Community. As the rapporteur has pointed out, much of the problem comes from wealthy countries, which cannot, by any stretch of the imagination, be said to be needy members of the Third World. We need have no qualms of conscience as far as they are concerned.

But my group attaches particular importance to establishing a relationship between the growth of imports, and the growth of the BEC economy, as expressed in paragraph 10 (a). I, personally, would like the relationship to be between imports and the consumption of textiles, rather than the growth of the GNP. But a relationship, Mr President, there must be. And it must be one which can go down as well as up, in case consumption should shrink. I cannot for the life of me see why Mrs Dunwoody and the Socialist Group wish to remove this vital part of the resolution. I must confess that I found Lord Ardwick's explanation totally unconvincing. But, although all the bilateral

agreements and the MFA have been uppermost in our minds this year, the other matters in the report — especially the harmonization of state aid and the removal of non-tariff barriers, the practices of state-trading countries and the provision of up-to-date statistics and information — are all of very considerable importance to the industry, and have been stressed over and over again in previous debates. They must not be lost sight of in the current interests in renegotiating of the MFA.

I very much hope that the Commissioner will be able to give us, tonight, a satisfactory report on the MFA, in which case we will be on the right road. But we still have a very long way to go before this vital industry can be said to be out of danger.

**President.** — I call Mrs Goutmann.

**Mrs Goutmann.** — (*F*) Mr President, ladies and gentlemen, I should like to make a number of observations inspired by Mr Normanton's report and by this very important debate on the situation of the textile industry. A lot of people today are behaving as if they have just discovered there is a crisis in the textile industry, as indeed in the iron and steel industry or ship-building. Yet this crisis is not something new, and for us French Communists the textile crisis with its particular features illustrates the general crisis in our economies; it is the result of an overall crisis rooted in the sixties and which has grown steadily worse ever since. It is the result of the policies pursued by a handful of big industrial and financial organizations with the help of the Member States and the Community institutions. But this again is nothing new in this field. Yet when we condemned these policies as long ago as July 1973, some of the Members here made fun of us, even went so far as to ridicule us. Mr Ansart said then: '35 multinational undertakings dominate economic life in Europe and that ancient scourge, unemployment, which was said to have vanished for ever, is once again threatening millions of people'. Later on, when we suggested that there could be 6 or 7 million unemployed in the Community, we were often greeted by disbelief, even sarcasm. Unfortunately, we were right. But we are not magicians or prophets and, if we said those things, it was simply because these developments were foreseeable, in the textile industry as in the other sectors.

Since 1960 the reorganization in the textile industry has been characterized by massive over-investment accompanied by, on the one hand, massive mergers, and on the other, bankruptcies, unemployment and exploitation of a predominantly female labour-force. Furthermore, big capital has concentrated its interest exclusively on the most profitable areas. This systematic policy of destruction, wiping out whole areas of the industry, has been pursued in all the EEC countries. And Mr Normanton's report confirms this when it puts the number of jobs lost in the Community in

**Goutmann**

textile processing alone between 1964 and 1975 at 340 000 i.e. 17 % of total. In the Federal Republic of Germany, 214 000 jobs were lost; in France, 78 000. This policy, and this must be said categorically, this systematic policy of destruction and liquidation, is the work of private concerns and the states which support them. And there is no chance whatsoever of solving the textile crisis, nor, indeed, the overall crisis, unless there is a change in policy and the Community is freed from the dominance of big business, as, let me say, the joint programme of the French Government now recommends for France. Anything else can only be a makeshift, superficial solution, turning the crisis to the advantage of the private organizations and against the interests of the workers and people of our countries.

What is happening today? In Europe the giant undertakings are frustrated by the conditions imposed with regard to exploitation and profit-making and by the contraction in consumption following the austerity policies imposed on the workers. Consequently, these undertakings are leaving the Community, as we can see from the decrease in production (1.7 % between 1972 and 1976 for the Community as a whole and 11.1 % for France) or transferring their attentions to the relatively under-developed areas of the Community: this is shown particularly by the 15 % increase in production in Italy and the 19.4 % increase in Ireland during the same period. But above all these organizations are exporting their capital to the developing countries, where they are engaging in a form of exploitation worthy of the heyday of colonialism, exploitation characterized by inhuman living and working conditions, hellishly long hours, a total lack of social security or safety measures, and derisory wages.

What is the result of this policy? Mr Cheysson recently indicated that production by the multinationals established in the Third World and re-exported to the Community accounted for 31 % of the Community's total imports. Such a policy obviously helps to aggravate the position of the developing countries by confining them increasingly to types of production regarded as inferior by European, American or Japanese business. At the same time it seriously affects the EEC itself by accelerating unemployment and sacrificing whole regions. In short, it benefits neither the people of Europe, nor those of the Third World and, far from helping to establish a new and fairer world economic order, it bears the hallmark of an international division of labour imposed by the multinationals.

It is high time that real solutions were found to lift the textile industry out of the crisis and help the textile workers.

First of all, it is impossible, in the present situation, not to envisage national protective measures. This is necessary, even if we regard protectionism as out-

dated. We are forced to resort to it because of the egoistic redeployment of the private organizations; no democratic power genuinely concerned for the interests of the workers can stand by while its industry is sold off and its country sacrificed. This is why the French Communist Party has recently published a national plan of recovery for the textile industry, all the more justified as 73 % of the textiles purchased abroad by France come from the EEC itself. I must point out that, while so much is heard about the savage competition from the Third World and the socialist countries, that sort of competition is to be found within the Community itself.

First, then, there must be a policy to boost popular consumption, never mind the recession. Thus, to take the case of France, on the basis of real needs, it would be possible in five years to raise the textile consumption to 19 kg per person compared with 13 kg today, which — assuming full use of existing production capacity and the 18 % increase in productivity which is possible over five years — means the creation of 70 000 jobs.

Furthermore, 25 000 additional jobs can be created by reducing the working week to 40 hours, by introducing a fifth week of paid leave and additional teams for shift work. These are three important measures whereby we can effectively combat unemployment and they must be taken as a matter of urgency.

The growth of the textile industry will also be based on a powerful national chemical products industry, which at present supplies it with 60 % of its requirements, and, in particular, the complete nationalization of Rhône-Poulenc, envisaged in the joint programme, will make it possible — thanks to the dominant production of that undertaking — to reorganize the production of synthetic fibres on the basis of national needs and sound international cooperation, for, if we are in favour of developing links of all kinds between France and the different countries, this must also apply to the textile industry.

There is no conflict of interests between the developed and the developing countries, as people would have us believe. We must, through commercial, industrial and financial cooperation, find solutions which reinforce the economic potential and consequently the resources of each. Furthermore, it is important to distinguish between these textile products exported from developing countries which result from the deployment of capital for large profits, and those which promote the real interests of these countries because they result from their own industrialization; and it would be desirable, also, for the flow of currency and export revenue from the developing countries to be regularized; I am thinking particularly of the Lomé Convention countries. But the flow of currency resulting from the reorganization of the multinational undertakings must be excluded from the various advantages.

**Goutmann**

This effects of this reorganization must be countered too, within the Community by a real anti-crisis policy with absolute priority being given to the fight against unemployment. In this connection, we propose that it should be made impossible to dismiss any worker without finding him alternative employment in the area and that any closures should be strongly opposed. It is also necessary to ensure effective and democratic checks on the origin of products, and the transparency of import circuits, and to combat the various forms of fraud which bedevil international trade in this sector.

As we can see, the cause of the crisis is neither technical nor European: it is political. It is essentially, too, to be found at the national level and it is essentially at the national level that this sector can be revived, with the help of responsible and effective proposals at the Community level such as we are making now. Unfortunately, this is not the direction chosen by the Community and the Member States. But the means exist, provided there is a resolve to implement them, of reviving the Community's textile production, of protecting and expanding employment, and of establishing international relations based on mutually beneficial agreements: this is the direction in which the Community must move.

**President.** — I call Mr. Evans.

**Mr Evans.** — Mr President, at the outset I wonder if you would forgive me if I was just a little cynical. Could I, in fact, point out to Mr Normanton, who congratulated the House on supporting his request that this debate take place tonight, that those people who rushed in to support him, rushed out as soon as the vote was taken, and point out to him there are now scarcely less than a dozen Members left in the House. To Mrs Kellett-Bowman, could I point out that the reason that my noble friend, Lord Ardwick suggested that this debate be placed on the agenda for January, was because that subject is so important and so vital that it was worthy of a more important slot in the agenda when more Members were present. Could I in fact also suggest to her that I am quite prepared to give way to her now if she has the courtesy to apologize to my noble friend for suggesting that he had left the Chamber. I am sure that she, herself, will acknowledge that from time to time, Members of Parliament have to honour the calls of nature, and I am quite prepared to give way...

**Mrs Kellett-Bowman.** — ... I have already been across to Lord Ardwick, and expressed my regret that I did, in fact, have to mention the point but I thought it was of some importance and if the honourable gentleman will read the record tomorrow, he will find that one of the reasons Lord Ardwick gave was because he wanted to catch the newspapers.

**Mr Evans.** — The important thing Mr President, is that I have on the record the apology to my noble friend, which was very important. Could I also say that I would like to congratulate Mr Normanton on

the compendious report that he has prepared and I am sure that he will understand that in the coming months his report will be used quite widely, both in this Parliament and in the national parliaments, to quote from the tremendous degree of statistics that he has so well provided for us. I am sure also that Mr Normanton will agree when someone like myself only gives a qualified approval to this report. I am sure he understands my position when I say that I feel his report, in fact, does not go far enough, that it is not, in fact, offering enough protection to the workers in the textile industry in Europe, but nonetheless I do welcome Mr Normanton's conversion if not on the road to Damascus, then certainly on the road to Manchester, in bringing forward some proposals for protection for the workers in this industry.

I would also like to make it perfectly clear that this is an important debate that we are having and I look forward to Mr Ortoli's reply because I believe at long last in the Community, as far as this particular section of industry is concerned, we may be on the road to sanity, because there is no question in my mind that it is an absolute nonsense to build up a Community based upon an improved standard of living for the workers within that Community and then allow the other countries in the world to take steps to start destroying that which we have worked so hard to produce. In this context, of course, textiles are in the front line of the battle.

Can I stress Mr President, that no-one in the textile industry or who has the interests of the textile industry at heart is afraid of fair competition. There is no question about that. The textile industry, and certainly the British textile industry has industrialized; it is rationalized, it is modernized, but at the end of the day it simply cannot compete against low-wage areas and it cannot compete against countries which employ child labour, employ sweated labour, have no trade union movement and in fact there is no way that, for instance, a British shirt retailing at £5 in a shop in the High Street can compete against a shirt from a low-wage area which sells at £2.50. If my honourable friend, the Member for Southampton feels that the people of Southampton have the right to purchase £2.50 shirts, then what he has also got to accept is that the people of Southampton have got to be prepared to pay taxes and to pay sufficient taxes to allow the people of Lancashire to live on social security, because that is the end-product of my honourable friend's argument.

Could I also say that, in the context of bilateral agreements, of course it is essential that we do enter into bilateral agreements, because the Multifibre Arrangement in fact collapsed and did not work and in this context it is right that the Community have taken a hard line in insisting that the bilateral agreements between ourselves and other countries will be on the basis of what the Community can bear. We certainly cannot allow any longer the massive increase in

## Evans

textiles which has been in operation over the past few years because, if we do Mr President, then it simply means that we will not have a domestic textile industry, and I want to stress this because this point has been raised before. There is an argument, and it has been suggested in high quarters, that the textile industry in Europe should be allowed to disappear. It is an ideal industry for the Third World and the developing world and the queer world — if I can put it that way — of Hong Kong and Taiwan. Well, if that is the case, if that is the argument that is put forward, and if that is the argument that is accepted by member governments and by the Commission, then there is no way that we will allow the textile workers themselves to bear the brunt of that policy. The textile workers are entitled to as much protection as the agricultural workers, and in this context I always face the greatest difficulty when I listen to those who suggest and argue that the agricultural industry should be totally protected and that no competition should be allowed whatsoever within the domestic market and yet when any other industrial sector is raised, they throw their hands up in horror and accuse those who suggest that we should have some degree of protection for those industries of being anti-and bad Europeans.

What I suggest Mr President, is that the argument which seems to be well accepted within the EEC as far as the agricultural sector is concerned should also apply in the other sectors. I do not want to see textile workers producing their shirts, their suits and their clothing to be simply stockpiled. I would point out the logic of the argument. If the farmers of the Community can produce butter, beef wine and other commodities that no-one wants and no-one will buy, then to me, it is a simple extension of logic to say that that should apply to the workers in the textile sector.

Mr President, I think there are, nevertheless, one or two issues which I hope that Mr Ortoli will qualify when he replies to this debate and I, for one, apologize to Mr Ortoli for keeping him here so late tonight, and I hope that he does appreciate that some of us were aware of his position as Mrs Gwyneth Dunwoody and my honourable friend were aware as far as the interpreters were concerned. It was not our wish to keep them here till this hour of the evening. Nevertheless could I put this to Mr Ortoli? As I understand the present position there are, in fact, four countries which have not as yet agreed to the Commission's proposal, because they are demanding further concessions. And as I understand it, those countries are Egypt, India, Brazil and Pakistan. Can I put it to Mr Ortoli that those countries should be allowed no further concessions and that we should stick rigidly to the mandate that we have, because whilst I can understand Mr Normanton's argument about the dangers of an individual member country taking unilateral actions, unless we hold firm on this, in this particular area, then there is of course, a danger that member countries will take unilateral action because they are not satisfied that the EEC has maintained its brief.

The other point I would like to call to Mr Ortoli's attention concerns the transitional arrangements. Because again, the information I have is that textiles, which are not part of next year's quota agreements, provided they are shipped into the Community by March 31 will not count against next year's quota agreements. Now, I feel that this is a tremendously important point and, in fact, is a very dangerous loophole and I hope that Mr Ortoli will inform me that I have got that argument wrong, because if I have not got it wrong, I would point out to Mr Ortoli that it is like putting a notice on the stable door: 'Please do not touch the horse, because we are going to lock the stable in three weeks' time'. The amount of textiles that could be shipped into the Community between now and March 31 could in fact, destroy all the arguments that we are putting forward, because, certainly in the United Kingdom and I suspect in other countries, the textile position is so finely balanced, that many factories could close between now and March 31 if these arrangements are allowed to stand. And I would also point out to Mr Ortoli that once those factories close they never re-open again.

The third point is this question of documentation. Could I ask Mr Ortoli will the documentation be tightened? Will the EEC ensure that the agreements are adequately policed, because, with the greatest of respect, we can simply enter into agreements, with a variety of countries around the world, but unless we police those agreements, unless we ensure that the agreements have been honoured, then, of course, it all becomes a nonsense and we may find a situation where some countries are policing the arrangements, other countries are not and yet the textile goods will be transhipped from one country to another. So it is essential that adequate policing arrangements are maintained or brought into being and the documentation is carefully looked at.

The final point in this context, Mr President, is the question of burden-sharing within the EEC itself. Will he assure us that the Commission will ensure that the burden-sharing arrangement is maintained and that there will be no backsliding on behalf of one country or another country because of Third World arrangements which suit their particular political empire. If we are to enter into burden-sharing and if we are to maintain the position that Mr Normanton has outlined that member countries do not take unilateral action, it will only be on the basis that member countries play the game by the rules. My final point is this, Mr President. My region, the region of Lancashire, which was once the heart and centre of textiles has suffered grievously as far as the present crises are concerned. There is substantial unemployment, there is substantial part-time working. Thousands of people in my region will be unemployed at Christmas; they are looking to us for action. I hope Mr Ortoli can assure us that the EEC will provide that action.

**President.** — I call Mr Schwörer.

**Mr Schwörer.** — (D) Mr President, ladies and gentlemen, as it is so late, I shall be very brief. I should like to thank the Commission for managing to conclude this Multifibre Agreement. This after all forms part of the subject we are discussing today. I should also like to thank Mr Normanton very sincerely for putting in so much work on the problems facing the textile industry, which particularly affect employees in the Community. I would just ask the Commission to try and keep an eye on the productivity of our overall economy in the next few months and years, since it can thus solve our textile problems in the long term.

At this point I would refer to what Mr Van der Mei has said on behalf of the Christian-Democratic Group. I would ask that greater attention be paid to research and development, to new products and new markets, since growth does, of course, depend on these factors. I would ask you, Mr Ortoli, to make efforts to ensure that a cheap source of energy is made available in the next few years as part of this industrial policy and that a new world economic order does not impose economic controls on us. I would also ask you to ensure when the new topics forming part of the environmental protection policy are discussed, that the same conditions apply to all Member States and if possible beyond the Community to the principal countries with which we compete and that a common labour market policy is established which is based on the principle that an industrial policy is not possible without the factors of labour and wages, in other words that efforts are made to bring about and to enliven concerted action in Europe so that we can be sure that all the parties involved in this economic process can play their proper role and also receive the necessary support which the Community can offer. I would ask you, Mr Ortoli, to bring influence to bear on the Member States within the framework of this structural policy, to which reference is made in paragraph 9 of Mr Normanton's motion for a resolution, to persuade them to use tax measures as an incentive to private investment, which is so very hesitant at the moment, and to ensure that the free market economic order is the basis of this economic policy, because it is the only means of developing a safe industrial policy for the future.

Mr Ortoli, I would ask you most sincerely to see to it that that industrial policy, with the component growth, entrepreneurial initiative and also the participation of the workers in the form of co-determination and also participation in profits, involves joint action to ensure a growth policy which will really guarantee us the future possibility of solving the problems facing the textile industry without our being accused in any way of placing others at a disadvantage, in other words of resorting to protectionism in favour of our European textile industry.

My final request to you is that you take steps to ensure that future textile imports into the Community are spread evenly and fairly, that is to say that a policy common to all nine Member States is established. That is why the agreement which we have heard today has been concluded may assure that with some protection, which is only to apply provisionally, our textile industry continues to make its contribution to the growth of European industry in the future. That is all I wanted to add to what Mr Van der Mei has already said on behalf of my group.

I would ask the House to vote in favour of the resolution drawn up by Mr Normanton. It is an attempt to give a chance to a sector of our European industry that is in such grave danger.

#### IN THE CHAIR: MR SCOTT-HOPKINS

##### *Vice-President*

**President.** — I call Mrs Dunwoody.

**Mrs Dunwoody.** — Mr President, I do not regard it as a surprise that any report produced by Mr Normanton should contain a great deal of information about the situation in the textile industry, with which he has long had a direct connection, and indeed I think we should be grateful to him for the way in which he read his opening speech, but I must say that what I do find totally lacking in this report is any indication of the ways in which the workers in the textile industry, both inside the Community and very particularly outside, in what you might call the developing or semi-developing countries, should be protected. That is one of the reasons why the Socialist Group has suggested this very simple amendment, because we feel that if one is to talk about the unfair competition of developing industries, then you should at least say how you would like to see that situation mended, and you should certainly say that we believe the workers in those industries are just as entitled to decent conditions of work, to decent rates of pay, as the workers in the textile industry inside the Community, and that I find singularly lacking in this report.

Indeed I have been rather dispirited by the entire tone of this debate. I am sorry to have to take issue with my honourable friend the Member for Newton, who is sitting alongside me, but there are in fact other details that we should be talking about at the present time. It is all very well making this sort of conglomeration of prejudice and rumour that Mr Normanton has written into his resolution, both about the East European countries and the effect they have, and the developing countries and the effect they have on the textile industry. But I might like to remind the Assembly that we are in fact a trading community, we trade with

**Dunwoody**

other people, we buy and we sell, and whilst that is not any reason at all to have unfair competition, we must be very careful not simply to take the easy way out and always say that what other countries are doing is undermining our existing textile industries without any concern for a proper trading pattern, without examining the reasons.

I have here a telegram from the International Textile, Garment and Leatherworkers' Federation, as I said before, who say that they represent 5 million workers throughout the world, and that they consider the Normanton report and the motion to be totally unsatisfactory, because they are unilaterally protectionist and they lack consideration for the legitimate interest of the workers in the least developed countries, and they ask us to refer this report back. That was one of the reasons why I sought to put this debate off. But the major reason was that I believe that the situation in the textile industry inside the Community is so important that it should not be debated in a three-quarters-empty House, as it is being tonight.

I believe that what we should be looking at are means of structural changes. The Social Affairs Committee put forward a very simple plan; they said there should be a permanent working party; it should consist not just of the employers, but of trade unionists and the people most concerned; they said that in the renegotiation of the Multifibre Agreement of course you must take account of the existing situation inside the industry, but that the structural needs of the textile trade were such that what was required was an overall plan — and that we have not seen at any point. Indeed, all we have had tonight in this Assembly has been a series of complaints about unfair competition with very few real facts to back them up, and no positive suggestions as to the way in which the Community, and more particularly the Commission, should proceed to put the matter right.

In my view, we cannot simply sit here and say that if we built up tariff barriers all the way round the EEC, we should protect our existing textile industries and all would be well. Mrs Goutmann almost put her finger on it — although she sidled away rather rapidly from the truth — when she said that inside the Community you may move capital as and when you wish. Amongst the multinationals there is still no way of monitoring the movement of capital, so that if a multinational wishes to close down a factory on one side of a border and put its money into a factory just 20 miles away but in another country, it can do so with impunity, and I find no criticism of that in the Normanton report. Indeed, it would appear that Mr Normanton is saying that it is alright if we have unfair competition as long as it is among white European nations, but if we have any suggestion of competition from outside the Community, then we should instantly seek to erect protectionist barriers.

I think this report is noticeable for one thing. It is noticeable for its tone of prejudice. It is noticeable for its real lack of positive plans for the future, for the workers in the industry, both inside and outside the Community. But most of all it is noticeable for the fact that it puts forward the case only of the capitalist industry and not either of the consumer or of the people who work to raise that money for the capitalist institutions. Unless we begin to think in totally different terms, then there will be no point in bringing forward this sort of complaint to the Commission, because there is nothing they can do within their existing terms of reference. I say to the Commissioner tonight, we are grateful to him for his patience, but we hope that when he comes to speak, he will actually say that he does not believe that sheer protectionist methods are the only way of dealing with what are, after all, fundamental problems in the textile industry. And we hope that he will say that he intends, not just to put money into this industry very soon, but to find a practical way of considering how best the workers can be assisted — and believe me, it will not be too soon, in fact many people believe it is very close to being too late.

**President.** — I call Mr Mitchell.

**Mr Mitchell.** — Mr President, it is very rare that in this Chamber I find myself in agreement with my colleague Mrs Dunwoody. Very rare indeed, but I do so this evening.

*(Laughter)*

I congratulate Mr Normanton on producing a report that contains a lot of information and statistics, but I think his conclusions are almost wholly wrong, and I shall have the greatest of pleasure in voting against it tomorrow, when we have the opportunity to do so.

I think it has been a very interesting debate. I have already referred to one previous speaker, and now I will mention another and that is my colleague Mr Evans, who claims on numerous occasions to be a left-wing socialist but I thought tonight made the most right-wing reactionary speech that I have heard in this Chamber for a very long time. It does not matter about the workers in Hong Kong, or the workers in Sri Lanka, or the workers in India, as long as the workers in Lancashire and in particular Newton-le-Willows are alright. I mean that was the whole tone of his speech here tonight.

*(Laughter)*

And if one looks at paragraph 2 of the motion for a resolution in Mr Normanton's report, the question of introducing import controls for a temporary period, we all know where this is leading us. Once we start on this line, we do not have a temporary period; a temporary period becomes a permanent period, and so we go on. I have no objections in principle to import controls, against nations like Japan, for

**Mitchell**

example, which are developed nations and quite able to compete on an equal status, but I have very strong objections to import controls imposed against developing countries. Now I would just give one example. I think it was last year or the year before, the British Government foolishly imposed temporary import controls against Portuguese shirts, and I will tell you exactly what the result of that was. The result of that is that my constituents now pay twice as much for the same quality shirt as they did before, but more important than that, it put out of work thousands of Portuguese workers, literally thousands, and led, in part at least, to the downfall of the Soares Government a few days ago. One of the reasons that government fell, a socialist government I will remind my colleagues, was because of the unemployment situation, and that one action of the British Government — on the surface it looked quite nice, no real problems, not something serious — that action, according to Mr Soares himself, to whom I spoke, put out of work many, many workers in Portugal.

Now we can develop this argument, we can do the same sort of thing with controls on imports from other parts of the world. But as I said, I have no objection to import controls in principle, as long as they are against countries, developed countries like for example Japan, and other nations that are similar. But I do strongly object to this sort of proposal here which is not going to hit Japan, it is going to hit Bangladesh, Sri Lanka, India, the countries who are trying themselves to build up their own industries. So I hope that when we come to the vote tomorrow, the whole of this report will be thrown out.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, I should first of all like to add my voice to the compliments paid to Mr Normanton for his report which is comprehensive, fully comprehensible and controversial — merits that are not insignificant in a parliamentary report. Various ideas were expressed and various problems raised that Parliament wanted to discuss. But the report goes further than that: it provides a very solid and very serious basis for thought and, as Mr Normanton said, much time was needed to obtain all the information contained in it. I congratulate him for the result.

Having said that, I am rather ill-at-ease talking about the textile industry alone, since many speakers have brought up a whole series of other major problems in this area.

I should like to quote two or three. First of all, the general problems of the international division of labour. There is no doubt that this is a problem that affects us all, but there is also no doubt in my mind that when we tackle such a serious problem we must beware of two dangers. The first is failure to realize that our industries and our services require an extremely broad basis. We may retreat on some points

and progress on others but I do not think that the Community with its externally oriented economy can seriously imagine that it can do without a highly diversified economic basis. I am disturbed by talk of sectors of progress and sectors of growth when no mention is made of the fact that we have a host of other activities to pursue that, in terms of profitability and competitiveness, enable us to compete on external markets.

Secondly, when mention is made of major problems such as the recession in a large number of industries and the effects on employment and regional economy, we must not forget a factor to which, as you know, I attach great importance. I do not believe that sectoral policies are the only or even the real answer to the problems confronting us.

We have to implement sectoral policies but we must realize that the real answer is the collective effort we make to restore an adequate growth rate in our economy. That is how we will create new jobs and make adjustment possible, without standing in the way of change or progress or thwarting the hopes of men everywhere including those currently faced with major difficulties.

The proposals we have made for the textile industry clearly reflect our will to maintain a strong textile industry in the Community, help to solve the economic and social problems facing it and take account of all the social realities that we can no longer ignore, just as we can no longer ignore all the economic realities. The social realities are also regional and are often deeply affected by the textile crisis in certain regions, towns or provinces.

We reached a fairly simple conclusion. We had to try to deal with these problems along with the others and to find a solution to them too. I do not think it is possible to have a uniform view of our action; we must bear in mind a series of very real problems that arise in many poor countries. We must not forget that many workers depend on the textile industry for their living and have no other prospects. We must also know what importance we really attach to the concept of free trade. I was very happy to hear everyone here defending the concept of free trade so vigorously. But I want to remind you that we do not attach importance to free trade for purely intellectual reasons. Unless Europe realizes that it lacks the energy, the raw materials, the territory, the area or the space needed to cope economically, despite some possibly serious inconveniences, with the problems of employment, social progress, higher living standards and justice, unless Europe realizes that its driving force is freedom, that the development of trade is one of the main reasons for its progress and that the difficulties we are facing coincide with a certain recession in international trade, unless Europe realizes this, we do not really know where we are.

## Ortoli

We must not forget that today 20 to 25 % of our gross domestic product is exported. These figures clearly show that imports and exports are an integral part of the life of our Community. We advocate free trade because we need free trade. I say so all the more freely because for a long time, even before I came to the Commission, I advocated that something be done in the textile industry, and that was in a boom period when negotiations on the first cotton agreement started. I was also one of those who, at a time of rapid growth, felt that an attempt should be made to draw up a multifibre agreement. But I have not forgotten what seems to me to be a prerequisite for European economic growth and it is here that we must take measures in sectors such as textiles.

It is for these reasons that the Commission has opposed protectionism in this sector. It felt that since we are in a very difficult situation where economic recession coincides with structural changes and presents us with very serious social problems, something should be done under the present agreement that would both solve various problems and provide sufficient guarantees.

Our basic idea was therefore to take steps consonant with the agreement, the dialogue and freedom since the agreements we conclude are freely accepted. But we had first of all to conclude enough bilateral agreements to resolve the obvious problems. The first problem was not to be tied down by the general principles of the agreement so that we could grant sufficiently satisfactory treatment for certain products that are sensitive from an economic or employment point of view. We therefore had to leave aside the principle of uniformity and be able to deal through the multifibre agreement with some very sensitive problems that threatened to increase out of all proportion. But in such bilateral agreements account had also to be taken of the need for preferential treatment for some particularly poor countries where the textile industry represents some hope of progress. We therefore tried to build up a whole network of agreements. None have yet been signed in the strict sense of the term, merely initialled, which means that today we have a basis of agreements on 90 or 92 % of imports that have to be submitted to the Council of Ministers and we are continuing our discussions. They cover almost all the major countries including the four mentioned. All our proposals, to the Council and preparations for Monday's discussions remain well within our terms of reference. Any adjustments that might be negotiated remain well within the lines laid down but also take account of various difficulties that might arise.

The work is therefore nearing its end. What we are going to present to the Council constitutes a reso-

nable basis and should enable us to provide an intelligent solution to the problem of sensitive products and at the same time, since they are bilateral agreements, reassure our partners. That is how we should understand the drawing up of a protocol renewing the agreement, which is not yet signed since the Council has not reached a decision but which should, I feel, include all the principles we feel to be desirable both in the agreement and in the annexes. But of course, as you know, we still have one formality to complete: we must have concluded all the bilateral agreements I mentioned and I think we have practically done so. It is, I hope, on the basis of bilateral agreements that will enable us to solve various major problems that the multifibre agreement will be concluded.

That, Mr President, is the overall situation. I will not go into the details of the various agreements which are only now being finalized — there are always legal aspects to be settled — but I should like to answer quickly some of the questions raised.

First of all, these provisions will of course be an additional burden on the Community. We have to set up a management system that will present us with very great difficulties. We are ready to tackle them but we will not solve them without very close cooperation with the national administrations. We do not pretend to be able to run a system that will require relatively delicate and detailed handling on our own.

Secondly, I can assure you that account was taken of the transitional provisions and burden-sharing in the Council's directives and in the work done by the Commission so that neither our general negotiating brief nor the general objective aimed for could be distorted. In the circumstances, I am convinced that these problems will be satisfactorily regulated.

All that has been possible only after enormous effort. In a few weeks we have practically negotiated and concluded the terms of reference and the discussions with the Member States and then, in a short period, discussions with numerous states. I personally have a great deal of admiration for the way in which our negotiating team and particularly its leader have worked in the interests of the Community textile industry.

We will resume the debate on Monday. I hope that the Commission, the negotiating institution, will receive the approval of the Council and that, once all the formalities are completed, we will be able, as soon as possible, to sign an agreement which, while remaining within the framework I defined at the beginning of my speech, will provide as satisfactory a solution as possible to the problems existing, especially for sensitive products.

## Ortoli

I think we should be fairly careful in our formulation of one or two points. Paragraph 10 (a) which provides for a sort of automatic import increment does not seem to me to correspond completely to what we are looking for. What we want above all is to avoid any absolute rule of uniformity and ensure that bilateral agreements allow us to deal with any problems of sensitive products that might arise and the problems peculiar to certain countries particularly involved. And when I say particularly involved I am thinking of those for which they are really very important. I therefore feel that over-rigid rules, that make us fall into uniformity immediately and create difficulties of calculation that we could argue over for a long time, are not the best system. Moreover, let me say in passing — and I do so warily since I am no longer a specialist in such matters even though I have dealt with them for 20 or 25 years — that in my opinion we should be careful about paragraph 10 (b) because some transitional provisions may be unavoidable. That often happens in agreements. When for instance, goods do not arrive on the first day there can be no question of refusing them the next. That is also a part of trade tradition.

I have only two remarks to make on the broader aspect of the problem.

Everyone has been talking of a textile industrial policy and I said I was convinced of the need to give thought to it. We think it is worthwhile taking a close look at all the different aspects of the textile sector that have been brought up here; coordination of the funds provided by the Member States to support their industry or to help its conversion; more detailed consideration of technological research and development in this field; better use of Community resources, financial — traditional as well as new Community resources — and social, and here I am thinking of the Social Fund whose task it is to deal with these problems; a more detailed economic analysis of the problems that may arise in this sector, which is so difficult to assess because it goes from gigantic investments to tens and hundreds of thousands of small enterprises, particularly in the clothing sector, which is very important and inseparable today from the textile sector if we are really to assess its economic-impact. I therefore think it is in our interests to give it careful consideration. That is what the Commission intends to do. I do not particularly want to give a final date such as 31 March.

I think it would be preferable for us to submit documents on specific aspects that also provide a general view of the textile industry. They must be drawn up in time, as quickly as possible, and be of the standard necessary to permit a serious and calm appraisal which will form the basis of our future policy.

I shall conclude with the more general aspect I mentioned at the beginning in terms similar to those

used by many speakers. As I said, no sectoral policy can be isolated from the general economic aspects. If we forget that a sectoral policy is an integral part of all general economic activities we could well create serious problems for ourselves, because a good sectoral policy which is totally isolated could very well be a very bad general economic policy with serious consequences for employment, especially if the basic idea is that all sectoral policies have to be inward-looking.

As I said, however, we are convinced that sectoral discussions must be extended for the reasons given by several of you. I and my colleague Mr Davignon must also continue the dialogue we have entered into with your Assembly on the general problems of the Community's industrial policy, in other words on the sectors of growth, the factors of development and the risks of recession in the Community. That is the best way of making the industry and its related services instrumental in achieving our common goal, a return to full employment.

I am convinced that we will be able to have a fruitful dialogue, but just how fruitful I do not know. When I read about industrial policy I sometimes get the impression that it is easier to talk about than to solve. But it seems to me — and this has already been said twice I think — that this is one of the things we can try to do together in the hope of perhaps going beyond the specific problems of some sectors or countries and seeing what type of industrial future the first trading power and the second economic power in the world can have and what contribution it can make.

**President.** — I call Mr Normanton.

**Mr Normanton, rapporteur.** — Mr President, I hope you will allow me very briefly to express my grateful thanks to all the contributions which have been made from the floor of this House tonight and from the Commission front bench. Almost — but not quite — all the comments were helpful, constructive and added, I believe, materially to the main theme which I feel is contained in this report.

I would also wish to deal — if you will agree, but I think this is really the only occasion on which procedurally it can be done — with each of the amendments which have been tabled. I can do so in the space of 1½ minutes and no more, because tomorrow the procedure will be to go through them without debate.

On Amendment No 1, standing in the name of Mr Schwörer, I would be very happy to welcome and accept this amendment.

On Amendment No 2, standing in the name of Mr Schwörer, I would not resist or fight this amendment, but I honestly do favour the original version, because his amendment really conflicts with part of what has been said tonight in so far as it says: 'in accordance

### Normanton

with the agreements in force'. It is the current agreements and the way they have worked which we very severely criticize. So, if he allows, I would say I will not resist it but I hope it will not be adopted.

On the amendment to paragraph 9, I, again, would not only not resist this but would accept the amendment, because paragraph 9 was not in fact worded by me personally. It was the product of a lengthy discussion in the committee which became an amendment. As far as I am concerned, if the House wishes to endorse this one, I would certainly accept this as the new paragraph 9.

As far as Amendment No 4 is concerned, I have considerably mixed feelings. Firstly, on the point raised by 10 (a), I frankly am bound to accept: it is constructive; it is helpful. When it comes to 10 (b) with the five indents, I am bound to say I cannot endorse more than two of them. The first indent I will accept, but I am bound to draw the attention of the House to the fact that that is fully covered in paragraph 10. Perhaps Mr Van der Gun, when he takes note of that point, may well agree with me. The second indent I regard as quite unnecessary, because the Commission, in my opinion and in the view of the industry generally — employers and trade unionists alike — has excellent consultative machinery, which the Commission, I am sure, will confirm. The third indent I frankly cannot see how we could possibly accept. The fourth indent I would accept.

So, the first indent I accept. The second I consider, with the third one, to be unacceptable and inappropriate, and the fourth one I accept.

Amendment No 5, standing in the name of Mrs Dunwoody, I must genuinely and sincerely resist, because it is the automatic incremental increase of 6% enshrined in the Multifibre Agreement which underlies most of our problems in this industry.

Paragraph 10 (a) is therefore, in my judgment, fundamental to the basis upon which I have drafted this report.

The last comment is on Amendment No 6. Again, I would oppose, not for any doctrinaire reasons but for the factual reason that the ILO is concerned with industrial and labour considerations and not with commercial and economic ones. And, if I may make the point for the record, which is quite irrefutable on careful study, there is no doubt whatever that the signatories to the ILO do not themselves conform to

the standards to which this refers. I am referring to the USSR and Comecon and many of the African States. I think therefore that this is not appropriate, not relevant and I would urge the House to reject it.

To Vice-President Ortoli, my grateful thanks for the comments he has made; my regrets that he has been unable to throw more light upon the proceedings and the contents of the new MFA, but I would certainly, on behalf of all Members in this House, endorse the congratulations which he has rightly offered to those who have negotiated the new GATT agreement and express our gratitude to them.

**President.** — I regret the fact that what has been said just now, for instance, by Mr Normanton will not be printed and will not be able to be read by the rest of the House before the vote is taken tomorrow morning. It is administratively quite impossible for this to be done, and so the rapporteur will be asked to say yet again his views concerning the amendments tomorrow morning.

The debate is closed.

### 13. Urgent procedure

**President.** — I have received from Mr Price and others a motion for a resolution, with a request for urgent procedure under Rule 14 of the Rules of Procedure, on the kidnapping of the son of the President of the Republic of Cyprus (Doc. 458/77).

I shall consult Parliament tomorrow morning at the beginning of the sitting on the request for urgency.

### 14. Agenda

**President.** — On Tuesday, the House was informed that the Committee on the Environment, Public Health and Consumer Protection intended to draw up a report on the colouring matters authorized for use in foodstuffs intended for human consumption.

The committee has in the meantime tabled this report (Doc. 455/77), and proposes that it be considered without debate. As was agreed on Tuesday, I therefore propose that it be taken tomorrow, Friday, before the oral question by Mrs Dunwoody on the fruit-market. I also propose that the Price report on protocols to the EEC-Cyprus agreement be followed by another Price report on trade arrangements with Cyprus.

Are there any objections?

That is agreed.

15. *Agenda for next sitting*

**President.** — The next sitting will be held tomorrow, Friday, 16 December 1977, at 9 a.m., with the following agenda :

- *Procedure without report* :
- Vote on urgency ;
- Vote on the motions for resolutions on which the debate has closed ;
- Jahn report on foodstuffs (without debate) ;
- Oral question, without debate, to the Commission on the fruit-market ;
- Scott-Hopkins report on the structure of agricultural holdings in 1979 ;
- Oral Question, without debate, to the Commission on obstacles to the intra-Community movement of goods ;
- Evans report on the health hazards of asbestos ;
- Fisher report on the marking of foodstuff prices ;
- Jahn report on fluorocarbons ;
- Hamilton report on enquiries into the political affiliations of Commission officials ;

- Martinelli report on levies applicable to bovine animals from Yugoslavia ;
- Scott-Hopkins report on the tariff quota for animals of certain mountain breeds ;
- Price report on protocols to the EEC-Cyprus agreement ;
- Price report on trade arrangements with Cyprus ;
- Adams motion for a resolution on the conciliation procedure with regard to the review of the European Social Fund ;
- Berkhouwer motion for a resolution on direct elections.

*At the end of the sitting* : vote on the motions for resolutions on which the debate has closed.

The sitting is closed.

*(The sitting was closed at 10.45 p.m.)*



## ANNEX 1

### AMENDMENTS TO COUNCIL MODIFICATIONS

relating to the draft general budget  
of the European Communities  
for the financial year 1978



**COUNCIL MODIFICATIONS  
TO THE AMENDMENTS TO THE DRAFT  
BUDGET  
OF THE EUROPEAN COMMUNITIES  
FOR THE FINANCIAL YEAR 1978**

**(Doc. 420/77)**

**Amendment No 2/rev.**

tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

**Council Modification No 240**

**Section III — Commission**

**(A) Revenue**

Chapter 94 — Borrowing and lending

Article 942 — Community borrowings

— unchanged

**(B) Remarks**

Enter the following remarks :

Council Regulation (EEC) No 397/75 of 17 February 1975

This entry represents the authorization given to the Commission by the budgetary authority, in respect of the financial year under consideration, to contract loans to aid Member States with balance of payments difficulties caused by the increase in the price of petroleum products.

This entry also covers any revenue arising from the Community's claims on recipients of Community loans.

Annex II to Section III, Commission, of the general budget sets out all capital transactions and related debt management.

The maximum amount authorized for such loans for the financial year under consideration is US \$ 3 000 million.

This remark is binding within the meaning of Article 16(c) of the Financial Regulation of 25 April 1973.

**JUSTIFICATION**

The European Parliament points out that, at the conciliation meeting of 7 November 1977 on the Financial Regulation, joint guidelines were agreed on Articles 1 and 16 concerning borrowing and lending, allowing these to be entered in the Community budget.

The remark must make clear that the authorization to borrow is given to the Commission by the budgetary authority and that the remark itself is binding.

\* \* \*

Amendment No 3/rev.  
tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 241

Section III — Commission

(A) *Revenue*

Chapter 94 — Borrowing and lending  
Article 941 — Euratom borrowings  
— unchanged

(B) *Remarks*

— Enter the following remark :

EAEC Treaty (Article 172 (4))

This entry represents the authorization given to the Commission by the budgetary authority, for the financial year under consideration, to contract loans to help finance nuclear power stations.

The maximum amount authorized for such loans for the financial year under consideration is 500 million EUA.

This entry also covers any revenue arising from the Community's claims on recipients of Community loans.

Annex II to Section III, Commission, of the general budget sets out all capital transactions and related debt management.

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

JUSTIFICATION

The European Parliament points out that at the conciliation meeting of 7 November 1977 on the Financial Regulation, joint guidelines were agreed on Articles 1 and 16 concerning borrowing and lending, allowing these to be entered in the Community budget.

The remark must therefore make it clear that the authorization to borrow and lend is given to the Commission by the budgetary authority and that the remark itself is binding since it lays down the ceiling for borrowings/loans authorized for each financial year.

\* \* \*

Amendment No 4  
tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 91/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
Chapter 32 — Expenditure under the Energy Policy  
Article 320 — Projects in the hydrocarbons sector  
Item 3201 — Joint projects in prospecting for hydrocarbons

Enter appropriations of 9 000 000 EUA in payment appropriations

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Enter commitment appropriations for 1978 of 25 000 000 EUA and therefore add the following remarks :

In its proposal of 29 November 1974 (OJ C 18 of 25. 1. 1975, p. 3), the Commission submitted to the Council a draft regulation granting financial support to oil exploration firms under the Community's energy supply policy. This operation will encourage prospection for oil in high-seas zones or at great depths. The associated costs for technical and financial assessments occasioned by these operations are also charged to this Item, as are, in particular, costs arising from the work of the Panel on studies preparatory to stratigraphic exploration.

The commitment appropriations authorized for 1978 is 25 000 000.<sup>1</sup> The likely schedule of payments *vis-à-vis* commitments is as follows :

(in EUA)

Commitments	Payments				
	1976	1977	1978	1979	1980
1976 : 1 000 000	1 000 000	—	—	—	—
1977 : 25 000 000	—	9 000 000	—	8 000 000	—
1978 : 25 000 000	—	—	9 000 000	8 000 000	8 000 000
<b>Total :</b>	1 000 000	9 000 000	9 000 000	16 000 000	8 000 000

## JUSTIFICATION

As it is impossible for the European economy to dispense with oil and natural gas, it is obvious that all possible steps should be taken to encourage prospecting for indigenous hydrocarbons if the Community is to reduce its dependence on imported sources of energy. Where the risk is high, Community financial assistance is required.

The Council should, as soon as possible, take positive action on the Commission's proposal of 29 November 1974.

\* \* \*

## Amendment No 6

tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 98/rev.

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 32 — Expenditure under the Energy Policy
- Article 324 — Aids to demonstration projects under the Community Energy Programme
- Item 3240 — Community energy saving programme

Enter appropriations of 5 000 000 EUA in payment appropriations

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Enter commitments for 1978 of 10 000 000 EUA and therefore add the following remarks :  
Article 235 of the EEC Treaty.

<sup>1</sup> This text is binding within the meaning of Article 16(c) of the Financial Regulation of 25 April 1973

Proposal submitted to the Council on 31 May 1977 (COM (77) 187 final). Communication to the Council of 24 February 1977 (Doc. COM (77) 39 final). This appropriation is to cover expenditure arising from Community action on energy saving, in particular :

- heat pumps,
- heat recovery,
- combined production of heat and power,
- energy storage,
- reduction of waste in industry,
- low-energy housing.

The appropriation for commitment authorized for 1978 is 10 000 000 EUA. The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 10 000 000	5 000 000	2 000 000	3 000 000

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1977.

#### JUSTIFICATION

This programme would enable the Community to carry out action in the fields of heat pumps, heat recovery, low energy dwellings, energy economies in industry, energy storage and the combined production of heat and power. The rational use of energy constitutes an essential element in the Community's plan to reduce dependence on imported sources. The council should, as soon as possible, take positive action on the Commission's proposal.

\* \* \*

#### Amendment No 7

tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 33/rev.

#### Section III — Commission

##### (A) Expenditure

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Add a new article :

Article 325 — Formation of stocks of nuclear fuels

Make a token entry.

##### (B) Revenue

Unchanged

##### (C) Remarks

###### New Article

EAEC Treaty (Article 72 (2)).

Council resolution of 17 December 1974.

Council resolution of 13 February 1975 (OJ C 153 of 9. 7. 1975).

This article covers expenditure relating to the acquisition of uranium for the constitution of Community stocks with a view to ensuring a reasonable security margin for Community users.

## JUSTIFICATION

Uranium stocks to form a reserve for the Community's nuclear power stations, are of obvious importance at a time when a number of third countries have interrupted uranium supplies. The Commission should submit specific proposals on the subject and the Council should take action on the resolutions of 17. 12. 1974 and 13. 2. 1975.

\* \* \*

## Amendment No 8/rev.

tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 266

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 329 — Loans and guarantees in the energy sector

— amend the heading of Item 3291 to read:

'Euratom loans'

(B) *Revenue*

Unchanged

(C) *Remarks*

— enter the following remark:

EABC Treaty (Article 172 (4))

This entry represents the authorization given to the Commission by the budgetary authority, for the financial year under consideration, to contract loans to help finance nuclear power stations. The upper limit on total authorized loans for the financial year under consideration is 500 million EUA.

Community guarantee

Should the recipient of a loan default and the related guarantees cannot be brought into operation in time, having regard to the due dates, the Commission would use its cash resources to provisionally service the debt of the Community under its direct legal obligations to the lenders.

Any actual expenditure which the Community might ultimately have to incur is charged to this article; the Community would then have to take action against the defaulting debtors.

Annex II to Section III, Commission, of the general budget sets out all capital transactions and related debt management.

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

## JUSTIFICATION

The expenditure heading of the budget should show the loans granted by the Commission. This amendment follows from the amendment concerning Article 941 on the revenue side.

\* \* \*

Amendment No 11  
 tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni  
 Council Modification No 50

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 37 — Expenditure in the industrial and transport sectors  
 Article 370 — Projets in the data-processing sector  
 Enter a new item 3703 — Support for the joint applied research project on very highly integrated circuits.

Token entry.

(B) *Revenue*

Unchanged

(C) *Remarks*

*New item :*

EEC Treaty: Article 235

Council resolution of 15 July 1974

Proposal for a four-year programme submitted on 9 November 1976 (Doc. COM (76) 524.

This item is to cover expenditure arising from a joint applied research project on very highly integrated circuits.

The aims of the programme are :

- product standardization and rationalization ;
- collaboration rationalization of technical specifications for the purchase of equipment ;
- pooling of the results of advanced basic research ;
- optimization of the use of available resources ;
- payment of experts and related miscellaneous or secretarial services.

JUSTIFICATION

The Commission has already assured the European Parliament of its intention to submit a proposal on this subject by the end of 1977.

\* \* \*

Amendment No 12  
 tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni  
 Council Modification No 286

Section III — Commission

(A) *Expenditure*

Title 4 — Repayments and aids to Member States and miscellaneous  
 — amend the heading of Chapter 42 to read :  
 'Community loans'

(B) *Revenue*

Unchanged

**(C) Remarks**

Enter the following remark :

Council Regulation (EEC) No 397/75 of 17 February 1975

This heading represents the authorization given to the Commission by the budgetary authority, for the financial year under consideration, to lend funds to Member States in balance of payments difficulties caused by the increase in prices of petroleum products.

The loan operations authorized for the financial year under consideration are limited to US \$ 3 000 million.

Community guarantee

If the other operations provided for by the financial mechanism for these loans cannot be brought into play in time, in view of the due dates, the Commission will temporarily use its funds to service the debt incurred by, the Community, by virtue of its direct legal obligation to the lenders.

Any expenditure which the Community may finally have to bear is charged to this chapter. The Community will then have to exercise its right to bring proceedings against the debtors.

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

**JUSTIFICATION**

The expenditure heading of the budget should cover the *loans* granted by the Community and not the borrowings contracted by it, which are covered under the revenue heading.

This amendment follows from the amendment concerning Article 942 on the receipts side.

\* \* \*

Amendment No 17/rev.

tabled by Mr Spinelli, Mrs Squarcialupi, Mr Sandri, Mr Leonardi and Mr Mascagni

Council Modification No 102/rev.

**Section III — Commission****(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 324 — Aids to demonstration projects under the Community energy programme

Insert a new Item :

Item 3242 — Exploitation of geothermal resources

Enter appropriations of 2 000 000 EUA in payment appropriations

**(B) Revenue**

Increase revenue accordingly

**(C) Remarks**

Enter commitments for 1978 of 7 000 000 EUA and therefore add the following remarks :

Proposal submitted to the Council on 31 May 1977 (Doc. COM (77) 187 final).

This item is to cover expenditure relating to the grant of support to undertakings exploiting geothermal energy, both for power and heating purposes. Under the programme Community assistance to projects will not exceed 40 %.

The appropriation for commitment authorized for 1978 is 7 000 000 EUA.<sup>1</sup> The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 7 000 000	2 000 000	3 000 000	2 000 000

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

## JUSTIFICATION

Geothermal energy could be of considerable interest in certain areas in the Community both for power and heating purposes. This item would assist the exploitation of the Community's geothermal resources. The Council should take positive action on the Commission's proposal as soon as possible.

\* \* \*

Amendment No 19<sup>a</sup>  
tabled by Mr Shaw, on behalf of the Committee on Budgets  
Council Modification No 241

## Section III — Commission

(A) *Revenue*

Title 9 — Cooperation with developing countries and non-Member States  
Chapter 94 — Borrowing and lending  
Article 941 — Euratom borrowings  
— Unchanged

(B) *Remarks*

Enter the following remark :

EAEC Treaty (Article 172 (4))

This heading constitutes the budgetary framework for the consequences of a general decision taken authorizing the Commission to contract loans to help finance nuclear power stations. The maximum amount authorized for such loans for the financial year under consideration is 500 million ECU.

This entry also covers any revenue arising from Euratom's claims on recipients of Euratom loans.

Annex II to section III, Commission, of the general budget sets out all capital transactions and related debt management.

## JUSTIFICATION

The European Parliament points out that at the conciliation meeting of 7 November 1977 on the Financial Regulation, joint guidelines were agreed on Articles 1 and 16 concerning borrowing and lending, allowing these to be entered in the Community budget.

The Council, at its meeting of 22 November, however, did not accept Parliament's amendment: It is therefore proposed to retable the amendment, which involves no extra expenditure.

\* \* \*

Amendment No 20  
tabled by Mr Shaw, on behalf of the Committee on Budgets  
Council Modification No 240

## Section III — Commission

(A) *Revenue*

Title 9 — Cooperation with developing countries and non-Member States  
Chapter 94 — Borrowing and lending  
Article 942 — Community borrowings

**(B) Remarks**

Enter the following remarks :

Council Regulation (EEC) No 397/75 of 17 February 1975

This heading constitutes the budgetary framework for the consequences of a general decision authorizing the Commission to contract loans to aid Member States with balance of payments difficulties caused by the increase in the price of petroleum products.

The maximum amount authorized for such loans for the financial year under consideration is US \$ 3 000 million.

**JUSTIFICATION**

The European Parliament points out that, at the conciliation meeting of 7 November 1977 on the Financial Regulation, joint guidelines were agreed on Articles 1 and 16 concerning borrowing and lending, allowing these to be entered in the Community budget.

However, at its meeting of 22 November the Council did not accept Parliament's amendment. It is therefore proposed to retable the amendment, which involves no extra expenditure.

\* \* \*

Amendment No 21

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 266

Section III — Commission

**(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 329 — Loans and guarantees in the energy sector

— Amend the heading of Item 3291 to read :

'Euratom loans'

**(B) Revenue**

Unchanged

**(C) Remarks**

Enter the following remark :

EAEC Treaty (Article 172 (4))

This entry constitutes the budgetary framework for the consequences of a general decision taken authorizing the Commission to contract loans to help finance nuclear power stations.

The upper limit on total authorized loans for the financial year under consideration is 500 million EUA.

*Community guarantee*

Should the recipient of a loan default and the related guarantees cannot be brought into operation in time, having regard to the due dates, the Commission would use its cash resources to provisionally service the debt of the Community under its direct legal obligations to the lenders.

Any actual expenditure which the Community might ultimately have to incur is charged to this article ; the Community would then have to take action against the defaulting debtors.

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

**JUSTIFICATION**

The expenditure heading of the budget should show the loans granted by the Commission. This amendment follows from the amendment concerning Article 941 on the revenue side.

At its meeting of 22 November the Council did not accept Parliament's amendment. It is therefore proposed to retable the amendment, which involves no extra expenditure.

\* \* \*

## Amendment No 22

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 286

## Section III — Commission

(A) *Expenditure*

Title 4 — Repayments and aids to Member States and miscellaneous

— Amend the heading of Chapter 42 to read:

'Community loans'

(B) *Revenue*

Unchanged

(C) *Remarks*

Enter the following remark:

Council Regulation (EEC) No 397/75 of 17 February 1975

This heading constitutes the budgetary framework for the consequences of a general decision taken authorizing the Commission to lend funds to Member States in balance of payments difficulties caused by the increase in prices of petroleum products.

The loan operations authorized for the financial year under consideration are limited to US \$ 3 000 million.

*Community guarantee*

If the other operations provided for by the financial mechanism for these loans cannot be brought into play in time, in view of the due dates, the Commission will temporarily use its funds to service the debt incurred by the Community, by virtue of its direct legal obligation to the lenders.

Any expenditure which the Community may finally have to bear is charged to this chapter. The Community will then have to exercise its right to bring proceedings against the debtors.

## JUSTIFICATION

The expenditure of the budget should cover the *loans* granted by the Community and not the borrowings contracted by it, which are covered under the revenue heading.

This amendment follows from the amendment concerning Article 942 on the revenue side.

\* \* \*

At its meeting of 22 November the Council did not accept Parliament's amendment. It is therefore proposed to retable this amendment, which involves no extra expenditure.

## Amendment No 23

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 98/rev.

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 324 — Aids to demonstration projects under the Community energy programme

Item 3240 — Community energy-saving programme

Enter 5 000 000 EUA in payment appropriations

(B) *Revenue*

Increase revenue by 4 000 000 EUA

**(C) Compensation**

Title 10 — Other expenditure

Article 100 — Provisional appropriations

Reduce appropriations by 4 000 000 EUA (5 000 000 EUA commitments)

**(D) Commitments**

Increase commitments by 5 000 000 EUA and add the following remarks :

The appropriation for commitment authorized for 1978 is 10 000 000 EUA.

The likely schedule of payments relative to commitments is as follows :

*(in EUA)*

Commitments	Payments		
	1978	1979	1980
1978 : 10 000 000	5 000 000	2 000 000	3 000 000 <sup>1</sup>

**JUSTIFICATION**

This programme would enable the Community to carry out action in the fields of heat pumps, heat recovery, low-energy dwellings, energy economies in industry, energy storage and the combined production of heat and power. The rational use of energy constitutes an essential element in the Community's plan to reduce dependence on imported sources. The Council should, as soon as possible, take positive action on the Commission's proposal.

The Council modified Parliament's amendment at its meeting of 22 November : it entered 1 000 000 EUA in payments and 5 000 000 EUA in commitments under Chapter 100.

The Committee on Budgets wishes to reinstate the full amount originally proposed, and has therefore retabled an amendment which takes account of the Council's deliberations.

\* \* \*

**Amendment No 24**

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 102/rev.

**Section III — Commission****(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the Energy Policy

Article 324 — Aids to demonstration projects under the Community energy-saving programme

Insert a new item :

Item 3242 — Exploitation of geothermal resources

Enter 2 000 000 EUA in payment appropriations

**(B) Revenue**

Increase revenue accordingly

**(C) Remarks**

Enter commitments for 1978 of 7 000 000 EUA and therefore add the following to the remarks :

The appropriation for commitment authorized for 1978 is 7 000 000 EUA.<sup>1</sup>

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 7 000 000	2 000 000	3 000 000	2 000 000

#### JUSTIFICATION

Geothermal energy could be of considerable interest in certain areas in the Community both for power and heating purposes. This item would assist the exploitation of the Community's geothermal resources. The Council should take positive action on the Commission proposal as soon as possible. At its meeting of 22 November the Council did accept a token entry for this. However, the Committee on Budgets decided to retable an amendment placing the full amount on the line, but taking account of the Council's deliberations.

\* \* \*

#### Amendment No 25

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 242

#### Statement of revenue

Estimate of Commission revenue for the financial year 1978

Title 9 — Miscellaneous revenue

Chapter 94 — Borrowing and lending

Create a new Article 943 : Community borrowing to finance industrial investment

Insert a token entry.

#### Remarks

Add the following to the remarks column :

'Commission communication to the European Council on investment and loans in the European Community (COM (77) 300 final) of 15 June 1977.

Resolution of the European Parliament on the inter-institutional dialogue relating to certain budgetary questions of 15 June 1977 (Doc. 119/77, page 5). This heading constitutes the budgetary framework for the consequences of a general decision taken authorizing the Commission to contract loans in order to finance support of investments of Community interest in the sectors of energy, industrial reconversion and infrastructures, taking account of their regional impact.

The maximum amount authorized for such loans is 1 000 million EUA. This entry also covers any revenue arising from the EEC's claim on recipients of such loans. Annex II to Section III — Commission, of the General Budget sets out all capital transactions and related debt management.<sup>1</sup>

#### JUSTIFICATION

On 15 June 1977, the Commission launched an important proposal for the creation of loans to finance Community investment, the so called 'Ortoli' loans.

The Commission had observed that despite the massive investment needs of the Community (250 000 million EUA in the energy sector alone, up until 1975), the fixed capital formation effort within the Community had seriously declined in the 1970's. The European Council, on 25 March 1977, decided on the launching of a Community effort to stimulate investment.

It was agreed that instruments other than those already available (EIB loans, Community loans for countries with balance of payments difficulties and EURATOM loans) were necessary. Therefore, the

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

Commission proposed a mechanism based on a loan ceiling of 1 000 million EUA without any limits on time.

Whilst this proposal has yet to receive a favourable reaction from the Council of Ministers, despite the original impulsion from the European Council, the Committee on Budgets believes that Parliament should underline the urgency of a renewed Community investment effort in addition to the structural policies financed by the current account of the Community budget, which he believes to be insufficient in themselves to meet the tasks which the Community has assigned to the different social, regional and industrial policies.

Furthermore, it is vital at this stage that the European Parliament should underline the need for full budgetization of investment activities, so that the budgetary authority retains the ultimate responsibility.

The European Parliament has been unambiguous on this point. In its resolutions of 11 July 1975 (OJ C 179/46 of 6. 8. 1975), 13 May 1976 (Doc. 97/76, 26 June), 10 May 1977 (OJ C 133/21 of 6. 6. 1977) and 15 June 1977 (Doc. 119/77) the Parliament has clearly called for the development, rationalization and budgetization of Community lending and borrowing activities in order to stimulate the level of investment. It is now time to put these intentions into effect.

The Council meeting on 22 November did not react favourably to this amendment. It is therefore proposed to retable this amendment which involves no extra expenditure.

\* \* \*

#### Amendment No 28

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 246/rev.

#### Section III — Commission

##### *List of posts*

Delete 6 LA5 posts, 7 LA6 and 7 LA7 posts.

##### (a) *Expenditure*

Reduce the Commission's expenditure by 537 300 EUA

##### (B) *Revenue*

Reduce revenue accordingly

#### JUSTIFICATION

The Council accorded approximately one quarter of the posts required by the Commission for the 1978 financial year in drawing up the draft budget. Of the 126 (100 permanent and 26 temporary) posts created, no less than 40 were for linguistic staff (interpreters and translators). Of these 40, 20 were destined to cover the transformation of auxiliary into temporary posts and 20 permanent posts were added.

In view of the stringency with which the Council claims to have treated the administrative budget of the Commission and in view of the need to spread extra staff evenly between the services and because approximately 180 posts in the linguistic bracket remain vacant, it is proposed to delete the extra 20 linguistic posts and to free resources which could be used to permit the Commission to recruit extra staff in sectors where the need appears far greater.

Council, at its meeting of 22 November, did not accept this amendment, in line with its refusal to accept other amendments from Parliament on administrative and staff expenditure. It is therefore proposed to retable these amendments, for the second reading of the Budget, which involve very little extra net expenditure.

#### FINANCIAL IMPLICATIONS

Under the provisions currently in force, this draft amendment will affect the budget as follows:

##### *Expenditure*

Title 1 — Chapter 11 — Staff

			<i>EUA</i>
Article 110			
Item 1100	— Basic salaries	reduce this appropriation by	284 000
Item 1101	— Family allowances	reduce this appropriation by	26 000
Item 1102	— Expatriation allowances	reduce this appropriation by	36 000
Item 1130	— Insurance against sickness	reduce this appropriation by	8 000
Item 1131	— Insurance against accidents	reduce this appropriation by	1 900
Item 1141	— Annual leave travel expenses	reduce this appropriation by	5 000
Article 119	— Weightings	reduce this appropriation by	25 000
			<hr/>
Total reduction under Chapter 11			385 900
			<hr/>
Title 1 — Chapter 12 — Allowances and expenses on entering and on leaving the service and on transfer			
Item 1211	— Travel expenses Staff (including members of the family)	reduce this appropriation by	3 700
Item 1221	— Installation, resettlement and transfer allowances (staff)	reduce this appropriation by	62 000
Item 1231	— Removal expenses Staff	reduce this appropriation by	36 000
Article 124	— Temporary daily subsistence allowances	reduce this appropriation by	45 000
Article 129			4 700
			<hr/>
Total under Chapter 12			151 400
			<hr/>
Total under Chapters 11 and 12			537 300
			<hr/>
<i>Revenue</i>			
Title 4 — DEDUCTIONS FROM STAFF REMUNERATION			
Chapter 40	— Proceeds of taxation on salaries, wages and allowances of officials and other servants		
Article 400	— Proceeds of taxation on salaries, wages and allowances of officials and other servants		
Chapter 41	— Staff contributions to the pension scheme		61 400
Article 410	— Staff contributions to the pension scheme		
Reduce this appropriation by			19 100
			<hr/>
			80 500
			<hr/>

\* \* \*

## Amendment No 27

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 247/rev.

## Section III — Commission

*List of posts*

Add 115 posts to be divided up as follows : 8 A6, 15 B1, 17 B2, 16 B3, 2 B4, 2 B5, 20 C1, 18 C2, 17 C3.

(A) *Expenditure*

Increase expenditure by 2 205 600 BUA

(B) *Revenue*

Increase revenue accordingly

JUSTIFICATION

The Committee on Budgets seriously examined the requests made by the Commission and the extremely brief explanation by Council as to why it has agreed to the creation of only one-quarter (126) of the posts requested by the Commission. In view of the explanations provided and in view of the economy which is proposed for the linguistic services, it is proposed that three particular aspects of the Commission's structure be strengthened.

(i) *Security control — EURATOM*

Under the agreement between the Community and the International Atomic Energy Agency of 21 April 1977, the Commission has been given responsibilities for the control of security on stocks and movement of nuclear substances. These extra responsibilities require qualified staff. For this reason, it is proposed to recruit the following: 8 A, 25 B and 10 C officials. This is the minimum necessary in order to carry out the work of inspection and control confided in the Commission by Council this year.

(ii) *EAGGF (DG 6)*

The immense task allocated to the Community in the context of the Common Agricultural Policy require a large number of executive staff to carry out basic implementation work. At present, administrators within DG 6 are not given the opportunity to carry out conceptual work which might lead to improvements in the policy, because they have to devote too much time to the more mundane tasks of management. It is, therefore, proposed to create 17 B and 20 C posts to relieve the work load and to strengthen the different sectoral services.

(iii) *Infrastructure general services*

Certain of the Communities' general services require immediate strengthening in view of growing tasks. In particular the General Secretariat, administration and the Budget DG require extra support in the B and C categories, simply to maintain the present effort. It is, therefore, proposed to create 10 B and 25 C posts (approximately one-half the original requests from the Commission).

It is to be noted that the authors of this amendment have limited themselves to three specific areas. An increase would be exclusively in categories B and C except for the security control unit. The approach has been selective in contrast to the arbitrary cut made by Council.

Council did not accept this amendment at the time of its meeting of 22 November, despite insistence by both Parliament's rapporteur and the Commission. It is therefore proposed to retable this amendment for the second reading of the Budget, particularly in view of the fact that Council does not appear to have examined this problem in great depth and in view of the fact that very little extra expenditure is involved.

## FINANCIAL IMPLICATIONS

Under the provisions currently in force, this draft amendment will affect the budget as follows:

*Expenditure*

## Title 1 — Chapter 11 — Staff

			<i>EUA</i>
Article 110			
Item 1100	— Basic salaries	increase this appropriation by	1 113 000
Item 1101	— Family allowances	increase this appropriation by	104 700
Item 1102	— Expatriation allowances	increase this appropriation by	138 800
Item 1130	— Insurance against sickness	increase this appropriation by	30 000
Item 1131	— Insurance against accidents	increase this appropriation by	7 400
Item 1141	— Annual leave travel expenses	increase this appropriation by	28 700
Article 119	— Weightings	increase this appropriation by	103 000
Total under Chapter 11			1 525 600

## Title 1 — Chapter 12 — Allowances and expenses on entering and on leaving the service and on transfer

Item 1211	— Travel expenses Staff (including members of the family)	increase this appropriation by	21 000
Item 1221	— Installation, resettlement and transfer allowances (staff)	increase this appropriation by	244 000
Item 1231	— Removal expenses Staff	increase this appropriation by	207 000
Article 124	— Temporary daily subsistence allowances		190 000
Article 129			18 000
Total under Chapter 12			680 000
Total under Chapters 11 and 12			2 205 600

*Revenue*Title 4 — *DEDUCTIONS FROM STAFF REMUNERATION*

Chapter 40 — Proceeds of taxation on salaries, wages and allowances of officials and other servants

Article 400 — Proceeds of taxation on salaries, wages and allowances of officials and other servants

Increase this appropriation by 240 400

Chapter 41 — Staff contributions to the pension scheme

Article 410 — Staff contributions to the pension scheme

Increase this appropriation by 75 000

315 400

**Amendment No 28**

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 248/rev.

**Section III — Commission***List of posts*

Amend the establishment plan by the following upgradings :

Category A	plus 34 A4	minus 34 A5
	plus 14 A6	minus 14 A7
Category B	plus 4 B1	minus 4 B2
Category	plus 26 C1	minus 26 C2
	plus 13 C2	minus 13 C3

**(A) Expenditure**

Increase expenditure by 108 900 EUA

**(B) Revenue**

Increase revenue accordingly

**JUSTIFICATION**

For several years, the Commission has suffered from the absence of a coherent career policy. It is reasonable that the European Communities should offer prospects of career development to its officials if it is to continue to attract competent individuals. Over a long period of time, and largely because of the lack of outward mobility of officials, bottlenecks have developed in certain categories which means that many people who have been in a certain grade for a long period of time have had no possibility of career development, however talented or senior they may be.

The Commission is now pursuing improvements in recruitment policy and internal mobility which encourages the author of this amendment to propose that at least part of the requests for upgradings made by the Commission in the preliminary draft should be granted.

In the draft budget of Council the requests made by the Commission were scarcely satisfied. Council agreed to one-third of the requests made originally in the preliminary draft supplementary budget for 1977 and one-quarter of the requests for regradings in the 1978 preliminary draft. This amounted to 61 extra promotion possibilities. In the view of the Commission this is far from sufficient to overcome the bottlenecks and new possibilities should be given.

Council has provided no explanation as to why it was so meagre with the Commission's requests. On the Commission's side, adequate explanations have been provided, in the budget and also in supplementary reports on the problems of career development in the Commission.

In the view of the Committee on Budgets, the proposals made are the absolute minimum necessary to open up reasonable career prospects for a large number of officials.

Council, at its meeting of 22 November, did not accept this amendment nor were adequate reasons provided for its refusal. It is therefore proposed to retable the amendment, in its original form, which involves very little extra net expenditure.

*Financial implications*

Under the provisions currently in force, this draft amendment will affect the budget as follows:

*Expenditure*

Title 1 — Chapter 11 — Staff

			<i>EUA</i>
Article 110			
Item 1100	— Basic salaries	increase this appropriation by	79 500
Item 1101	— Family allowances	increase this appropriation by	7 600
Item 1102	— Expatriation allowances	increase this appropriation by	9 700
Item 1130	— Insurance against sickness	increase this appropriation by	2 400
Item 1131	— Insurance against accidents	increase this appropriation by	500
Article 119	— Weightings	increase this appropriation by	9 200
Total under Chapter 11			108 900

*Revenue*

Title 4 DEDUCTIONS FROM STAFF REMUNERATION

Chapter 40 — Proceeds of taxation on salaries, wages and allowances of officials and other servants

Article 400 — Proceeds of taxation on salaries, wages and allowances of officials and other servants

Increase this appropriation by 17 200

Chapter 41 — Staff contributions to the pension scheme

Article 410 — Staff contributions to the pension scheme

Increase this appropriation by 5 300

22 500

\* \* \*

Amendment No 29

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 325

Section III — Commission

(A) *Expenditure*

Title 2 — Buildings, equipment and miscellaneous administrative expenditure

Chapter 21 — Rental of buildings and associated expenditure

Article 210 — Rent

Item 2100 — Rent

(B) *Revenue*

Unchanged

(C) *Remarks*

Add the following remark:

'244 540 EUA to be frozen.

These appropriations to be released when the need for a cost increase and two new external offices has been demonstrated.'

## JUSTIFICATION

The Committee on Budgets tabled this amendment during the first reading in order to obtain an overall statement of the Commission's policy with regard to external offices.

This policy statement is necessary in view of the increase in costs-forecast, and the opening of two new offices in Madrid and Lisbon.

Since, on 22 November, the Council rejected this amendment without providing adequate justification, it is proposed to retable the amendment in exactly the same form.

\* \* \*

Amendment No 30  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 301

Section III — Commission

(A) *Expenditure*

Title 2 — Buildings, equipment and miscellaneous administrative expenditure

Chapter 26 — Expenditure on studies, surveys and consultations

Article 266 — Regional studies at the request of the Member States

Unchanged.

(B) *Revenue*

Unchanged

(C) *Remarks*

Add the following to the text:

'An appropriation of 160 000 EUA is frozen on the line to be unfrozen by the European Parliament, after the programme of studies for the Irish border regions have been submitted to it.'

## JUSTIFICATION

The European Parliament considered comprehensive socio-economic studies on the whole of the Irish border regions to be particularly worthwhile and recent studies in the Derry-Donegal region and fishing in the Irish Sea have taken place with the support of Community financial aid.

In order to encourage further work in this area it was proposed to increase appropriations under this Article from 340 000 EUA to 500 000 EUA. So that the European Parliament may be informed on the individual studies undertaken it was proposed to freeze the extra appropriations, which will be unfrozen when the programme of studies has been approved.

Council at its meeting of 22 November, agreed to the increase of appropriations but not to the conditions attached. In order to permit the European Parliament to be informed of developments in this field, it is proposed to retable the amendment requiring freezing of part of the appropriations prior to Parliamentary approval of the programme.

\* \* \*

Amendment No 31  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 271

Section III — Commission

*(A) Expenditure*

- Title 2 — Buildings, equipment and miscellaneous administrative expenditure  
 Chapter 27 — Expenditure on publishing and information  
 Article 272 — Expenditure on the dissemination of information and on participation in public events  
 Item 2729 — Information projects relating to direct elections to the European Parliament  
 Unchanged

*(B) Revenue*

Unchanged

*(C) Remarks*

Add the following sentence to the remarks :

'2 000 000 EUA are to remain frozen until the European Parliament has accepted the information programme proposed by the Commission.'

## JUSTIFICATION

The European Parliament endorsed the views put forward by the Political Affairs Committee (PdA 79) in its proposed changes to the remarks and in the justification of its amendment. However, it considered it essential to block half the requested appropriations (2 000 000 out of 4 000 000), firstly to encourage the Commission to present an information programme and secondly to enable the responsible bodies of Parliament to evaluate the Commission's proposals.

The Council at its meeting of 22 November, approved the proposed increase in appropriations but rejected the freezing of appropriations. In view of the importance attached to the agreement of the European Parliament for the information campaign about its own direct elections, it is proposed to retable an amendment freezing the same amount, until approval by the European Parliament of the programme.

\* \* \*

## Amendment No 32

tabled by Mr Shaw, on behalf of the Committee on Budgets

## Council Modification No 149/rev.

## Section III — Commission

*(A) Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 31 — Expenditure in the agricultural sector  
 Article 316 — Community action relating to the vocational training of farmers  
 Increase expenditure by 81 100 EUA

*(B) Revenue*

Increase revenue accordingly

*(C) Remarks*

Unchanged

## JUSTIFICATION

The European Training and Promotion Centre for Farming and Rural Life (CEFFAR) plays a very useful information role in rural areas, especially for the benefit of women and young people.

The appropriations entered on different budget lines in previous budgetary years were as follows:

Financial year 1975 — Payments	125 000 UA
Financial year 1976 — Payments	78 000 UA
Financial year 1977 — Authorized appropriation	100 000 UA
— Amount converted into EUA	

\* \* \*

Amendment No 33  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 93/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
Chapter 32 — Expenditure under the Energy Policy  
Article 321 — Prospecting for uranium deposits

Increase appropriations by 4 400 000 EUA in payment appropriations.

(B) *Revenue*

Increase revenue accordingly

(C) *Commitments*

Add commitments for 1978 of 11 500 000 EUA and therefore add the following remarks:  
The appropriation for commitment authorized for 1978 amounts to 11 500 000 EUA.  
The likely schedule for payments *vis-à-vis* commitments is as follows:

(in EUA)

Commitments	Payments				
	1976	1977	1978	1979	1980
1976: 1 000 000	700 000	—	300 000 *		
1977: 5 000 000	—	2 000 000	2 000 000	1 000 000	
1978: 11 500 000	—	—	4 400 000	4 600 000	2 500 000
<b>Total:</b>	<b>700 000</b>	<b>2 000 000</b>	<b>6 700 000</b>	<b>5 600 000</b>	<b>2 500 000'</b>

\* Re-entry of appropriations which were carried forward from 1976 to 1977 and will lapse at the end of 1977.

### JUSTIFICATION

A vigorous nuclear programme constitutes an essential part of the Community's energy policy. Limited uranium reserves are known to exist in the territories of certain Member States and with prospecting such as would be financed by this action, larger reserves could be discovered. This is particularly important at present as sufficient uranium imports from third countries could not be guaranteed in the long term.

Council, in rejecting Parliament's amendment at its meeting of 22 November, has not added arguments that contradict the imperative need to pursue the policy of uranium prospecting as an energy priority. It is therefore proposed to retable the amendment in its original form.

\* \* \*

Amendment No 34  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 95/rev./II

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the energy policy

Article 322 — Aids for coal stocks

Make a token entry

(B) *Revenue*

Unchanged

(C) *Remarks*

Add the following remarks:

'EEC Treaty (Article 235).

Council Resolution of 17 December 1974 (OJ C 153 of 9. 7. 1975)

Council Resolution of 13 February 1975 (OJ C 153 of 9. 7. 1975)

Communication from the Commission to the Council of 16 January 1976

(Doc. COM (76) 20), implementation of the energy policy guidelines drawn up by the European Council at its meeting in Rome on 1 and 2 December 1975, intended to conserve the Community's energy resources.

Proposal for a Council Regulation (Doc. COM (77) 77) (on a system of Community financial aids to finance cyclical stocks of coal, coke and manufactured fuel).

This Article is intended to cover expenditure connected with Community support to finance coal stocks in order to lessen the heavy cost to producers. Support takes the form of non-repayable subsidies.'

JUSTIFICATION

This action, which was strongly approved by the Committee on Energy and Research and the European Parliament, in the report by Mr Osborn (Doc. 226/77), is intended to assist Community coal and coke producers to maintain stocks. At present Community coal producers are adversely affected by both cheap imports of coal from third countries and the low level of economic activity in the steel industry. If this financial assistance for stocks of Community coal is not granted to coal and coke producers in the near future, further pits may have to be closed, thereby making it impossible for coal, the Community's cheapest domestic source of energy, to reach its 1985 target of 250 000 000 tce.

It is proposed that, as a minimum, the token entry requested in the preliminary draft general budget, and supported by Parliament on 26 October 1977 but rejected by the Council at its meeting of 22 November, be reinstated. Parliament had already considered the option of dealing with this item in the context of the ECSC but had opposed the idea as inappropriate.

\* \* \*

Amendment No 35  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 96/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the Energy Policy

Insert the following new Article :

Article 323 — Use of coal in power stations

Enter an appropriation of 8 000 000 EUA in payment appropriations

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Enter a commitment appropriation of 25 000 000 EUA for 1978 and therefore add the following remarks :

*New Article*

Article 235 of the EEC Treaty

Proposal submitted to the Council on 31 December 1976 (COM (76) 648 fin.2). The appropriation is intended to cover expenditure arising from the grant of support to operators of power stations with a view to encouraging the construction, conversion or modernization of their plants for the use of coal instead of liquid fuels. Support is limited to the extra costs due to these operations.

The appropriation for commitment authorized for 1978 is 25 000 000 EUA.<sup>1</sup> The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 25 000 000	8 000 0000	10 000 000	7 000 000

### JUSTIFICATION

In view of the particularly serious situation facing the Community's coal producers, the programme to be financed by these appropriations could make a significant contribution to the Community's coal industry while reducing dependence on imported hydro-carbons for electricity generation by encouraging Community electricity producers to convert existing plants or build new plants which would generate electricity from coal. It is hoped that this action, which was welcomed by the European Parliament (Bessborough Report, Doc. 45/77, OJ C 133 of 6. 6. 1977, page 18) will be adopted by the Council before the end of this year.

Council rejected Parliament's amendment No 96/rev. which sought to enter payments and commitments for this item. For the imperative reasons expressed above, it is proposed to retable this amendment as originally shown.

\* \* \*

Amendment No 36

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 100/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the Energy Policy

Article 324

Item 3241 — Coal gasification and liquefaction

Enter appropriations of 3 000 000 EUA in payment appropriations.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 1973.

**(B) Revenue**

Increase revenue accordingly

**(C) Commitments**

Enter commitments for 1978 of 8 000 000 EUA and therefore add the following remarks :

The appropriation for commitment authorized for 1978 is 8 00 000 EUA. The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 8 000 000	3 000 000	2 500 000	2 500 000

**JUSTIFICATION**

Coal gasification and liquefaction could be of considerable assistance to the coal industry as well as providing an important source of indigenous hydrocarbon fuels. The European Parliament favours research and development in the field of coal exploration and liquefaction in two reports by Mr Burgbacher (Doc. 325/74, OJ C 155 of 9. 12. 74, page 71, and Doc. 407/75, OJ C 100 of 3. 5. 76, page 10). This action would provide Community assistance towards the operating costs for coal gasification and liquefaction pilot plants. The amendment provided a minimum in enabling this programme to get under way.

The Council modified amendment No 100/rev. only accepting the creation of the line and the insertion of a token entry. Given the importance attached by Parliament to this aspect of energy policy it is proposed to retable the amendment, with the original amount.

\* \* \*

**Amendment No 37**

tabled by Mr Shaw, on behalf of the Committee on Budgets

**Council Modification No 81****Section III — Commission****(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 33 — Expenditure on research and investment

Article 335 — Indirect action — programme

Enter the following budget line :

Item 3358 — Irradiated fuel reprocessing

Token entry

**(B) Revenue**

None

**(C) Remarks**

The programme objective is to contribute to the solution of technological and environmental problems which currently hamper the development of irradiated fuel reprocessing operations.

**JUSTIFICATION**

The entry of this budget line is required to cover a new and necessary project, especially from the point of view of environmental protection, which would allow the Commission to stimulate necessary research activities in the field of irradiated fuel reprocessing.

The Commission should submit its proposals to the Council as soon as possible.

The Council did not accept this amendment at its meeting of 22 November. The Committee on Budgets seeks to place under Chapter 100 sufficient appropriations to commence activities in 1978, it is therefore necessary to retable an amendment creating the budgetary line.

\* \* \*

Amendment No 38

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 82

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 33 — Expenditure on research and investment

Article 335 — Indirect action — programme

...

Enter the following budget line :

Item 3359 — Phasing-out of nuclear installations

Token entry

(B) *Revenue*

None

(C) *Remarks*

The programme objective is to assess solutions which enable nuclear installations to be rendered harmless from the safety and environmental point of view after being shut down for good.

JUSTIFICATION

The Commission has already submitted to the Council a Communication on a Community plan of action on radioactive waste.

Follow up action should be taken by proposing specific measures for the phasing out of nuclear installations.

The Council did not accept this amendment at its meeting of 22 November. The Committee on Budgets seeks to place under Chapter 100 sufficient appropriations to commence activities in 1978 ; it is therefore necessary to retable an amendment creating the budgetary line.

\* \* \*

Amendment No 39

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 308

Section III — Commission

(A) (i) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 33 — Expenditure on research and investment

Article 333 — Joint Research Centre other activities

Item 3333 — Physical protection measures of the JRC establishments

Reinstate appropriations of 4 455 000 EUA in payment appropriations broken down as follows :

Sub-item 33331	Contracts with security firms	1 000 000
Sub-item 33332	Administrative expenditure	token entry
Sub-item 33333	Technical operating expenditure	50 000
Sub-item 33334	Investments	3 405 000
Sub-item 33335	Contracts	
Sub-item 33339	Reserve staff	token entry

(A) (ii) *Commitments*

Title 10 — Other expenditure  
Chapter 100 — Provisional appropriations

Delete point 9 of the remarks 'Item 3333: Physical protection measures for the JRC establishments.'

Reduce appropriations by 4 455 000 EUA in payment appropriations (5.5 million EUA in commitment appropriations).

(C) *Revenue*

Unchanged

(D) *Remarks*

Replace the second paragraph of the remarks with the following text :

'The appropriations cover :

*Sub-item 33331* : expenditure in respect of contracts with security firms

*Sub-item 33333* : expenditure on the maintenance and operation of the monitoring installations and the protected areas.

*Sub-item 33334* : expenditure on investments, including in particular :

- the erection or reinforcement of fences ;
- the construction of a perimeter track ;
- tree-felling in and lightning of a wide peripheral zone, with buildings resited as necessary ;
- the reinforcement or construction of access facilities and the installations of the requisite remote-control devices ;
- the installation of electronic detection, inspection, monitoring and alarm networks and the requisite premises.'

#### JUSTIFICATION

These appropriations would cover the costs incurred by the JRC in conforming to the International Energy Agency's recommendations concerning the protection of nuclear materials. The IAEA's standards are already being applied in the Federal Republic of Germany, and will shortly be applied in Italy, while their application is at present being studied in Belgium and the Netherlands. The Committee on Budgets believes that Community institutions should set an example as far as nuclear protection measures are concerned, and is therefore proposing the re-establishment of credits entered under this heading in the Preliminary Draft General Budget. This should be considered separately from the multi-annual research programme.

It was also agreed that all commitments should be included on the operational lines of the budget and not under Chapter 100 which is a provisional Chapter for payments only.

Council did not agree to this amendment which has no net financial consequences. In order that the Commission may begin immediately on its work of improving protection measures at the JRC establishments, the Committee on Budgets retables this amendment in its original form.

\* \* \*

Amendment No 40

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 88

## Section III — Commission

(A) *Expenditure*

Title 10 — Other expenditure  
 Chapter 100 — Provisional appropriations  
 Increase appropriations by 1 500 000 EUA.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Add the following remarks :

— Irradiated fuel reprocessing (3358)	1 000 000 EUA
— Phasing-out of nuclear installations (3359)	500 000 EUA

## JUSTIFICATION

In view of the need to undertake practical measures to find a solution to the technical problems which, from the environmental point of view, are extremely pressing, the European Parliament supported its Committee on the Environment, Public Health and Consumer Protection in taking the view that the provisional appropriations and items 3358 and 3359, which were entered in the preliminary draft budget but deleted by the Council, should be reinstated in the 1978 budget. The Council at its meeting of 22 November rejected this amendment, but it is proposed to retable it in its original form, along with two amendments creating the budgetary lines.

\* \* \*

Amendment No 41/rev.  
 tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 309

## Section III — Commission

(A) (i) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 33 — Expenditure on research and investment  
 Article 336  
 Item 3361 — Primary raw materials

Enter appropriations of 2 000 000 EUA in payment appropriations broken down as follows :

*Primary raw materials*

Sub-item 3611	Staff	254 300 EUA
Sub-item 33612	Administrative expenditure	126 900 EUA
Sub-item 33615	Contracts	1 595 800 EUA
Sub-item 33619	Reserve staff	23 000 EUA
Item 3361	Total	2 000 000 EUA

(A) (ii) *Commitments*

Enter 7 595 800 EUA in commitments for sub-item 33615 'Contracts'.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Delete the sentence beginning 'As this is a new programme ....' and replace with the following :

'The 2 000 000 EUA is to remain frozen until unfrozen by the European Parliament when the examination of the programme has been completed.

The appropriations cover :

*Sub-items 33611 and 33619*: particularly staff expenditure in respect of 7 Community servants of Categories A (4), B (1) and C (2).

*Sub-item 33612*: particularly expenditure arising from missions, formal meetings and certain studies.

*Sub-item 33615*: expenditure arising from contracts which the Commission intends to conclude in pursuance of this project.'

#### JUSTIFICATION

This project would enable the Community to develop new techniques for the exploration and mining of mineral resources. It seems obvious that every possible effort should be made to develop the Community's indigenous mineral resources, particularly at a time when primary raw material prices are increasing rapidly.

The European Parliament and its Committee on Budgets supported the aims outlined in the programme, for which it has already given a generally favourable opinion, and therefore supported the general intention of the Committee on Energy and Research and Mr Aigner and the Christian Democratic Group in amendments No 107/rev. and 227.

However, it was decided to table a new amendment on behalf of the Committee on Budgets given the necessity of limiting commitments to activities of a multi-annual nature and excluding staff and administrative appropriations from their ambit.

Furthermore, it was decided to support the demand for freezing the appropriations for the programme until Parliament had approved it, and until Council had taken Parliament's observations into account.

Council, at its meeting of 22 November, decided by way of modification on the deletion of this amendment because it had not yet decided on the programme. It is considered that this is insufficient as a reason for rejection as these programmes are important as part of the Community's priorities in the energy sphere. It is therefore proposed to retable the amendment in its original form.

\* \* \*

Amendment No 42/rev.

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 304

Section III — Commission

(A) (i) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institutions  
Chapter 33 — Expenditure on research and investment  
Item 3362 — Long-term forecasts and assessments

Enter appropriations of 532 600 EUA in payment appropriations broken down as follows :

Sub-item 33621	Staff	367 200
Sub-item 33622	Administrative expenditure	52 800
Sub-item 33625	Miscellaneous expenditure	79 400
Sub-item 33629	Reserve staff	33 200

(A) (ii) *Commitments*

Enter commitments of 179 400 for sub-item 33625 'miscellaneous expenditure'.

(B) *Revenue*

Adjust revenue accordingly

(C) *Remarks*

Delete the sentence beginning 'As this is a new programme .....

Replace with the following :

*Sub-item 33621 and 33629*: particularly staff expenditure in respect of 10 Community servants of Categories A (6), B (1) and C (3)

*Sub-item 33622*: particularly expenditure arising from missions and meetings

*Sub-item 33625*: expenditure arising from contracts which the Commission intends to conclude in pursuance of this project.

#### JUSTIFICATION

It is important for the Community to define long-term priorities and objectives in the field of science and technology as well as to coordinate the work of different research institutes. The Committee on Budgets believes that the modest sums requested in the Preliminary Draft General Budget are justified and should be reinstated.

The Council rejected this amendment despite the priority which Parliament had attached to it. Given the small increase in expenditure involved it is proposed to retable this amendment in its original form.

\* \* \*

Amendment No 43  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 121/rev.

Section III — Commission

#### *Payments*

##### (A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 33 — Expenditure on research and investment
- Article 236
- Item 3360 — Light-water reactor safety

Make a token entry.

##### (B) *Revenue*

Unchanged

##### (C) *Remarks*

Add the following remarks :

###### *New Item :*

The programme proposal is in preparation within the Commission.

It will be based on the Council Resolution of 22 July 1975 on the technological problems of nuclear safety (OJ C 185/75 of 14. 8. 1975).

The project objective is to contribute to solving technological safety problems affecting light-water reactors, notably in fields only partially or incompletely covered by the various programmes in progress within the Community.

#### JUSTIFICATION

The European Parliament supported its Committee on Energy and Research which believes that public uncertainty over the safety of nuclear installations constitutes a major impediment to the development of nuclear capacity in the Community. Research on safety is, therefore, essential if nuclear power is to become acceptable to the general public.

The Council, on 22 November 1977, rejected Parliament's amendment No 121/rev. without providing full justification. It is, therefore, proposed to retable an amendment, creating the line and placing a token entry on it, thus making possible the beginning of work on this item during 1978.

\* \* \*

Amendment No 44  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 310

Section III — Commission

(A) (i) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
Chapter 33 — Expenditure on research and investment  
Item 3364 — Uranium ore prospecting and processing

Enter appropriations of 800 000 EUA in payment appropriations broken down as follows :

Sub-item 33641	Staff	112 900
Sub-item 33642	Administrative expenditure	30 900
Sub-item 33645	Contracts	646 000
Sub-item 33649	Reserve Staff	10 200

(A) (ii) *Commitments*

Enter 2 846 000 EUA in commitments for sub-item 33645 'Contracts'.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Delete the sentence beginning 'As this is a new programme ....'

Replace with the following :

*Sub-items 33641 and 33649* : particularly staff expenditure in respect of 3 Community servants of Categories A(2) and C(1).

*Sub-item 33642* : particularly expenditure arising from missions and meetings

*Sub-item 33645* : expenditure arising from contracts which the Commission intends to conclude in pursuance of this project.'

#### JUSTIFICATION

The European Parliament has frequently expressed the belief that all possible should be done to contribute to the improvement of Community self-sufficiency in nuclear fuels and prospection for uranium deposits, including research and development in this field.

A secure supply of uranium is necessary for the expansion of the Community's nuclear programme, without which dependence on imported energy sources cannot be reduced. This programme would carry out research into prospecting methods and techniques.

Parliament's amendment No 810 was rejected by Council at its meeting on 22 November. It is proposed to retable this amendment in its original form, which does not involve a large increase in expenditure.

\* \* \*

Amendment No 45  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 46/rev./corr.

Section III — Commission

*Payments*

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 36 — Expenditure on scientific and technical information and on information management

Article 362 — Documentary research, scientific and technical information and documentation

Item 3620 — First and second three-year projects

Increase the appropriation by 1 750 000 EUA.

(B) *Revenue*

Unchanged

(C) *Compensation*

Title 10 — Other expenditure

Chapter 100 — Provisional appropriations

Delete the following :

(13) Item 3620 — Documentary research, scientific and technical information and documentation — first and second plans for three-year project

1 750 000 EUA (payment appropriations)

(4 500 000 EUA in commitment appropriations)

(D) *Commitments*

Increase commitments by 300 000 EUA for 1978 and therefore add the following to the remarks :

The appropriation for commitment authorized for 1978 amounts to 4 800 000 EUA

The probable schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments			
	1977	1978	1979	1980
1977 : 2 650 000	1 250 000	1 100 000	300 000	—
1978 : 4 800 000	—	1 750 000	2 050 000	1 000 000
	1 250 000	2 850 000	2 350 000	1 000 000

### JUSTIFICATION

The second plan of action is to enable the new series of projects developed during the first plan to be completed and brought into the operational phase.

The appropriations entered are realistic and necessary primarily to cover the Community's financial commitment for the establishment and administration of the EURONET network.

Council's reason for not accepting this amendment at its meeting on 22 November — namely that the situation had not evolved since the drawing up of the draft budget — works both ways: Parliament's reasons for tabling the amendment remain valid and it is proposed to retable the amendment in its original form.

\* \* \*

Amendment No 46/rev.

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 8/rev.

Section III — Commission

*Payments***(A) Expenditure**

Title 10 — Other expenditure  
 Chapter 100 — Provisional appropriations  
 enter 3 070 000 EUA

**(B) Revenue**

Increase revenue accordingly.

**(C) Commitments**

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 37 — Expenditure in the industrial and transport sectors  
 Article 371 — Operations in the aerospace sector  
 Item 3710 — Technological research

Add 20 720 000 EUA in commitments and therefore add the following to the remarks :

'The commitment authorization authorized for 1978, is 20 720 000 EUA.'

**(D) Remarks**

Add to the remarks under Chapter 100 :

'Item 3710 — Operations in the aerospace sector, technological research 3 070 000 (payment appropriations).'

## JUSTIFICATION

On 6 July 1976 the European Parliament approved the Commission's proposal for an action programme in the aerospace sector. In its resolution Parliament pointed to the urgent need to get a common industrial policy under way in order to increase the competitiveness of the aerospace industry on the international market.

At the European Parliament's request, and in anticipation of specific proposals from the Commission, 8 000 000 EUA were entered in the 1977 budget under Chapter 100.

On 26 July 1977 the Commission submitted an action programme for aeronautical research (Doc. COM (77) 362 final) covering the construction of both airframes and helicopters, for the implementation of which the appropriations required should be entered under Chapter 100. Council did not accept Parliament's amendment No 8/rev. which covered this purpose. In so doing it did not advance any new arguments to support its view.

It is proposed to retable the amendment, taking account of unused appropriations (8 000 000 u.a.) in the 1977 general budget. This amount should be transferred and carried forward, thus enabling Parliament to reduce the proposed level appropriation for 1978 by the same amount.

\* \* \*

## Amendment No 47

tabled by Mr Shaw, on behalf of the Committee on Budgets

## Council Modification No 6

## Section III — Commission

**(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 37 — Expenditure in the industrial and transport sectors  
 Article 371 — Operations in the aerospace sector  
 Item 3711 — Aids to the aerospace industry

Make a token entry

**(B) Revenue**

Unchanged

**(C) Remarks**

Add the following to the remarks column :

'Article 235 of the EEC Treaty

The Commission informed the Council and Parliament of its initial proposals for aerospace policy in Document COM (75) 475 final, and along these lines a Commission proposal is being drawn up for jointly financing an aeroplane optimization programme on criteria of economy and designed to reduce nuisances ; this scheme is to gradually replace national arrangements for the financing of research and development (including production tooling) in connection with programmes for large civil transport aircraft.'

### JUSTIFICATION

The European Parliament approved the Commission's proposal for an action programme in the aerospace sector on 6 July 1976. The situation of the European aerospace industry in the face of competition from American industry justifies Community action, the form of which, however, remains to be defined and the financing requirements for which it is not at the moment possible to quantify. Furthermore, apart from the specificity of this sector, the state of the European aerospace industry is not such as to warrant Community action under Article 375 of the budget.

The European Parliament adopted amendment No 6 on this item at its meeting of 26 October placing a token entry on the line. Council rejected this amendment without advancing any new arguments. It is proposed to retable this amendment in consequence.

\* \* \*

**Amendment No 48**

tabled Mr Shaw, on behalf of the Committee on Budgets

**Council Modification No 279****Section III — Commission****(A) Expenditure**

Title 10 — Other expenditure

Chapter 100

Article 100 — Provisional appropriations

Add appropriations of 1 million EUA.

**(B) Revenue**

Increase revenue accordingly

**(C) Remarks**

Add the following remarks :

'Article 373 — Financial operations in transport infrastructure projects.'

### JUSTIFICATION

For two successive years a token entry has been proposed for this line. Given the importance of the proposals, it is time that some amount was included in the budget and that the amount should be sufficient to examine the best means of launching Community support for projects with Community interest.

The amount should be placed under Chapter 100 until transferred after approval by the European Parliament following a Council decision in the light of the amendments agreed to in the course of the conciliation procedure on the Financial Regulation.

Council rejected Parliament's amendment at its meeting of 22 November : it is proposed to retable the amendment with the same limited appropriations as before.

\* \* \*

Amendment No 49.  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 281

Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 37 — Expenditure in the industrial and transport sectors
- Article 375 — Community reorganization and redevelopment operations in connection with crises in certain industrial sectors
- Add the following items 3750 and 3751 :
  - Item 3750 — Loan interest rebates
  - Item 3751 — Investment premiums

(B) *Revenue*

Unchanged

(C) *Remarks*

Unchanged

JUSTIFICATION

This amendment is justified for reasons of budgetary clarity, and Council provided no adequate reason for its rejection. It is, therefore, proposed to retable this amendment in its original form.

\* \* \*

Amendment No 50  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 280

Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 37 — Expenditure in the industrial and transport sectors
- Article 375 — Community reorganization and redevelopment operations in connection with crises in certain industrial sectors
- Item 3750 — Loan interest rebates
- Enter an appropriation of 3 million EUA.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Add the following to the remarks column :  
'Enter an appropriation for commitment of 15 million EUA.

The probable schedule of payments against commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 15 000 000	3 000 000	7 000 000	5 000 000

#### JUSTIFICATION

Parliament endorsed the view of its Committees on Budgets, and on Economic and Monetary Affairs that this amendment was necessary to improve budgetary clarity and give a new Community impetus for the industries affected by crises. Council, at its meeting of 22 November which rejected this amendment, did not provide any extra reasons for limiting itself to the draft budget. It is, therefore, decided to retable this amendment in its original form.

\* \* \*

Amendment No 51  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 282

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
Chapter 37 — Expenditure in the industrial and transport sectors  
Article 375 — Community re-organization and redevelopment operations in connection with crises in certain industrial sectors  
Item 3751 — Investment premiums  
Enter an appropriation of 15 million EUA.

(B) *Revenue*

Unchanged

(C) *Compensation*

Title 10, Chapter 100 (Article 375): delete 15 million EUA.

(D) *Remarks*

Unchanged

#### JUSTIFICATION

The European Parliament, on 26 October 1977, supported amendment No 282 from its Committees on Budgets, and on Economic and Monetary Affairs, placing payment appropriations on the line, compensating the increase by transferring 15 million EUA from Chapter 100. This was in line with the priority accorded by Parliament for urgent action to help industries in crisis.

The Council rejected this amendment at its meeting of 22 November but no valid reasons were provided for this. It was therefore decided to retable this amendment in its original form.

\* \* \*

Amendment No 52  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 283

Section III — Commission

(A) *Expenditure*

Title 10 — Other expenditure  
Article 100 — Provisional appropriations  
Add appropriations of 2 million EUA.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Add the following remarks :  
'Article 390 Research projects in the field of technology and industry.'

JUSTIFICATION

This item is important since the innovative process of small and medium-sized industrial firms and their capacity for innovation need to be encouraged in order to withstand non-European competition.

The Council did not accept this amendment, but it is proposed to retable it in view of the priority attached to this item right through the budgetary procedure, by the European Parliament. Given the agreement reached on the procedure for transfer from Chapter 100, during the course of conciliation on the Financial Regulation between Parliament and Council, it is proposed to place these appropriations under Chapter 100.

\* \* \*

Amendment No 53  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 294

Section III — Commission

(A) *Expenditure*

Title 4 — Repayments and aids to Member State and miscellaneous  
Create new Chapter 43 'Community lending (statement of expenditure) to finance industrial investment'  
Insert a token entry

(B) *Revenue*

Unchanged

(C) *Remarks*

Add the following to the remarks column :  
'Commission communication to the European Council on investment and loans in the European Community (COM (77) 300 final) of 15 June 1977. Resolution of the European Parliament on the inter-institutional dialogue relating to certain budgetary questions of 15 June 1977 (Doc. 119/77, page 5).  
This heading constitutes the budgetary framework for the financial consequence of general decisions authorizing the Commission to lend funds in support of investments, of Community

interest, in the sectors of energy, industrial reconversion and infrastructures, taking account of their regional impact.

The maximum amount authorized for such loans is 1 000 million EUA.

Annex II to Section III, Commission, of the general budget sets out all capital transactions and related debt management.<sup>1</sup>

#### JUSTIFICATION

On 15 July 1977, the Commission launched an important proposal for the creation of loans to finance Community investment, the so called 'Ortoli' loans.

The Commission had observed that despite the massive investment needs of the Community (250 000 million EUA in the energy sector alone, up until 1985), the fixed capital formation effort within the Community had seriously declined in the 1970s. The European Council, on 25 March 1977, decided on the launching of a Community effort to stimulate investment.

It was agreed that instruments other than those already available (EIB loans, Community loans for countries with balance of payments difficulties and EURATOM loans) were necessary. Therefore, the Commission proposed a mechanism based on a loan ceiling of 1 000 million EUA without any limits on time.

Whilst this proposal has yet to receive a favourable reaction from the Council of Ministers, despite the original impulsion from the European Council, Parliament underlined the urgency of a renewed Community investment effort in addition to the structural policies financed by the current account of the Community budget, which it believed to be insufficient in themselves to meet the tasks which the Community has assigned to the different social, regional and industrial policies.

Furthermore, it is vital at this stage that the European Parliament should underline the need for full budgetization of investment activities, so that the budgetary authority retains the ultimate responsibility.

The European Parliament has been unambiguous on this point. In its resolutions of 11 July 1975 (OJ C 179/46 of 6. 8. 1975), 13 May 1976 (Doc. 97/76, 26 June), 10 May 1977 (OJ C 133/21 of 6. 6. 1977) and 15 June 1977 (Doc. 119/77) the Parliament has clearly called for the development, rationalization and budgetization of Community lending and borrowing activities in order to stimulate the level of investment. It is now time to put these intentions into effect.

The Council did not follow the European Parliament at its meeting of 22 November and rejected Parliament's amendments Nos 242 and 294, adopted for this purpose. It is proposed to retable these two amendments, which do not involve extra expenditure.

\* \* \*

#### Amendment No 54

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 12/rev.

#### Section III — Commission

##### (A) *Expenditure*

Title 5 — Social and Regional Funds

Chapter 55 — European Regional Development Fund

Payment appropriations : increase by 275m EUA

##### (B) *Revenue*

Increase by 135 m EUA

##### (C) *Compensation*

Reduce Title 10 — Chapter 100 — Provisional appropriations by 140 m EUA

##### (D) *Remarks*

Enter a commitment of 352 000 000 EUA for 1978 and therefore add the following remarks :

The appropriations intended to finance investment in industry, the trades and the service sector, and infrastructures are based on the following regulations :

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

- Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund ;
- Financial regulation of 18 March 1975 supplementing the financial regulation of 25 April 1973 applicable to the General Budget of the European Communities (75/184/Euratom, ECSC, EEC);
- Council decision of 18 March 1975 to apply Regulation (EEC) 724/75 establishing a European Regional Development Fund to the French overseas departments.

The general objective is to correct the major regional imbalances in the Community by means of a contribution to the financing of investments in industry, the trades and the service sector that are economically sound and qualify for State regional aids (each investment project exceeding 50 000 EUA) provided that at least ten jobs are created or safeguarded. The contribution made under European regional policy to the financing of infrastructure investments is designed to improve the conditions for setting up and developing new activities in the Community's least-favoured regions.

Appropriations for commitment for 1978 amount to 750 m EUA.<sup>1</sup> The timetable of payments relative to the commitments is as follows :

Commitments	Payments					TOTAL		
	1975/77	1978		1979	1980			
	m.u.a.	m.u.a.	m EUA	m.u.a.	m EUA	m EUA	m.u.a.	m EUA
1975/ 1977 m u.a. m EUA	1 300	850	325	125	96	—	1 300	346
1978 m EUA	750		275		283	192		750
			525					

#### JUSTIFICATION

1. The Heads of State or of Government, meeting in Paris in October 1972, attached 'high priority' to the implementation of a Community regional policy and invited 'the Community institutions to set up a Regional Development Fund'. The *principle* of this Fund, which was established in March 1975, is *immutable*, whatever the outcome of the review of the basic regulation scheduled to take place before 1 January 1978.

The 1978 appropriations for the ERDF should therefore be entered against the *chapter concerning this Fund*, as suggested by the Commission. However, 'pending a Council decision on the basic issues ... the Council has, as a precaution, entered a commitment appropriation of 398 m EUA in Chapter 100'. This entry against Chapter 100, which relates to '*provisional appropriations*' is not acceptable. Nor is the token entry against the chapter on the Fund.

2. The Commission proposed a commitment appropriation of 650 m EUA against Chapter 55 (ERDF: Community measures in support of national regional policies) and a further commitment appropriation of 100 m EUA against Chapter 56 (ERDF: Specific Community measures). The existence of Chapter 56, which was not included in the 1977 budgetary nomenclature, depends on the Council's decision on the specific measures proposed in the context of the review of the Regulation on the Fund. In our view these specific measures represent a normal extension of the activities of the Fund. Given the present circumstances, therefore, this appropriation of 100 m EUA should also be entered against Chapter 55.

It was proposed that at the first reading, the 750 m EUA proposed by the Commission in respect of the ERDF should be reinstated under *Chapter 55*.

3. The Council 'has entered a commitment appropriation of 398 m EUA thereby *repeating* the 1977 appropriations.' This is a very debatable point.

The appropriations for 1976 (500 m u.a.) and 1977 (500 m u.a.) are considered as *initial* appropriations fixed by the Paris Summit in December 1974. The 1978 appropriation must therefore be *larger* to take account of the 'high priority' given by the Heads of State or of Government to the development of a Community Regional Policy.

To provide a *reference basis*, the appropriations laid down in 1974 must be *converted* into European units of account and *adjusted* to take account of the high rate of inflation since 1974.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

(a) The 500 m u.a. fixed in December 1974 must be converted into European units of account on the basis of the exchange rates for December 1974 and weighted in accordance with the national quotas laid down in the Regulation on the Fund.

The appropriation for 1977 would then represent 423.16 m EUA. (See Table I)

The Council has arrived at a lower figure because it used as its basis the exchange rates for 1 February 1977 instead of those applying at the time of the decision (December 1974). Moreover, its system of weighting is not based on the quotas fixed by the Regulation but on the commitment appropriations remaining available to each country at 31 December 1976. This approach is arbitrary since the commitment appropriations available are not always used and do not necessarily have to be used during the year concerned.

(b) Adjustments to take account of inflation between the end of 1974 and the end of 1977 must also be weighted on the basis of the national quotas fixed in the Regulation on the Fund. The rates of inflation are calculated in accordance with the index of prices based on gross fixed capital formation as interventions by the Fund are intended to boost investment in the various regions. If these criteria are applied, the Council's proposed repetition of the appropriations for 1976 and 1977 (fixed in 1974) would call for a sum of 643.5 m EUA in 1978 (as opposed to 398.3 m EUA). (See Table II)

This appropriation is roughly the same as that fixed by the Commission for interventions on the basis of sub-quotas (Chapter 55).

4. Moreover, experience gained in the course of the Fund's first two years of operation has shown that appropriations are inadequate. During that period, all the commitment appropriations for the two financial years (a total of 800 m. u.a.) were used up. 'Indeed, applications exceeded the total amount of appropriations for commitment available and a good many useful projects submitted to the Fund by the Member States could have been financed by it if the necessary resources had been entered in the budget' (Preliminary Draft Budget, Volume 7, Section III, page 66).

In view of this, the appropriations for the ERDF must be increased after the initial period. The sum of 100 m EUA proposed by the Commission for specific measures (Chapter 56) represents a minimum for the normal development of the activities of the Fund under the existing regulation and should be entered against Chapter 55.

Council at its meeting of 22 November, rejected this amendment, prior to the decision on the revision of the Fund and its rules but pledged itself to agree to a substantial and real increase in appropriations. It is proposed to take Council at its word and retable Parliament's amendment which would permit such a 'real increase' in the activities of the Fund whilst avoiding an unnecessary and foreseeable supplementary budget.

TABLE I

Comparison of EUA values of the appropriation of 500 m u.a. fixed at the end of 1974

	Amounts based on national quotas as laid down in the Regulation on the Fund fixed at the end of 1974		Commitment appropriations available at 31.12.1976	
	m u.a.	m EUA <sup>1</sup>	m u.a.	m EUA <sup>2</sup>
B	7.4	8.2	8.6	10.5
DK	6.4	6.8	6.5	7.4
D	31.7	38.3	53.1	72.7
F	74.4	74.0	70.9	70.5
IRL	32.3	25.1	29.5	19.0
I	200.0	152.5	191.8	123.6
L	0.5	0.5	0.5	0.7
NL	8.4	9.7	6.3	8.2
UK	138.9	108.1	132.8	85.7
EEC	500.0	423.2	500.0	398.3

<sup>1</sup> Rate in December 1974

<sup>2</sup> Rate at 1. 2. 1977

TABLE II  
Adjustment of the 1977 appropriation to take account of inflation

	1977		Rate of inflation 1974/1977	1978 m EUA Amounts indexed on the basis of national quotas
	m u.a.	m EUA <sup>1</sup>		
B	7.4	8.2	31.51	10.8
DK	5.4	6.8	27.31	8.6
D	31.7	38.3	31.98	97.7
F	74.4	74.0	10.66	42.4
IRL	32.3	25.1	64.86	41.5
I	200.0	152.5	65.82	252.8
L	0.5	0.5	31.07	0.7
NL	8.4	9.7	28.28	12.4
UK	138.9	108.1	63.49	176.7
EEC	500.0	423.2		643.5

<sup>1</sup> The national amounts expressed in u.a. have been converted into national currencies at the exchange rates for the unit of account fixed in September 1971 and then into EUA at the rates in force in December 1974.

\* \* \*

Amendment No 55  
tabled by Mr Shaw, on behalf of the Committee on Budgets  
Council Modification No 295

Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds  
Chapter 59 — Aid to disaster victims in the Community  
Enter an appropriation of 5 million EUA.

(B) *Revenue*

Increase revenue accordingly.

(C) *Remarks*

Unchanged.

JUSTIFICATION

As in previous years, it is necessary that the Community makes some provision for indicating its solidarity with populations in the Community affected by disasters and other 'natural phenomena'. The Commission inserted 5 million EUA in its preliminary draft and Council deleted the amount replacing it by a token entry. In the view of the Commission and the Parliament, the amount proposed is the minimum necessary to provide emergency aid for a disaster of any magnitude. Whilst it might well be necessary to have recourse to a supplementary budget in the case of a major disaster, the inclusion of appropriations on the budgetary line enables immediate action to be taken. In 1977 the Commission has made use of the funds voted by the European Parliament to aid the south-western region of France and the Tuscan region of Italy, severely affected by adverse weather. Council has not been consistent in its attitude to this item, as it has accepted in its draft that appropriations be included on the line for Article 950 'Community aid to disaster victims in developing and non-member countries'. Whilst agreeing that the Community should give help to non-member countries it should certainly not deny support to Community members.

\* \* \*

Amendment No 56  
 tabled by Mr Shaw, on behalf of the Committee on Budgets  
 Council Modification No 296

Section III — Commission

(A) *Expenditure*

Title 9 — Cooperation with developing countries and non-Member States (Chapters 90 and 91)

Unchanged.

(B) *Revenue*

Unchanged.

(C) *Remarks*

Enter the following remark :

'Chapters 90 and 91 are set aside for the appropriations of the European Development Fund (EDF).'

JUSTIFICATION

In its resolutions of 13 May 1976 and 15 June 1977 Parliament came out in favour of the budgetization of the EDF.

The 1977 budget as adopted by the budgetary authority lays down in the remarks to Title 9 that Chapters 90 and 91 are to be set aside for EDF appropriations.

The purpose of this amendment is to confirm this position and to permit EDF appropriations to be entered in the budget when the new ACP Association Convention is concluded.

Council at its meeting of 22 November, as in previous years, did not accept this amendment. Therefore in order to reconfirm Parliament's commitment to budgetize the EDF, it is proposed to retable this amendment, again as in previous years, which involves no extra expenditure.

Council rejected Parliament's amendment at its meeting of 22 November but did not advance any new arguments. It is therefore proposed to retable this amendment in its original form.

\* \* \*

Amendment No 57  
 tabled by Mr Shaw, on behalf of the Committee on Budgets  
 Council Modification No 298

Section III — Commission

(A) *Expenditure*

Title 9 — Cooperation with developing countries and non-member states

— Enter a new Chapter 90 with the following heading :

'Cooperation with the ACP states linked to the EEC by the Convention of Lomé.'

— Enter a new Article 900 with the following heading :

'Aid to ACP states for the export of agricultural products envisaged at Article 2, paragraph 2 (a), of the Convention of Lomé.'

— Enter a new Item 9001 with the following heading :

'Actions intended to favour the export to the EEC of beef originating in ACP states.'

Make a token entry.

(B) *Revenue*

Unchanged.

*(C) Remarks*

Enter the following remarks :

'Actions to be undertaken by the Community on the basis of Article 2, paragraph 2 (a), of the Convention of Lomé.'

## JUSTIFICATION

This amendment is intended to indicate Parliament's support for a definitive solution to the problem of the stability of ACP states' receipts arising from the export of beef. Following the abrogation of the safeguard clause on 1 April 1977, it is in effect necessary to envisage the replacement of the exceptional measures of reducing the levy by a more stable arrangement for these exports towards the Community.

Such an arrangement ought to be made by the Community on the basis of Article 2, paragraph 2 (a), of the Convention of Lomé.

The prolongation of the exceptional system for reducing the levy, decided after a favourable opinion from Parliament, does not provide a long-term solution. The Commission is invited to present its proposals for a definitive system in such a way that the transitional arrangements do not jeopardise continuity of support for the ACP countries. Furthermore, this amendment, tabled after Council's rejection of amendment No 298, at its meeting of 22 November, acts as an earnest of future intention, carrying the budgetization of the financial consequence of the Lomé Convention one step further. It involves no extra expenditure.

\* \* \*

Amendment No 58

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 297

## Section III — Commission

*(A) Expenditure*

Title 9 — Cooperation with developing countries and non-member states

Chapter 90 — Cooperation with the ACP states linked to the EEC by the Convention of Lomé

— Enter a new Article 909 with the following heading :

— Make a token entry

*(B) Revenue*

Unchanged

*(C) Remarks*

Enter the following remarks :

'This action is based on Article 31 of Protocol No. 2 of the Convention of Lomé which requires the installation of Commission delegations in these states or groups of states. The appropriation entered covers solely the actual operating costs of the headquarters and the cost of the personnel employed by the Commission at the headquarters.<sup>1</sup>

## JUSTIFICATION

The Control Sub-Committee of Parliament observed that the management of the appropriation related to the operation and the personnel cost of Commission delegations was unsatisfactory from the budgetary, fiscal and administrative viewpoints as well as being unsatisfactory on the personnel plane.

This amendment was not accepted by Council at its meeting of 22 November on the grounds that expenditure arising from this item was covered by the EDF. However, the preoccupations of Parliament still stand and it is therefore intended to table an amendment including a token entry on the line as an earnest of Parliament's intentions to proceed with the full budgetization of the EDF.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

\* \* \*

Amendment No 59  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 15/rev.

Section III — Commission

Payments

(A) *Expenditure*

Title 9 — Cooperation with developing countries and non-member states  
Chapter 93 — Financial and technical cooperation with non-associated developing countries  
Article 930 — Financial cooperation with non-associated developing countries  
Increase expenditure by 8 000 000 EUA.

(B) *Revenue*

Increase revenue accordingly.

(C) *Commitments*

Increase commitments by 20 000 000 EUA for 1978 and therefore add the following remarks :  
‘The appropriation for commitment authorized for 1978 is 80 000 000 EUA.

The timetable of payments relating to the commitment is as follows :

Commitments	Payments		
	1978	1979	1980
1978 : 80 000 000	10 796 000 <sup>1</sup> 32 000 000	5 040 000 <sup>1</sup> 24 000 000	24 000 000
<b>TOTAL</b>	<b>42 796 000</b>	<b>29 040 000</b>	<b>24 000 000</b>

<sup>1</sup> Re-entry of part of the appropriations committed in 1976 but not paid as of 31 December 1977.

#### JUSTIFICATION

The Commission's proposal for expenditure in 1978 in respect of non-associated countries takes account of the delays that have occurred in utilizing the 1976 and 1977 needs. A sum of 10 796 000 EUA committed in 1976 has had to be re-entered as it was not paid out by 31 December 1977, and in the light of this the Commission proposes a new commitment of 32 000 000 EUA for 1978, as part of a new programme. Of this new commitment, the Council accepted 30 000 000 EUA for 1978 only against 45m u.a. in 1977. Thus the *new* commitment to the non-associated countries is considerably less than it was in 1977. Given the responsibilities of the Community to these countries, which are in some cases very poor, and the need to establish some balance between aid to countries connected to the Community by agreements such as Lomé, and also to non-associated countries, the Council's reduction is unacceptable to Parliament.

In its Communication to the Council of 5 March 1975, the Commission proposed a five year timetable starting in 1976. Owing to delays and prevarications by the Council, the amounts committed in 1976 and 1977 were not the proposed 100 m u.a. and 120m u.a., but 20m u.a. and 45m u.a. respectively.

In the face of the needs of the countries concerned, these amounts are very small. It should be remembered that the Community's aid to countries connected to it by the Lomé agreement totals over 3 000 000 000 EUA, which does not appear in the budget. It is necessary to establish a balance in aid programmes, and it is therefore right to begin programming a larger quantity of aid to non-associated developing countries.

It is however necessary to plan this expenditure over a number of years; for this reason the Parliament supported the Commission's proposal to use commitment appropriations, and adopted amendment No 18/rev. on 26 October 1977. Council modified this amendment at the meeting of 22 November, reducing the level of payments to 34 796 000 EUA and accepting commitments for 60 000 000 EUA.

In view of the priority attached by Parliament to this item and in view of the dilatory nature of Community action so far in aid for the non-associated developing countries, it is proposed to retable Parliament's amendment to add to the figures in the draft budget and to restore the situation created by Parliament's original amendment. In doing this, it is clear that the 8 000 000 increase is proposed in relating to Council's decision of 22 November — as regards calculating Parliament's margin for increasing non-compulsory expenditure, only the 2m EUA above the draft budget level will be taken into account.

\* \* \*

**Amendment No 60**

tabled by Mr Shaw, on behalf of the Committee on Budgets

**Council Modification No 326**

**Section III — Commission**

**(A) Expenditure**

- Title 9 — Cooperation with developing countries and non-Member States
- Chapter 94 — Specific measures for cooperation with developing countries
- Article 945 — Community contribution towards schemes concerning developing countries carried out by non-governmental organizations (NGOs)

Increase expenditure by 2 million EUA.

**(B) Revenue**

Increase revenue accordingly.

**(C) Commitments**

Add to commitments a further 6 000 000 EUA and add the following to the remarks :

The appropriation for commitment authorized for 1978 is 12 000 000 EUA.

The timetable of payments relating to the commitment is as follows :

(in EUA)

Commitment	Payments		
	1978	1979	1980
1978 : 12 000 000	6 000 000	3 000 000	3 000 000

**JUSTIFICATION**

The non-governmental organizations have proved over the years to be one of the most efficient means of channelling aid to developing countries. Although the Council has accepted (and increased) the amount authorized for 1978, this does not overcome the problem posed by the need to plan ahead longer than for one year only. For this reason, the Parliament supports the Commission's proposed use of commitment appropriations.

The NGOs have also asked for a liaison committee to be established. The cost of this to the Community is low, and the Parliament supports the proposal in principle, which should be financed from the above funds.

Council modified Parliament's amendment No 326 at its meeting of 22 November by reducing payments to 4 000 000 EUA (4 500 000 EUA in the draft budget) and accepting commitments for 6 000 000 EUA. This compromise does however not satisfy the proven needs of the NGOs for 1978 and subsequent years. It is therefore proposed to retable the amendment, to the draft budget, in its original form.

\* \* \*

Amendment No 61  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 303

Section III — Commission

(A) *Expenditure*

Unchanged

(B) *Revenue*

Unchanged

(C) *Remarks*

Unchanged

(D) *Legislative part of the budget*

Insert the following text after Section III, Commission :

Decision in regard to the fixing of the list of budgetary lines to which the distinction between commitment authorizations and payment appropriations applies.

In accordance with Article 1, paragraph 3, of the Financial Regulation applicable to the budget of the European Communities, the Budgetary Authority fixes, as follows, the list of budgetary lines to which the distinction between commitment authorizations and payment appropriations applies.

*Chapters,  
Articles  
& Items*

*Heading*

3030	Pilot projects — handicapped workers
3031	Pilot projects
306	Pilot research into action to combat poverty
3200	Hydrocarbons sector — Community technological development projects
3201	Hydrocarbons sector — Joint projects in prospecting for hydrocarbons
321	Prospecting for uranium
323	Use of coal in power stations
3240	Community energy-saving programme
3241	Coal gasification and liquefaction

\* \* \*

Amendment No 62  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 288

Section III — Commission

(A) *Expenditure*

Title 4 — repayments of aid to Member States and other aid

Enter the following new line with the appropriation as shown :

Chapter 45 — expenditure resulting from the application of different conversion rates

Article 450 (new article) — expenditure resulting from the application of different conversion rates 716.6 m EUA

(B) *Compensation*

Title 7 — EAGGF guarantee section

Chapter 79 — expenditure resulting from the application of different exchange rates

Article 790 — expenditure resulting from the application of different exchange rates 716.6 M  
EUA

— Delete this Article and the appropriation shown against it

(C) *Remarks*

Enter the following remarks :

*Article 450 (former Article 790)*

This entry is intended to cover the additional costs resulting from the application, for conversions within the budget, of the EUA rates, whereas the prices and rates in respect of the agricultural policy are converted according to the representative rates.

In the 1977 budget additional costs were shown resulting from the application within the budget of rates corresponding to the IMF declared parities.

In 1976 this effect was distributed between the various budget lines.

JUSTIFICATION

The Committee on Budgets shares the Committee on Agriculture's view that this proposal is necessary (PDM 152). However, since the problem is one of budgetary nomenclature the Committee on Budgets considers that this proposal should take the form of a *draft amendment* on the basis of the provisions of the financial regulation stipulating that the budgetary nomenclature shall be fixed by the budgetary authority during the procedure for adoption of the budget.

Council did not share this view and rejected amendment No 288 as if it were a proposed modification. The Committee on Budgets could not agree to this change, therefore, this proposal is retabulated as a draft amendment.

\* \* \*

Amendment No 63

tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 287

Section III — Commission

(A) *Expenditure*

Title 4	— Repayments and aids to Member States and miscellaneous	
	Create the following new lines and enter the following appropriations :	
Chapter 44	— Monetary compensatory amounts	
Article 440	(new article) — Monetary compensatory amounts in respect of intra-Community trade	
Item 4400	(new item) — Monetary compensatory amounts on imports paid or levied by importing Member States	1 087.1 m EUA
Item 4401	(new item) — Monetary compensatory amounts on imports paid by exporting Member States on behalf of importing Member States	130 m EUA
Item 4402	(new item) — Monetary compensatory amounts on exports paid or levied by exporting Member States	— 370.4 m EUA
Article 441	(new article) — Monetary compensatory amounts in respect of trade with non-Community countries	
Item 4410	(new item) — Portion of monetary compensatory amounts granted on imports over and above the levy	127.6 m EUA
Item 4411	(new item) — Monetary compensatory amounts on exports	18.3 m EUA

(B) *Compensation*

Title 7	— EAGGF Guarantee Section
Chapter 78	— Monetary compensatory amounts
Article 780	— Monetary compensatory amounts in respect of intra-Community trade

Item 7800	— Monetary compensatory amounts on imports paid or levied by importing Member States	1 087.1 m EUA
Item 7801	— Monetary compensatory amounts on imports paid by exporting Member States on behalf of importing Member States	130 m EUA
Item 7802	— Monetary compensatory amounts on exports paid or levied by exporting Member States	— 370.4 m EUA
Article 781	— Monetary compensatory amounts in respect of trade with non-Community countries	
Item 7810	— Portion of monetary compensatory amounts granted on imports over and above the levy	127.6 m EUA
Item 7811	— Monetary compensatory amounts on exports	18.3 m EUA

— Delete these articles and items and the relevant appropriations.

(C) *Remarks*

—

### JUSTIFICATION

The Committee on Budgets endorses the proposal made by the Committee on Agriculture (PDM 151). However, since it considers that the problem is essentially one of budgetary nomenclature, its view is that this proposal should be tabled in the form of a *draft amendment*, on the basis of the provisions of the financial regulation stipulating that the budgetary nomenclature shall be fixed by the budgetary authority during the procedure for adoption of the budget.

Council did not share this view and rejected amendment No 287 as if it were a proposed modification. The Committee on Budgets could not agree to this change, therefore, this proposal is retabled as a draft amendment.

<i>Chapters, Articles &amp; Items</i>	<i>Heading</i>
Chap. 33	Expenditure on research and investment
3620	Documentary research — first and second three-year projects
3621	Activities supplementary to the three-year project
3701	Data-processing sector — Second programme
3710	Basic research — aerospace
Chap. 50/51	Social Fund
Chap. 55/56	Regional Development Fund
Title 8	EAGGF — Guidance Section
Art. 930	Financial cooperation with non-associated developing countries
9310	Measures to promote trade between the Community and non-associated developing countries
9450	Cofinancing of schemes carried out by NGOs in developing countries
Chap. 96	Protocols — Mediterranean countries.

### JUSTIFICATION

In accordance with the principle that the list of budgetary lines in which commitment authorizations might apply may be decided during the budgetary procedure, the Committee on Budgets considers that the lines in which the distinction between commitment authorizations and payment appropriations for the 1978 financial year apply should be specified by way of amendment. This would be appropriate in view of the results of the Conciliation Committee's work on the Financial Regulation.

Council, on 22 November, rejected this amendment, arguing that it was superfluous. However, for reasons of clarity, it seems appropriate to provide such a list in the legislative part of the budget — a part that was opened up by Council, with the European Parliament's approval.

\* \* \*

Amendment No 64  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 289

Section III — Commission

(A) *Expenditure*

Title 4 — Repayments and aids to Member States and miscellaneous

Create the following new headings and enter the following appropriation :

Chapter 43a — Compensatory amounts on accession

Article 430a — Compensatory amounts on accession granted in respect of intra-Community trade

30 000 000 EUA

(B) *Compensation*

Title 7 — EAGGF Guarantee Section

Chapter 75 — Compensatory amounts on accession

Article 750 — Compensatory amounts on accession granted in respect of intra-Community trade

30 000 000 EUA

Delete this article and the relevant appropriation.

(C) *Remarks*

—

JUSTIFICATION

The Committee on Budgets endorsed the proposal made by the Committee on Agriculture (PDM 150). However, it considered that the problem was essentially one of the budgetary nomenclature and its view was that this proposal should be tabled in the form of a draft *amendment*, on the basis of the provisions of the financial regulation stipulating that the budgetary nomenclature should be fixed by the budgetary authority during the procedure for adoption of the budget.

Council did not share this view and rejected amendment No 289 as if it were a proposed modification. The Committee on Budgets could not agree to this change, therefore, this proposal is retabled as a draft amendment.

\* \* \*

Amendment No 65  
tabled by Mr Shaw, on behalf of the Committee on Budgets

Council Modification No 142

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 30 — Expenditure in the social sector

Article 307 — European Trade Union Institute

Enter appropriations of 500 000 EUA.

(B) *Revenue*

Unchanged

(C) *Compensation*

Title 10 — Other expenditure

## Chapter 100 — Provisional appropriations

Reduce appropriations by 500 000 EUA

*(D) Remarks*

Unchanged

## JUSTIFICATION

The Council in adopting the Social Action Programme committed itself to helping the trade union organizations to set up a European Trade Union Institute. The European Trade Union Confederation has demonstrated that it is now ready to avail itself of the Communities' financial aid.

It has adopted its statute, approved a document setting out the role and operation of the Institute, and also prepared a draft budget. In order to commence and continue functioning, the Institute needs a minimum contribution of 600 000 EUA from the Community.

Council agreed to place 500 000 EUA under Chapter 100 but in view of the need to begin work on this Institute it is proposed to transfer the appropriations to the operational line of the budget.

\* \* \*

Application of the resolution of 26 October 1977 on Section V — Court of Auditors — of the budget

## Amendment No 66

tabled by Mr Cointat, on behalf of the Committee on Budgets

## Section V — Court of Auditors

— *Establishment plan*

— amend the establishment plan as follows :

— Permanent post : 10 A 3, 10 A 4, 7 A 5, 3 A 6 and 3 A 7

## JUSTIFICATION

The Committee on Budgets has agreed that it would not be desirable to adopt a pyramid structure for the Court's establishment plan as in the case of the other institutions ; the special nature of the auditing duties involved may make it essential to adopt a different internal structure but this is a matter which only the Court can judge.

However, the Committee on Budgets considered that the Court's proposals for grade A 3 staff did not really rest on objective grounds and might well create serious problems at a later stage as regards career advancement within the institution.

It is therefore proposed that five of the A 3 posts requested be deleted and that the distribution of the A 4 — A 7 posts be amended.

\* \* \*

## Amendment No. 67

tabled by Mr Cointat, on behalf of the Committee on Budgets

## Council Modification No 260

Section II — Council — Annex I — Economic and Social Committee

List of posts — add the following to the establishment plan :

1 A 4, 1 B 1, 1 C 1, 1 C 3/2 (C3)

*(A) Expenditure*

Increase expenditure by 53 500 EUA \*

*(B) Revenue*

Increase revenue accordingly

*(C) Remarks*

Unchanged

## JUSTIFICATION

(a) The level of activity of the Secretariat of the Economic and Social Committee is on the increase, in particular following the acquisition by the committee of the right of initiative as a result of the recommendations made some years ago by the Conference of Heads of State or Government.

(b) The establishment plan of the ESC has been expanded over these past few years at a slower pace, so that it does not fully correspond to the needs associated with the increase in activity. These new posts, added to those allowed by the Council when it drew up the draft budget, meet only about half the requests put forward by the ESC with respect to its establishment plan needs for the next financial year.

The Committee on Budgets considers that it should resubmit this amendment, since the Council's deliberations in no way detract from its validity.

\* \* \*

## FINANCIAL STATEMENT

## \* Breakdown of items

Expenditure — Chapter 11, Article 110 — Item 1100	48 600 EUA
— Item 1101	4 200 EUA
— Item 1102	7 200 EUA
— Item 1130	1 400 EUA
— Item 1131	600 EUA
— Item 119	4 500 EUA
Total	66 500 EUA
Revenue — Chapter 40	9 800 EUA
— Chapter 41	3 200 EUA
Total	13 000 EUA

\* \* \*

## Amendment No 68

tabled by Mr Cointat, on behalf of the Committee on Budgets

Council Modification No 261

## Section II — Council — Annex I — Economic and Social Committee

List of posts — amend the establishment plan as follows :

+ 5 C 4; — 5 C 5;  
+ 2 D 1; — 2 D 3/2;

(A) *Expenditure*

Unchanged

(B) *Revenue*

Unchanged

(C) *Remarks*

Unchanged

## JUSTIFICATION

For several years staff in the lower career brackets of these categories have been denied advancement despite their proficiency.

These changes meet only half the requests made by the Economic and Social Committee as regards conversions both from D 3/2 to D 1 and from C 5 to C 4.

The Committee on Budgets considers that it should resubmit this amendment, since the Council's deliberations in no way detract from its validity.

\* \* \*

Amendment No 69  
tabled by Mr Cointat, on behalf of the Committee on Budgets  
Council Modification No 329

Section I — European Parliament

(A) *Expenditure*

Title 1 — Expenditure relating to persons working with the Institution  
Chapter 13 — Expenditure relating to missions and duty travel  
Article 130 — Mission expenses, duty travel expenses and other ancillary expenditure  
Item 1301 — Staff  
— increase appropriation under this item by 612 000 EUA<sup>1</sup>

(B) *Revenue*

— increase revenue accordingly

(C) *Remarks*

— unchanged

#### JUSTIFICATION

Amendment 329 voted by Parliament on 26 October 1977 was tabled by all the political groups. The Council modified this amendment, pointing out that on 21 November 1977 it had accepted the 10 % increase proposed by the Commission for missions to Brussels, Luxembourg and Strasbourg, with retroactive effect to 1 October. The Committee finds this Council decision unsatisfactory and therefore resubmits the proposals made by the Bureau of Parliament to the Commission for the Council on 27 May 1977 to adjust the daily allowance for staff as follows, compared with the last Council decision on the subject

<i>Strasbourg</i>	Categories C and D	+ 30 %
	B and A (up to A4)	+ 20 %
	(A1 — A3, allowances and hotel costs) . . . . .	+ 30 %
<i>Brussels</i>	Categories C and D	+ 40 %
<i>Luxembourg</i>	B and A (up to A4) . . . . .	+ 30 %
	(A1—A3, allowances and hotel costs) . . . . .	+ 28 %
	and	
		30 %

It should also be pointed out that mission expenses were adjusted on 21. 12. 1976 but not sufficiently to take account of the real increase in the cost of living at that date ; it should also be stressed that the percentage increases proposed above, no matter how high they may seem, will do no more than make up for lost ground.

\* \* \*

<sup>1</sup> The proposed increase amounts to 30 % compared with the 1977 appropriations since Parliament did not provide for any increase in this item when it adopted its estimates for 1978.

Application of the resolution of 26 October 1977 on Section I of the budget

Amendment No 70

tabled by Mr Cointat, on behalf of the Committee on Budgets

Section I — Parliament

*List of posts*

— Add the following new posts to the list of posts : 6 LA 4 posts \*, 6 LA 5 posts, 1 C 1 post, 6 C 3/2 secretary posts in C 2, 3 C 3/2 clerk posts in C 2, 1 D 3/2 post in D 2

(A) *Expenditure*

Increase expenditure by 593 500 EUA

(B) *Revenue*

Increase revenue accordingly by 474 800 EUA <sup>1</sup>

(C) *Remarks*

Additional staff in Luxemburg for the Translation Service in the Directorate-General for Sessional and General Services.

#### JUSTIFICATION

The Committee on Budgets has recognized that the Translation Service is particularly overloaded and that the posts created on 16 June 1977 when the estimates were adopted are not enough to cover this increase in workload, particularly in view of the translations required by the political groups. The committee also takes the view that an additional and excessive workload may result from the translation activities connected with preparations for elections to Parliament by direct universal suffrage. In these circumstances it considers it necessary to create these additional category LA posts, as well as the associated clerical posts.

The creation of these posts will plainly not in any way undermine the structural and geographic coherence of the Translation Directorate Secretariat.

(in EUA)

	1100	1101	1102	1103	1130	1131	TOTAL	Weigh- ting	Revenue	
									Chap. 40	Chap. 41
<i>Translators</i>										
6 LA 4	178 400	15 000	26 400		5 400	1 800	227 000	15 900	47 000	12 000
6 LA 5	150 300	12 600	22 200		4 500	1 500	191 100	13 400	35 800	10 100
6 C 3/2 secretaries	56 800	4 800	8 400	3 000	1 700	500	75 200	5 100	3 400	3 800
1 C 1 secretary	12 100	1 000	1 800	500	400	100	15 900	1 100	1 200	800
<i>Reproduction distribution</i>										
2 C 3/2 clerks	19 000	1 600	2 800		500	200	24 100	1 700	1 200	1 300
1 D 3/2	7 300	600	1 100		200	100	9 300	700	300	500
<i>Mail/telex</i>										
1 C 3/2 clerk	9 500	800	1 400		300	100	12 100	900	600	700
	433 400	36 400	64 100	3 500	13 000	4 300	554 700	38 800	89 500	29 200

for 9 months — amounts rounded off

to the nearest hundred EUA *Expenditure*: 554 700 EUA + 38 800 EUA = 593 500 EUA

*Revenue*: 89 500 EUA + 29 200 EUA = 118 700 EUA

\* The LA 4 and LA 5 posts are reviser posts

<sup>1</sup> + 118 700 accruing from taxes on salaries.

Application of the resolution of 26 October 1977 on Section I of the budget

Amendment No 71  
tabled by Mr Cointat, on behalf of the Committee on Budgets

Section I — Parliament

(A) *Expenditure*

- Title 2 — Buildings, equipment and miscellaneous administrative expenditure
- Chapter 22 — Movable property and associated expenditure
- Article 220 — Office machinery
  - Increase this appropriation by 6 250 EUA
- Article 222 — Technical equipment and installations
  - Increase this appropriation by 6 250 EUA

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Typewriters and reproduction equipment needed as a result of the additional staff for the translation and reproduction-distribution services.

JUSTIFICATION

This material is needed following the creation of the 12 translator posts and a number of clerical posts.

\* \* \*

Amendment No 72  
tabled by Mr Aigner, Mr Bangemann, Lord Bessborough, Mr Cointat, Mr Spénale and Mr Stetter

Council Modification No 12/rev.

Section III — Commission  
— European Regional Development Fund

PAYMENTS

(A) *Expenditure*

- Title 5 — Social and Regional Fund
- Chapter 55 — European Regional Development Fund
- Increase appropriations by 275m EUA, and therefore alter these appropriations from 390 to 525m EUA.

(B) *Revenue*

Increase revenue by 135m EUA

(C) *Compensation*

Transfer the 140m EUA (appropriations for payment from Title 10-Chapter 100 (provisional appropriations) — to Chapter 55 European Regional Development Fund.

COMMITMENTS

1. (a) Increase the appropriation for commitment for the European Regional Development Fund by 183m EUA, and therefore alter them from 398m EUA to 581m EUA.

(b) Enter this figure of 581m EUA as appropriations for commitment in Chapter 55.

2. *Compensation :*

Reduce the appropriations for commitment in Title 10, Chapter 100, by 398m EUA.

The appropriations for commitment amount to 581m EUA for the financial year 1978.

The timetable of payments relative to the commitments is as follows :

*(in m EUA)*

Commitments		Payments			
		1978	1979	1980	TOTAL
		525	56	—	
1978	581				
<b>TOTAL</b>	<b>581</b>				<b>581</b>

The remarks in the preliminary draft budget remain valid.

### JUSTIFICATION

The following table shows the different proposals as to appropriations for the Fund in 1978 :

	<i>Commitments</i>	<i>Payments</i>
Preliminary draft budget	750	525
Draft budget	398	390
First reading EP (26 October)	750	525
Council modifications (22 November)	398	390
European Council (6 December)	580	460

At the present stage of the budgetary procedure, the appropriations for the Fund are as provided by the Council of Finance Ministers on 22 November i.e. 398m EUA in appropriations for commitment and 390m EUA in appropriations for payment.

Having regard to the Commission's proposals and the guidelines laid down by the European Council, the authors of this amendment consider that the European Parliament should fix an endowment for the Fund corresponding to the actual needs of the Community as clearly apparent at this final stage in the procedure for adoption of the 1978 budget.

Having regard to the Commission's proposals and the guidelines laid down by the European Council, the authors of this amendment consider that the European Parliament should fix an endowment for the Fund corresponding to the actual needs of the Community as clearly apparent at this final stage in the procedure for adoption of the 1978 budget.

The endowment is as follows :

— appropriations for commitment	581m EUA
— appropriations for payment	525m EUA

The authors of the amendment also consider that all the appropriations at present partially entered against Chapter 100 should be shown on the budget line.

This proposal would enable the appropriations for the Regional Fund to be used immediately.

\* \* \*

Amendment No 73

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 93/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the Energy Policy

Article 321 — Prospecting for uranium deposits

Increase appropriations by 3m EUA in payment appropriations.

(B) *Revenue*

Increase revenue accordingly

(C) *Commitments*

Add commitments for 1978 of 5m EUA and therefore add the following remarks:

'The appropriation for commitment authorized for 1978 amounts to 5m EUA.

The likely schedule for payments vis-à-vis commitments is as follows:

\* \* \*

Amendment No 74

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 96/rev.

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution

Chapter 32 — Expenditure under the Energy Policy

Insert the following new Article:

Article 323 — Use of coal in power stations

Make a token entry

(B) *Remarks*

Enter a commitment appropriation of 10 000 000 EUA for 1978 and therefore add the following remarks:

'*New Article*

Article 235 of the EEC Treaty

Proposal submitted to the Council on 31 December 1976 (COM (76) 648 fin. 2. The appropriation is intended to cover expenditure arising from the grant of support to operators of power stations with a view to encouraging the construction, conversion or modernization of their plants for the use of coal instead of liquid fuels. Support is limited to the extra costs due to these operations.

Commitments	Payments				
	1976	1977	1978	1979	1980
1976: 1 000 000	700 000	—	300 000 <sup>1</sup>		
1977: 5 000 000	—	2 000 000	2 000 000	1 000 000	
1978: 5 000 000	—	—	3 000 000	1 000 000	1 000 000
<b>Total:</b>	<b>700 000</b>	<b>2 000 000</b>	<b>5 300 000</b>	<b>2 000 000</b>	<b>1 000 000<sup>1</sup></b>

<sup>1</sup> Re-entry of appropriations which were carried forward from 1976 to 1977 and will lapse at the end of 1977.

JUSTIFICATION

A vigorous nuclear programme constitutes an essential part of the Community's energy policy. Limited uranium reserves are known to exist in the territories of certain Member States and with

prospection such as would be financed by this action, larger reserves could be discovered. This is particularly important at present as sufficient uranium imports from third countries could not be guaranteed in the long term.

Council, in rejecting Parliament's amendment at its meeting of 22 November, has not added arguments that contradict the imperative need to Pursue the policy of uranium prospection as an energy priority.

\* \* \*

The appropriation for commitment authorized for 1978 is 15 000 000 EUA.<sup>1</sup> The likely schedule of payment relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 15 000 000	token entry	10 000 000	5 000 000

#### JUSTIFICATION

In view of the particularly serious situation facing the Community's coal producers, the programme to be financed by these appropriations could make a significant contribution to the Community's coal industry while reducing dependence on imported hydro-carbons for electricity generation by encouraging Community electricity producers to convert existing plants or build new plants which would generate electricity from coal. It is hoped that this action, which was welcomed by the European Parliament (Bessborough Report, Doc. 45/77, OJ No C 133 of 6. 6. 1977, page 18) will be adopted by the Council before the end of this year.

Council rejected Parliament's amendment No 96/rev. which sought to enter payments and commitments for this item.

\* \* \*

#### Amendment No 75

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 98/rev.

#### Section III — Commission

##### (A) Expenditure

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 32 — Expenditure under the Energy Policy
- Article 324 — Aids to demonstration projects under the Community Energy Programme
- Item 3240 — Community energy saving programme

Enter appropriations of 2 000 000 EUA in payment appropriations

##### (B) Revenue

Increase revenue accordingly

##### (C) Remarks

Enter commitments for 1978 of 4 000 000 EUA and therefore add the following remarks :  
Article 235 of the EEC Treaty.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 1973

Proposal submitted to the Council on 31 May 1977 (COM (77) 187 final).

Communication to the Council of 24 February 1977 (Doc. (COM (77) 39 final).

This appropriation is to cover expenditure arising from Community action on energy saving, in particular:

- heat pumps,
- heat recovery,
- combined production of heat and power,
- energy storage,
- reduction of waste in industry,
- low-energy housing.

The appropriation for commitment authorized for 1978 is 4 000 000 EUA. The likely schedule of payments relative to commitments is as follows:

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978: 4 000 000	2 000 000	1 000 000	1 000 000

This remark is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1977.

#### JUSTIFICATION

This programme would enable the Community to carry out action in the fields of heat pumps, heat recovery, low-energy dwellings, energy economies in industry, energy storage and the combined production of heat and power. The rational use of energy constitutes an essential element in the Community's plan to reduce dependence on imported sources. The Council should, as soon as possible, take positive action on the Commission's proposal.

\* \* \*

#### Amendment No 76

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 100/rev.

#### Section III — Commission

##### (A) Expenditure

- Title 3 — Expenditure on specific projects undertaken by the Institution
- Chapter 32 — Expenditure under the Energy Policy
- Article 324
- Item 3241 — Coal gasification and liquefaction

Enter appropriations of 2 000 000 EUA in payment appropriations.

##### (B) Revenue

Increase revenue accordingly

##### (C) Commitments

Enter commitments for 1978 of 6 000 000 EUA and therefore add the following remarks:

'The appropriation for commitment authorized for 1978 is 6 000 000 EUA. The likely schedule of payments relative to commitments is as follows:

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978: 6 000 000	2 000 000	2 000 000	2 000 000 <sup>1</sup>

## JUSTIFICATION

Coal gasification and liquefaction could be of considerable assistance to the coal industry as well as providing an important source of indigenous hydrocarbon fuels. The European Parliament favours research and development in the field of coal exploration and liquefaction in two reports by Mr Burgbacher (Doc. 325/74), OJ No C 155 of 9. 12. 74, page 71, and Doc. 407/75, OJ No C 100 of 3. 5. 76, page 10). This action would provide Community assistance towards the operating costs for coal gasification and liquefaction pilot plants. The amendment provided a minimum in enabling this programme to get under way.

The Council modified amendment No 100/rev. only accepting the creation of the line and the insertion of a token entry.

\* \* \*

## Amendment No 77

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr Van Aerssen<sup>1</sup>

Council Modification No 102/rev.

## Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the institution

Chapter 32 — Expenditure under the energy policy

Article 324 — Aids to demonstration projects under the Community energy programme

Insert a new item :

Item 3242 — Exploitation of geothermal resources

Enter appropriations of 2 000 000 EUA in payment appropriations

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Enter commitments for 1978 of 5 000 000 EUA and therefore add the following remarks :

Proposal submitted to the Council on 31 May 1977 (Doc. COM (77) 187 final). This item is to cover expenditure relating to the grant of support to undertakings exploiting geothermal energy, both for power and heating purposes. Under the programme Community assistance to projects will not exceed 40 %.

The appropriation for commitment authorized for 1978 is 5 000 000 EUA<sup>1</sup>.

The likely schedule of payments relative to commitments is as follows :

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978: 5 000 000	2 000 000	1 500 000	1 500 000

<sup>1</sup> This text is binding within the meaning of Article 16(c) of the Financial Regulation of 25 April 1973

## JUSTIFICATION

Geothermal energy could be of considerable interest in certain areas in the Community both for power and heating purposes. This item would assist the exploitation of the Community's geothermal resources. The Council should take positive action on the Commission's proposal as soon as possible.

\* \* \*

## Amendment No 78

tabled by Mr Aigner, Mr Spénaie, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 309

## Section III— Commission

(A) (i) *Expenditure*

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 33 — Expenditure on research and investment  
 Article 336  
 Item 3361 — Primary raw materials

Enter appropriations of 2 000 000 EUA in payment appropriations broken down as follows:

*Primary raw materials*

Sub-item 33611	Staff	254 300	EUA
Sub-item 33612	Administrative expenditure	126 900	EUA
Sub-item 33615	Contracts	1 595 800	EUA
Sub-item 33619	Reserve staff	23 000	EUA
Item 3361	Total	2 000 000	EUA

(A) (ii) *Commitments*

Enter 5m EUA in commitments for sub-item 33615 'Contracts'

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Delete the sentence beginning 'As this is a new programme ...' and replace with the following:

'The 2m EUA is to remain frozen until unfrozen by the European Parliament when the examination of the programme has been completed.

The appropriations cover:

Sub-items 33611 and 33619: particularly staff expenditure in respect of 7 Community servants of Categories A (4), B (1) and C (2)

Sub-item 33612: particularly expenditure arising from missions, formal meetings and certain studies

Sub-item 33615: expenditure arising from contracts which the Commission intends to conclude in pursuance of this project.'

## JUSTIFICATION

This project would enable the Community to develop new techniques for the exploration and mining of mineral resources. It seems obvious that every possible effort should be made to develop the Community's indigenous mineral resources, particularly at a time when primary raw material prices are increasing rapidly.

The European Parliament and its Committee on Budgets supported the aims outlined in the programme, for which it has already given a generally favourable opinion, and therefore supported the general intention of the Committee on Energy and Research and Mr Aigner and the Christian Democratic Group in amendments Nos 1073 rev. and 227.

However, it was decided to table a new amendment on behalf of the Committee on Budgets given the necessity of limiting commitments to activities of a multi-annual nature and excluding staff and administrative appropriations from their ambit.

Furthermore, it was decided to support the demand for freezing the appropriations for the programme until Parliament had approved it, and until Council had taken Parliament's observations into account.

Council, at its meeting of 22 November, decided by way of modification on the deletion of this amendment because it had not yet decided on the programme. It is considered that this is insufficient as a reason for rejection as these programmes are important as part of the Community's priorities in the energy sphere.

\* \* \*

#### Amendments No 79

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

Council Modification No 8/rev.

#### Section III — Commission

##### Payments

##### (A) *Expenditure*

Title 10 — Other expenditure  
Chapter 100 — Provisional appropriations  
Enter 1 000 000 EUA

##### (B) *Revenue*

Increase revenue accordingly.

##### (C) *Commitments*

Title 3 — Expenditure on specific projects undertaken by the Institution  
Chapter 37 — Expenditure in the industrial and transport sectors  
Article 371 — Operations in the aerospace sector  
Item 3710 — Technological research

Add 23 000 000 EUA in commitments and therefore add the following to the remarks:  
'The commitment authorization authorized for 1978, is 5 000 000 EUA.'

##### (D) *Remarks*

Add to the remarks under Chapter 100:  
'Item 3710 — Operations in the aerospace sector, technological research 1 000 000 (payment appropriations).'

#### JUSTIFICATION

On 6 July 1976 the European Parliament approved the Commission's proposal for an action programme in the aerospace sector. In its resolution Parliament pointed to the urgent need to get a common industrial policy under way in order to increase the competitiveness of the aerospace industry on the international market.

At the European Parliament's request, and in anticipation of specific proposals from the Commission, 8 000 000 EUA were entered in the 1977 budget under Chapter 100.

On 26 July 1977 the Commission submitted an action programme for aeronautical research (Doc. COM (77) 362 final) covering the construction of both airframes and helicopters, for the implementation of which the appropriations required should be entered under Chapter 100. Council did not accept Parliament's amendment No 8/rev. which covered this purpose. In so doing it did not advance any new arguments to support its view.

It is proposed to retable the amendment, taking account of unused appropriations (8 000 000 EUA) in the 1977 general budget. This amount should be transferred and carried forward, thus enabling Parliament to reduce the proposed appropriation level for 1978 by the same amount.

\* \* \*

## Amendment No 80

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

## Council Modification No 280

## Section III — Commission

(A) *Expenditure*

- Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 37 — Expenditure in the industrial and transport sectors  
 Article 375 — Community reorganization and redevelopment operations in connection with crises in certain industrial sectors  
 Item 3750 — Loan interest rebates
- Enter an appropriation of 2 million EUA.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Add the following to the remarks column :

'Enter an appropriation for commitment of 10 million EUA.

The probable schedule of payments against commitments is as follows :

*(in EUA)*

Commitments	Payments		
	1978	1979	1980
1978 : 10 000 000	2 000 000	5 000 000	3 000 000

## JUSTIFICATION

Parliament endorsed the view of its Committees on Budgets, and Economic and Monetary Affairs that this amendment was necessary to improve budgetary clarity and give a new Community impetus for the industries affected by crises. Council, at its meeting of 22 November which rejected this amendment, did not provide any extra reasons for limiting itself to the draft budget.

\* \* \*

## Amendment No 81

tabled by Mr Aigner, Mr Spénale, Mr Bangemann, Mr Cointat and Mr van Aerssen

## Council Modification No 15/rev./corr.

## Section III — Commission

## PAYMENTS

(A) *Expenditure*

- Title 9 — Cooperation with developing countries and non-Member States  
 Chapter 93 — Financial and technical cooperation with non-associated developing countries  
 Article 930 — Financial cooperation with non-associated developing countries
- Increase expenditure by 6 000 000 EUA

(B) *Revenue*

Increase revenue accordingly

**(C) Commitments**

Increase commitments by 10 000 000 EUA for 1978 and therefore add the following remarks :  
 "The appropriation for commitment authorized for 1978 is 70 000 000 EUA. The timetable of payments relating to the commitment is as follows :

*(in EUA)*

Commitments	Payments		
	1978	1979	1980
1978 : 70 000 000	10 796 000 <sup>1</sup> 30 000 000	5 040 000 <sup>1</sup> 20 000 000	20 000 000
Total :	40 796 000	25 040 000	20 000 000

<sup>1</sup> Re-entry of part of the appropriations committed in 1976 but not paid out as of 31 December 1977.

**JUSTIFICATION**

See the justification given in the amendment tabled by Mr Shaw.

\* \* \*

Amendment No 82  
 tabled by the Socialist Group

Council Modification No 96/rev.

Section III — Commission

**(A) Expenditure**

Title 3 — Expenditure on specific projects undertaken by the Institution  
 Chapter 32 — Expenditure under the Energy Policy

Insert the following new Article :

Article 323 — Use of coal in power stations

Enter appropriations for payment of 8m EUA.

**(B) Revenue**

Increase revenue accordingly

**(C) Remarks**

Enter a commitment appropriation of 25m EUA for 1978 and therefore add the following remarks :

*New Article*

Article 235 of the EEC Treaty

Proposal submitted to the Council on 31 December 1976 (COM (76) 648 fin. 2). The appropriation is intended to cover expenditure arising from the grant of support to operators of power stations with a view to encouraging the construction, conversion or modernization of their plants for the use of coal instead of liquid fuels. Support is limited to the extra costs due to these operations.

The appropriation for commitment authorized for 1978 is 25m EUA.<sup>1</sup> The likely schedule of payments relative to commitments is as follows :

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 1973.

(in EUA)

Commitments	Payments		
	1978	1979	1980
1978 : 25 000 000	8 000 000	10 000 000	7 000 000

## JUSTIFICATION

In view of the particularly serious situation facing the Community's coal producers, the programme to be financed by these appropriations could make a significant contribution to the Community's coal industry while reducing dependence on imported hydro-carbons for electricity generation by encouraging Community electricity producers to convert existing plants or build new plants which would generate electricity from coal. It is hoped that this action, which was welcomed by the European Parliament (Bessborough Report, Doc. 45/77, OJ No C 133 of 6. 6. 1977, page 18) will be adopted by the Council before the end of this year.

Council rejected Parliament's amendment No 96/rev. which sought to enter payments and commitments for this item. For the imperative reasons expressed above, it is proposed to retable this amendment as originally shown.

\* \* \*

Amendment No 83  
tabled by the Socialist Group

Council Modification No 12/rev.

Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds  
Chapter 55 — European Regional Development Fund  
Payment appropriations : increase by 275m EUA

(B) *Revenue*

Increase by 135m EUA

(C) *Compensation*

Reduce Title 10 — Chapter 100 — Provisional appropriations — by 140m EUA

(D) *Remarks*

Enter a commitment of 352 000 000 EUA for 1978 and therefore add the following remarks :  
The appropriations intended to finance investment in industry, the trades and the service sector, and infrastructures are based on the following regulations :

- Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund ;
- Financial Regulation of 18 March 1975 supplementing the financial regulation of 25 April 1973 applicable to the General Budget of the European Communities (75/184/Euratom, ECSC, EEC) ;
- Council decision of 18 March 1975 to apply Regulation (EEC) 724/75 establishing a European Regional Development Fund to the French overseas departments.

The general objective is to correct the major regional imbalances in the Community by means of a contribution to the financing of investments in industry, the trades and the service sector that are economically sound and qualify for State regional aids (each investment project exceeding 50 000 EUA) provided that at least ten jobs are created or safeguarded. The contribution made under European regional policy to the financing of infrastructure investments is designed to improve the conditions for setting up and developing new activities in the Community's least-favoured regions.

Appropriations for commitment for 1978 amount to 750m EUA<sup>1</sup>. The timetable of payments relative to the commitments is as follows:

Commitments		Payments							
		1975/77	1978		1979		1980	TOTAL	
		m u.a.	m u.a.	m EUA	m u.a.	m EUA	m EUA	m u.a.	m EUA
1975/ 1977 m u.a. m EUA	1 300	850	325	250	125	96	—	1 300	346
1978 m EUA	750			275		283	192		750
				525					

#### JUSTIFICATION

1. The Heads of State or of Government, meeting in Paris in October 1972, attached 'high priority' to the implementation of a Community regional policy and invited 'the Community institutions to set up a Regional Development Fund'. The *principle* of this Fund, which was established in March 1975, is *immutable*, whatever the outcome of the review of the basic regulation scheduled to take place before 1 January 1978.

The 1978 appropriations for the ERDF should therefore be entered against the *chapter concerning this Fund*, as suggested by the Commission. However, 'pending a Council decision on the basic issues ... the Council has, as a precaution, entered a commitment appropriation of 398m EUA in Chapter 100'. This entry against Chapter 100, which relates to '*provisional appropriations*' is not acceptable. Nor is the token entry against the chapter on the Fund.

2. The Commission proposed a commitment appropriation of 650m EUA against Chapter 55 (ERDF: Community measures in support of national regional policies) and a further commitment appropriation of 100m EUA against Chapter 56 (ERDF: Specific Community measures). The existence of Chapter 56, which was not included in the 1977 budgetary nomenclature, depends on the Council's decision on the specific measures proposed in the context of the review of the Regulation on the Fund. In our view these specific measures represent a normal extension of the activities of the Fund. Given the present circumstances, therefore, this appropriation of 100m EUA should also be entered against Chapter 55.

It was proposed that at the first reading, the 750m EUA proposed by the Commission in respect of the ERDF should be reinstated under *Chapter 55*.

3. The Council 'has entered a commitment appropriation of 398m EUA ... thereby *repeating the 1977 appropriations*'. This is a very debatable point.

The appropriations for 1976 (500m u.a.) and 1977 (500m u.a.) are considered as *initial* appropriations fixed by the Paris Summit in December 1974. The 1978 appropriation must therefore be *larger* to take account of the 'high priority' given by the Heads of State or of Government to the development of a Community Regional Policy.

To provide a *reference basis*, the appropriations laid down in 1974 must be *converted* into European units of account and *adjusted* to take account of the high rate of inflation since 1974.

(a) The 500m u.a. fixed in December 1974 must be converted into European units of account on the basis of the *exchange rates for December 1974* and weighted in accordance with the *national quotas* laid down in the Regulation on the Fund.

The appropriation for 1977 would then represent 423.16m EUA. (See Table I)

The Council has arrived at a lower figure because it used as its basis the exchange rates for 1 February 1977 instead of those applying at the time of the decision (December 1974). Moreover, its system of weighting is not based on the quotas fixed by the Regulation but on the commitment appropriations remaining available to each country at 31 December 1976. This approach is arbitrary since the commitment appropriations available are not always used and do not necessarily have to be used during the year concerned.

(b) *Adjustments* to take account of inflation between the end of 1974 and the end of 1977 must also be weighted on the basis of the national quotas fixed in the Regulation on the Fund. The *rates of inflation* are calculated in accordance with the index of prices based on *gross fixed capital formation* as interventions by the Fund are intended to boost investment in the various regions.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

If these criteria are applied, the Council's proposed *repetition* of the appropriations for 1976 and 1977 (fixed in 1974) would call for a sum of 643.5m EUA in 1978 (as opposed to 398.3m EUA). (See Table II)

This appropriation is roughly the same as that fixed by the Commission for interventions on the basis of sub-quotas (Chapter 55).

4. Moreover, experience gained in the course of the Fund's first two years of operation has shown that appropriations are inadequate. During that period, *all* the commitment appropriations for the two financial years (a total of 800m u.a.) were used up. 'Indeed, applications *exceeded* the total amount of appropriations for commitment available and a good many *useful projects* submitted to the Fund by the Member States could have been financed by it if the necessary resources had been entered in the budget' (Preliminary Draft Budget, Volume 7, Section III, page 66).

In view of this, the appropriations for the ERDF must be increased after the initial period. The sum of 100m EUA proposed by the Commission for specific measures (Chapter 56) represents a minimum for the normal development of the activities of the Fund under the existing regulation and should be entered against Chapter 55.

Council at its meeting of 22 November, rejected this amendment, prior to the decision on the revision of the Fund and its rules but pledged itself to agree to a substantial and real increase in appropriations. It is proposed to take Council at its word and retable Parliament's amendment which would permit such a 'real increase' in the activities of the Fund whilst avoiding an unnecessary and foreseeable supplementary budget.

\* \* \*

TABLE I

Comparison of EUA values of the appropriation of 500m u.a. fixed at the end of 1974

Amounts based on national quotas as laid down in the Regulation on the Fund (fixed at the end of 1974)	Council appropriations available at 31.12.1976			
	m u.a.	m EUA <sup>(1)</sup>	m u.a.	m EUA <sup>(2)</sup>
B	7.4	8.2	8.6	10.5
DK	6.4	6.8	6.5	7.4
D	31.7	38.3	53.1	72.7
F	74.4	74.0	70.9	70.5
IRL	32.3	25.1	29.5	19.0
I	200.0	152.5	191.8	123.6
L	0.5	0.5	0.5	0.7
NL	8.4	9.7	6.3	8.2
UK	138.9	108.1	132.8	85.7
EEC	500.0	423.2	500.0	398.3

<sup>(1)</sup> Rate in December 1974

<sup>(2)</sup> Rate at 1. 2. 1977

TABLE II

Adjustment of the 1977 appropriation to take account of inflation

	1977		Rate of inflation 1974/1977	1978m EUA
	m u.a.	m EUA <sup>(1)</sup>		Amounts indexed on the basis of national quotas
B	7.4	8.2	31.51	10.8
DK	6.4	6.8	27.31	8.6
D	31.7	38.3	31.98	97.7
F	74.4	74.0	10.66	42.4
IRL	32.3	25.1	64.86	41.5
I	200.0	152.5	65.82	252.8
L	0.5	0.5	31.07	0.7
NL	8.4	9.7	28.28	12.4
UK	138.9	108.1	63.49	176.7
EEC	500.0	423.2		643.5

<sup>(1)</sup> The national amounts expressed in u.a. have been converted into national currencies at the exchange rates for the unit of account fixed in September 1971 and then into EUA at the rates in force in December 1974

\* \* \*

Amendment No 84  
tabled by the Socialist Group

Council Modification No 295

Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds  
Chapter 59 — Aid to disaster victims in the Community

Enter an appropriation of 5 million EUA.

(B) *Revenue*

Increase revenue accordingly

(C) *Remarks*

Unchanged

#### JUSTIFICATION

As in previous years, it is necessary that the Community makes some provision for indicating its solidarity with populations in the Community affected by disasters and other 'natural phenomena'. The Commission inserted 5 million EUA in its preliminary draft and Council deleted the amount replacing it by a token entry. In the view of the Commission and the Parliament, the amount proposed is the minimum necessary to provide emergency aid for a disaster of any magnitude. Whilst it might well be necessary to have recourse to a supplementary budget in the case of a major disaster, the inclusion of appropriations on the budgetary line enables immediate action to be taken. In 1977 the Commission has made use of the funds voted by the European Parliament to aid the south-western region of France and the Tuscan region of Italy, severely affected by adverse weather. Council has not been consistent in its attitude to this item, as it has accepted in its draft that appropriation be included on the line for Article 950 'Community aid to disaster victims in developing and non-member countries'. Whilst agreeing that the Community should give help to non-member countries it should certainly not deny support to Community members. At its meeting of 22 November the Council rejected Parliament's amendment without, however, putting forward new reasons. It is therefore proposed to reinstate this amendment in its original form.

\* \* \*

Amendment No 85  
tabled by the Socialist Group

Council Modification No 15/rev./corr.

Section III — Commission

*Payments*

(A) *Expenditure*

Title 9 — Cooperation with developing countries and non-member States  
Chapter 93 — Financial and technical cooperation with non-associated developing countries  
Article 930 — Financial cooperation with non-associated developing countries

Increase expenditure by 8 000 000 EUA.

(B) *Revenue*

Increase revenue accordingly.

(C) *Commitments*

Increase commitments by 20 000 000 EUA for 1978 and therefore add the following remarks :  
 "The appropriation for commitment authorized for 1978 is 80 00 000 EUA. The timetable of payments relating to the commitment is as follows in EUA :

Commitments	Payments		
	1978	1979	1980
1978 : 80 000 000	10 796 000 <sup>1</sup> 32 000 000	5 040 000 <sup>1</sup> 24 000 000	24 000 000
Total	42 796 000	29 040 000	24 000 000

<sup>1</sup> Re-entry of part of the appropriations committed in 1976 but not paid out as of 31 December 1977.

## JUSTIFICATION

The Commission's proposal for expenditure in 1978 in respect of non-associated countries takes account of the delays that have occurred in utilizing the 1976 and 1977 needs. A sum of 10 796 000 EUA committed in 1976 has had to be re-entered as it was not paid out by 31 December 1977, and in the light of this the Commission proposes a new commitment of 32 000 000 EUA for 1978, as part of a new programme. Of this new commitment, the Council accepted 30 000 000 EUA for 1978 only against 45m u.a. in 1977. Thus the *new* commitment to the non-associated countries is considerably less than it was in 1977. Given the responsibilities of the Community to these countries, which are in some cases very poor, and the need to establish some balance between aid to countries connected to the Community by agreements such as Lomé, and also to non-associated countries, the Council's reduction is unacceptable to Parliament.

In its Communication to the Council of 5 March 1975, the Commission proposed a five year timetable starting in 1976. Owing to delays and prevarications by the Council, the amounts committed in 1976 and 1977 were not the proposed 100m u.a. and 120m u.a., but 20m u.a. and 45m u.a. respectively.

In the face of the needs of the countries concerned, these amounts are very small. It should be remembered that the Community's aid to countries connected to it by the Lomé agreement totals over 3 000 000 000 EUA, which does not appear in the budget. It is necessary to establish a balance in aid programmes, and it is therefore right to begin programming a larger quantity of aid to non-associated developing countries.

It is however necessary to plan this expenditure over a number of years ; for this reason the Parliament supported the Commission's proposal to use commitment appropriations, and adopted amendment No. 15/rev./corr. on 26 October 1977. Council modified this amendment at the meeting of 22 November, reducing the level of payments to 34 796 000 EUA and accepting commitments for 60 000 000 EUA.

In view of the priority attached by Parliament to this item and in view of the dilatory nature of Community action so far in aid for the non-associated developing countries, it is proposed to retable Parliament's amendment to add to the figures in the draft budget and to restore the situation created by Parliament's original amendment. In doing this, it is clear that the 8 000 000 increase is proposed in relating to Council's decision of 22 November as regards calculating Parliament's margin for increasing non-compulsory expenditure, only the 2m EUA above the draft budget level will be taken into account.

\* \* \*

Amendment No 86  
 tabled by the Socialist Group

Council Modification No 326

Section III — Commission

**(A) Expenditure**

Title 9 — Cooperation with developing countries and non-Member States  
 Chapter 94 — Specific measures for cooperation with developing countries  
 Article 945 — Community contribution towards schemes concerning developing countries carried out by non-governmental organizations (NGOs)

Increase expenditure by 2 million EUA.

**(B) Revenue**

Increase revenue accordingly

**(C) Commitments**

Add to commitments a further 6 000 000 EUA and add the following to the remarks:  
 The appropriation for commitment authorized for 1978 is 12 000 000 EUA. The timetable of payments relating to the commitment is as follows:

*(inEUA)*

Commitments	Payments		
	1978	1979	1980
1978 : 12 000 000	6 000 000	3 000 000	3 000 000

**JUSTIFICATION**

The non-governmental organizations have proved over the years to be one of the most efficient means of channelling aid to developing countries. Although the Council has accepted (and increased) the amount authorized for 1978, this does not overcome the problem posed by the need to plan ahead longer than for one year only. For this reason, the Parliament supports the Commission's proposed use of commitment appropriations.

The NGOs have also asked for a liaison committee to be established. The cost of this to the Community is low, and the Parliament supports the proposal in principle, which should be financed from the above funds.

Council modified Parliament's amendment No 326 at its meeting of 22 November by reducing payments to 4 000 000 EUA (4 500 000 EUA in the draft budget) and accepting commitments for 6 000 000 EUA. This compromise however does not satisfy the proven needs of the NGOs for 1978 and subsequent years. It is therefore proposed to retable the amendment, to the draft budget, in its original form.

\* \* \*

**Amendment No 87**

tabled by the Committee on Regional Policy, Regional Planning and Transport

Council Modification No 12/rev.

**Section III — Commission****(A) Expenditure**

Title 5 — Social and Regional Funds  
 Chapter 55 — European Regional Development Fund

Payment appropriations : increase by 275m EUA

**(B) Revenue**

Increase by 135m EUA

**(C) Compensation**

Reduce Title 10 — Chapter 100 — Provisional appropriations — by 140m EUA

(D) *Remarks*

Enter a commitment of 352 000 000 EUA for 1978 and therefore add the following remarks :  
The appropriations intended to finance investment in industry, the trades and the service sector, and infrastructures are based on the following regulations :

- Regulation (EEC) No 724/75 of 18 March 1975 establishing a European Regional Development Fund ;
- Financial regulation of 18 March 1975 supplementing the financial regulation of 25 April 1973 applicable to the General Budget of the European Communities (75/184/Euratom, ECSC, EEC) ;
- Council decision of 18 March 1975 to apply Regulation (EEC) 724/75 establishing a European Regional Development Fund to the French overseas departments.

The general objective is to correct the major regional imbalances in the Community by means of a contribution to the financing of investments in industry, the trades and the service sector that are economically sound and qualify for State regional aids (each investment project exceeding 50 000 EUA) provided that at least ten jobs are created or safeguarded. The contribution made under European regional policy to the financing of infrastructure investments is designed to improve the conditions for setting up and developing new activities in the Community's least-favoured regions.

Appropriations for commitment for 1978 amount to 750 m EUA <sup>1</sup>

The timetable of payments relative to the commitments is as follows :

Commitments	Payments					TOTAL	
	1975/77	1978		1979		1980	
	m u.a.	m u.a.	m EUA	m u.a.	m EUA	m EAU	m u.a. m EUA
1975/ 1977 m u.a. 1 300 m EUA	850	325	250	125	96	—	1 300 346
1978 m EUA 750			275		283	192	750
			525				

## JUSTIFICATION

1. The Heads of State or of Government, meeting in Paris in October 1972, attached 'high priority' to the implementation of a Community regional policy and invited 'the Community institutions to set up a Regional Development Fund'. The *principle* of this Fund, which was established in March 1975, is *immutable*, whatever the outcome of the review of the basic regulation scheduled to take place before 1 January 1978.

The 1978 appropriations for the ERDF should therefore be entered against the *chapter concerning this Fund*, as suggested by the Commission. However, 'pending a Council decision on the basic issues ... the Council has, as a precaution, entered a commitment appropriation of 398m EUA in Chapter 100'. This entry against Chapter 100, which relates to 'provisional appropriations' is not acceptable. Nor is the token entry against the chapter on the Fund.

2. The Commission proposed a commitment appropriation of 650m EUA against Chapter 55 (ERDF : Community measures in support of national regional policies) and a further commitment appropriation of 100m EUA against Chapter 56 (ERDF : Specific Community measures). The existence of Chapter 56, which was not included in the 1977 budgetary nomenclature, depends on the Council's decision on the specific measures proposed in the context of the review of the Regulation on the Fund. However, this sum of 100m EUA represents a normal extension of the activities of the Fund in 1978.

3. In the *draft budget* the Council 'has entered a commitment appropriation of 398m EUA ... thereby *repeating* the 1977 appropriations.' This is a very debatable point.

The appropriations for 1976 (500m u.a.) and 1977 (500m u.a.) are considered as *initial* appropriations fixed by the Paris Summit in December 1974. The 1978 appropriation must therefore be *larger* to take account of development of a Community Regional Policy.

To provide a *reference basis*, the appropriations laid down in 1974 must be *converted* into European units of account and *adjusted* to take account of the high rate of inflation since 1974.

<sup>1</sup> This text is binding within the meaning of Article 16 (c) of the Financial Regulation of 25 April 1973.

(a) The 500m u.a. fixed in December 1974 must be converted into European units of account on the basis of the exchange rates for December 1974 and weighted in accordance with the national quotas laid down in the Fund Regulation.

The appropriation for 1977 would then represent 423.16m EUA. (see Table I)

The Council has arrived at a lower figure because it used as its basis the exchange rates for 1 February 1977 instead of those applying at the time of the decision (December 1974). Moreover, its system of weighting is not based on the quotas fixed by the Regulation but on the appropriations for commitment remaining available and not necessarily used during the financial year.

(b) Adjustments to take account of inflation between the end of 1974 and the end of 1977 must also be weighted on the basis of the national quotas fixed in the Fund Regulation. The rates of inflation are calculated in accordance with the index of prices based on gross fixed capital formation, as interventions by the Fund are intended to boost investment in the various regions.

If these criteria are applied, the Council's proposed repetition of the appropriations for 1976 and 1977 (fixed in 1974) would call for a sum of 643.5m EUA in 1978 (as opposed to 398.3m EUA). (See Table II).

This appropriation is roughly the same as that fixed by the Commission for interventions on the basis of sub-quotas (Chapter 55).

4. Moreover, experience gained in the course of the Fund's first two years of operation has shown that appropriations are inadequate. During that period, all the commitment appropriations for the two financial years (a total of 800m u.a.) were used up. 'Indeed, applications exceeded the total amount of appropriations for commitment available and a good many useful projects submitted to the Fund by the Member States could have been financed by it if the necessary resources had been entered in the budget' (Preliminary Draft Budget, Volume 7, Section III, page 66).

In view of this, the appropriations for the ERDF must be increased after the initial period.

5. At the first reading of the budget the European Parliament considered that the figure of 100m EUA proposed by the Commission for specific measures (Chapter 56) was a minimum for the normal development of the Fund activities to be entered against Chapter 55 under the present regulation.

At the first reading the European Parliament therefore proposed the reinstatement in Chapter 55 of the sum of 750m EUA proposed by the Commission for the ERDF.

6. At its meeting of 21 and 22 November 1977 the Council finally recognized the need for a 'real and substantial' increase in the ERDF appropriations; this meant that the previous figures should be updated to allow for inflation and further increased.

On 5 and 6 December 1977, the European Council proposed a figure of 580m EUA in appropriations for commitment for the ERDF; this amount did not even allow for full updating. The credits for 1979 and 1980 would be 620 and 650m EUA respectively, making a total of 1 850m EUA for the three years.

The intention of the European Council was apparently to repeat the figure for last year while allowing for inflation. If that is so, the difference between its calculations and those of the European Parliament is explained by the rates of inflation applied and above all by the weightings adopted for each country.

The inflation rates used by the European Council appear to be based on consumer prices whereas the European Parliament has applied the criterion of gross fixed capital formation which is the purpose of ERDF financing operations.

Moreover, the European Council appears to have chosen weightings based on the relative weight of the individual Member States in the Community whereas we have used the percentage of ERDF intervention in each Member State. This percentage corresponds to the national quotas fixed in the Fund Regulation.

This basis for weighting is more realistic because it corresponds to a specific objective. It places greater emphasis on the countries benefiting from ERDF intervention which are also the hardest hit by inflation, i.e. Italy, Ireland and the United Kingdom (inflation rates between 1974 and 1977 of 65.8, 64.9 and 63.5 respectively). On the other hand it reduces the weight of Germany which is relatively less affected by inflation (inflation rate of 10.7 between 1974 and 1977).

7. The Council considers itself bound by the figure adopted by the European Council; Parliament on the other hand is not bound by that decision, acceptance of which would be tantamount to recognition of the compulsory nature of the expenditure concerned and to a limitation on the European Parliament's right of amendment.

The Committee on Regional Policy, Regional Planning and Transport therefore unanimously proposes that the commitment appropriation of 750m EUA, which Parliament adopted on the committee's recommendation at the first reading, should be reinstated (643.5m EUA corresponding to the repetition of previous appropriations, while allowing for inflation and for the conversion into European units of account, and the remainder corresponding to the 'real and substantial' increase proposed by the Council of Ministers on 21 and 22 November 1977).

TABLE I  
Comparison of EUA values of the appropriation of 500m u.a. fixed at the end of 1974

	<i>Committee on Regional Policy</i>		<i>Council</i>	
	Amounts based on national quotas as laid down in the Regulation on the Fund (fixed at the end of 1974)		Commitment appropriations available at 31.12.1976	
	m u.a.	m EUA <sup>1</sup>	m u.a.	m EUA <sup>2</sup>
B	7.4	8.2	8.6	10.5
DK	6.4	6.8	6.5	7.4
D	31.7	38.3	53.1	72.7
F	74.4	7.4	70.9	70.5
IRL	32.3	25.1	29.5	19.0
I	200.0	152.5	191.8	123.6
L	0.5	0.5	0.5	0.7
NL	8.4	9.7	6.3	8.2
UK	138.9	108.1	132.8	85.7
<b>EEC</b>	<b>500.0</b>	<b>423.2</b>	<b>500.0</b>	<b>398.3</b>

<sup>1</sup> Rate in December 1974

<sup>2</sup> Rate at 1. 2. 1977

TABLE II  
Adjustment of the 1977 appropriation to take account of inflation

	1977		Rate of inflation 1974/1977	1978 m EUA Amounts indexed on the basis of national quotas
	m u.a.	m EUA <sup>(1)</sup>		
B	7.4	8.2	31.51	10.8
DK	6.4	6.8	27.31	8.6
D	31.7	38.3	31.98	97.7
F	74.4	74.0	10.66	42.4
IRL	32.3	25.1	64.86	41.5
I	200.0	152.0	65.82	252.8
L	0.5	0.5	31.07	0.7
NL	8.4	9.7	28.28	12.4
UK	138.9	108.1	63.49	176.7
<b>EEC</b>	<b>500.0</b>	<b>423.2</b>		<b>643.5</b>

<sup>1</sup> The national amounts expressed in u.a. have been converted into national currencies at the exchange rates for the unit of account fixed in September 1971 and then into EUA at the rates in force in December 1974.

\* \* \*

Amendment No 88  
tabled by Mr Ripamonti, Mrs Cassanmagnago Ceretti, Mr Fioret, Mr Ligios, Mr Martinelli  
and Mr Noe

Council Modification No 12/rev.

Section III — Commission

(A) *Expenditure*

Title 5 — Social and Regional Funds  
Chapter 55 — European Regional Development Fund

Payment appropriations : increase by 275m EUA, raising them to 525m EUA

(B) *Revenue*

Increase revenue by 135m EUA

(C) *Compensation*

Reduce by 140m EUA the Regional Fund payment appropriations entered under Title 10 — Chapter 100 : 'Provisional appropriations'

(D/1) *Commitments*

Increase commitment appropriations for 1978 by 352m EUA, raising them to 750m EUA ; enter these appropriations on the line (Chapter 55)

(D/2) *Compensation*

Reduce by 398m EUA the commitment appropriations entered under Chapter 100

(D/3) *Remarks*

The remarks and timetable of payments shown by the Committee on Budgets apply

#### JUSTIFICATION

1. On 26 October 1977 Parliament adopted an amendment increasing payment appropriations for 1978 by 135m EUA, raising them to 525m EUA, and at the same time increasing commitment appropriations by 352m EUA, raising them to 750m EUA ;
2. It should be pointed out that if we are to have a regional fund that is a valid instrument of Community regional policy, especially in the present economic situation, it is impossible to accept commitment appropriations that do not increase the Fund's capacity for intervention in 1978.
3. It should also be remarked that :
  - (a) certain states have, since the first year of operation of the first Regional Fund far exceeded the rate for commitment appropriation.<sup>1</sup> (b) the Commission considers it possible to raise the payment figures (which correspond roughly each year to a third of the appropriations) only by increasing the commitments ;
  - (c) the Commission must be made to commit itself to a substantial review of its methods of intervention in order to speed up beyond the present rate the commitment and use of appropriations ;
  - (d) the three-year estimates put forward last June by the Commission for the period 1978-1980 put the Regional Fund requirements as follows :

Commitments		Payments
1978	750m EUA	600m EUA
1979	1 000m EUA	800m EUA
1980	1 250m EUA	1 025m EUA
	3 000m EUA	2 425m EUA

\* \* \*

<sup>1</sup> In 1975 the rate of utilization of commitment appropriations was as follows : Belgium 90.6 % ; Denmark 100.3 % ; Germany 49.7 % ; France 103.1 % ; Ireland 102.8 % ; Italy 103.3 % ; Luxembourg 252.2 % ; Netherlands 110.5 % ; United Kingdom 103.5 %.

**ANNEX 2****Questions to the Commission which could not be answered during Question Time, with written answers***Question by Lord Bessborough*

Subject: Energy

Is the Commission satisfied that firms are being given every encouragement by Member States in order to maximize the exploration and production of oil and gas with particular reference to the need to ensure attractive fiscal and commercial conditions and does the Commission intend to influence the rate of extraction of oil and gas?

*Answer*

The exploitation of all potential oil and gas resources in the territory of the Member States on the best possible economic terms is one of the main objectives of the energy policy to reduce our dependence on imports.

The Commission's influence on production is limited in particular by the fact that taxation and legislation relating to mining fall within the Member States' jurisdiction.

However, the Commission has so far had no reason to believe that the Member States are giving the industry insufficient encouragement.

The Commission is itself sponsoring a number of technological projects in the production sector as part of its programme of projects of common interest.

Moreover, it plans to introduce aid for exploration in certain selected areas where access is difficult and the financial risks therefore considerable.

The Commission has emphasized that by 1985 domestic production should reach 140 million tonnes oil equivalent (toe) of crude oil and 160 million toe of natural gas; these figures correspond more or less to the maximum estimated production potential of the Member States. Actual production trends will of course be influenced by the Member States' policy with regard to the reconstitution of deposits and by the general economic and financial situation.

*Question by Mr Osborn*

Subject: Sheffield and South Yorkshire Navigation Canal

Can the Commission confirm that in their view there is a prima facie case for regarding the proposed improvements to the Sheffield and South Yorkshire Navigation Canal as a project of European importance?

*Answer*

As the Honourable Member knows, Community action in the field of transport infrastructures is currently based on the Decision of 28 February 1966, which set up a consultation procedure for this sector.

The plan to improve the Sheffield and South Yorkshire Canal did not fall within the scope of this Decision, since it was not notified to the Commission by the United Kingdom Government and hence there was no conciliation with the Member States. Of course the Commission does have some information on this project, since consideration has been given to the possibility of granting aid from the European Regional Development Fund. Nevertheless, in the absence of consultation with the Member States, the Commission does not have sufficient details to determine whether the plan could be regarded as a Community project.

The Honourable Member is also aware of the Commission's efforts to improve the 1966 Decision, in particular by forwarding a new proposal for a decision, now being considered by the Council. One of the proposed improvements is a more precise definition of the criteria used to determine projects of Community interest and hence projects in the Member States which can be submitted to the Community consultation procedure.

*Question by Lord Reay*

Subject: Portugal

Given the fact that Portugal has recently applied to become a Member of the Community, is the Commission being consulted on the terms of the proposed IMF loan to assist the recovery of the Portuguese economy?

*Answer*

The oral question by Lord Reay can be answered very briefly: the Commission has not been consulted on the terms on which an IMF loan might be granted to Portugal.

*Question by Mr Jahn*

Subject: Trade relations with the ASEAN countries

What does the Commission intend to do to expand trade relations with the ASEAN countries in order to bring about gradual stabilization in this economic area of Asia?

*Answer*

The Commission will continue to make the best use of the currently available instruments of commercial policy. The conclusion of possible sectoral agreements would have to be based on principles of equity and flexibility. Furthermore, the Commission will do its utmost in the field of trade promotion for ASEAN products and regional integration on the line of the results achieved by the Joint Study Group Commission — ASEAN established in 1975.

*Question by Mr Früh*

Subject: Stocks of skimmed-milk powder

Does the Commission agree that the degree to which stocks of skimmed-milk powder vary from one Member State to another is primarily due to the fact that in some countries the use of skimmed-milk powder as a feedstuff is not worthwhile and is it prepared to take action to make skimmed-milk powder more competitive with other protein feedstuffs in those countries?

*Answer*

In general the Commission considers that the fall in the price of soya in 1977 has helped to limit the use of skimmed-milk powder as a feedstuff, particularly for calves.

The Commission believes that the large stocks of skimmed-milk powder in some Member States are the result of the substantial quantity of skimmed milk offered for intervention in the countries with strong currencies.

The quantities taken out of stock to feed pigs and poultry are approximately the same in France and Germany.

*Question by Mr Klinker*

Subject: Premiums in the milk sector

How does the Commission account for the great extent to which the application of the system of premiums for the non-marketing of milk and the conversion of dairy herds has so far varied from one Member State to another, and would it say, in the light of the latest information available to it, how many cows it expects to withdraw from milk production by 30 March 1978 under this scheme?

*Answer*

The Commission has little precise information at this time on the application of these schemes, as interest in them is naturally only picking up during the winter months. The Commission is however following the situation closely and has planned further detailed discussions in the context of the Consultative Committee and Management Committee to be in a sound position to present a detailed report before 31/1/78.

It seems that the applications approved so far have come from farmers who would have ceased milk production anyway.

On account of the eradication of brucellosis and tuberculosis in Ireland, only from December on will applications be approved.

France has not yet communicated any results.

The structure of dairy farms is by far the worst in Germany and therefore the farmers unions are anxious that more farmers will cease milk production in Germany.

*Question by Mrs Ewing*

Subject: Reform of the common agricultural policy

What representations, if any, have they received and what proposals, if any, do they have for reform of the common agricultural policy?

*Answer*

Suggestions for modifying the common agricultural policy, ranging from points concerning its detailed operation to more general questions, are frequently received by the Commission. Such suggestions are, as appropriate, taken into account by the Commission in the constant process of adapting the common agricultural policy to meet changing circumstances. It is the Commission's intention to further this process in the future.

*Question by Mr Howell*

Subject: Co-responsibility levy for milk

Which countries of the EEC have failed to deduct the co-responsibility levy from milk producers and what steps are the Commission taking to enforce the directive throughout the Community?

*Answer*

All Member States are collecting the levy of co-responsibility in the framework of Regulations No 1079/77 and No 1822/77 as from 16 September 1977.

We have already received copies of the additional national legislation for the collection of the co-responsibility levy in the dairy sector except from Italy. We are also informed that the necessary steps have been taken for the adoption of the national legislation in Italy with effect from 16 September 1977.

In reply to the second part of the question, should the circumstances arise, the Commission would not hesitate to take the necessary measures.

*Question by Mr Kavanagh*

Subject: Common sheepmeat market

Is the Commission aware of the drastic decrease in the production of sheepmeat in Ireland and the possibility of its total cessation — arising on the one hand from the inability of the smaller farmer to continue production competitively due to the absence of a common sheepmeat market, and, on the other, to the facility with which large farmers can change to other more remunerative activities; and what action does it intend to take to remedy the situation, pending the introduction of a common sheepmeat market?

*Answer*

As the Honourable Member will know, the Commission has submitted a proposal for a transitional organization of the market for sheep meat to the Council. However, the Council has not adopted this proposal.

The Commission is at present finalizing its proposal for the future organization of the market in sheep meat and will submit this proposal to the Council in time to allow for its adoption before the suggested beginning of the marketing year on 3 April 1978.

In a resolution the Council has undertaken to meet this deadline.

The Commission is aware of the importance of sheep meat production to farmers in disadvantaged areas, not only in Ireland but also in other Member States. In establishing its proposal the Commission will give due consideration to this fact.

As far as the fall in sheepmeat production is concerned the Commission is aware that production decreased by 10% between 1973 and 1976 and has been replaced by beef and milk production and

tillage. However, the decline seems to have stopped in 1977 when the sheep census shows a total increase of 1.5 %.

*Question by Mr Inchauspé*

Subject : Suspension by Spain of fish and seafood imports from the Community

With reference to the suspension by Spain of fish and seafood imports from the Community — products which are listed in Chapter 3 of the Brussels Nomenclature — could the Commission tell us whether that country had the right to take such action without first seeking derogation from the Agreement of 1970, given that those products are not in competition with local products?

*Answer*

The Commission is not aware that the Spanish authorities have taken measures simply suspending imports into Spain of fish and seafood from the Community.

For many years Spain has applied a system of import licences. These are granted to ensure the country's supplies of fish and seafood. Spain has also increased tariffs to take account of price increases on the home market. Neither of these measures is in conflict with the terms of the EEC — Spain Agreement or Spain's obligations with respect to GATT.

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## IN THE CHAIR: MR MEINTZ

### *Vice-President*

The sitting was opened at 9.05 a.m.

**President.** — The sitting is open.

#### 1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

#### 2. *Documents received*

**President.** — I have received the following documents:

- (a) from Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, a report on the proposal from the Commission to the Council for a directive amending for the sixth time the Council Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters authorized for use in foodstuffs intended for human consumption (Doc. 455/77);

- (b) from Mr Bertrand, Mr Glinne, Mr Granelli, Mr Schmidt and Mr Zagari, a motion for a resolution pursuant to Rule 25 of the Rules of Procedure on violations of human rights in Argentina (Doc. 456/77),

which has been referred to the Political Affairs Committee;

- from Mr Nyborg, Mr Jensen, Mr Cousté, Mr Yeats and Mr Krieg, a motion for a resolution pursuant to Rule 25 of the Rules of Procedure on state aid measures in the EFTA countries (Doc. 457/77),

which has been referred to the Committee on External Economic Relations.

#### 3. *Appointment of Members*

**President.** — On 13 December 1977, the First and Second Chambers of the States-General of the Netherlands appointed Mr Van der Gun, Mr De Koning, Mr Van der Mei, Mr Notenboom and Mr Vergeer Members of the European Parliament, the last-named with effect from 1 January 1978.

These Members' credentials will be verified after the Bureau's next meeting, on the understanding that, under Rule 3 (3) of the Rules of Procedure, they will provisionally take their seats in Parliament and on its committees with the same rights as other Members.

**President**

I congratulate those Members whose term of office has been renewed and on behalf of Parliament extend a welcome to Mr Vergeer.

**4. Procedure without report**

**President.** — On Monday, I announced to the House those Commission proposals to which it was proposed to apply the *procedure without report* laid down in Rule 27A of the Rules of Procedure. Since no Member has requested leave to speak and no amendment has been tabled to them, I declare these proposals approved by the European Parliament.

**5. Decision on urgent procedure**

**President.** — I consult the House on the request for urgent debate on the motion for a resolution tabled by Mr Price and others on the Cyprus kidnapping (Doc. 458/77).

Are there any objections?

The adoption of urgent procedure is agreed.

I propose to the House that this motion for a resolution be included at the end of the agenda for today's sitting.

Are there any objections?

That is agreed.

**6. Votes**

**President.** — The next item comprises the votes on those motions for resolutions on which the debate is closed.

We begin with the Corrie report (Doc. 442/77):

*Fisheries policy.*

On the proposal for a regulation III, I have Amendment No 20, tabled by Mr Hughes and rewording the first indent as follows:

Having regard to the Treaty establishing the European Economic Community, and in particular Article 43 thereof,

I call Mr Hughes on a point of order.

**Mr Hughes.** — There is, in fact, a textual error in this amendment: it should read, 'Proposals for regulations I, II and III; not just III.

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

**Mr Corrie, rapporteur.** — I accept the amendment in the changed form.

**President.** — I put Amendment No 20 to the vote. Amendment No 20 is adopted.

On the proposal for a directive, I have Amendment No 2, tabled by the Committee on Social Affairs,

Employment and Education and deleting, in Article 2, sub-paragraph (a), the words '*of a length ... 24m.*'

What is the rapporteur's view?

**Mr Corrie, rapporteur.** — This is already covered in another document and therefore does not need to be included. I do not accept the amendment.

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

Still on the proposal for a directive, I have Amendment No 3, tabled by the Committee on Social Affairs, Employment and Education and replacing, in Article 18, paragraph 2, the word '*may*' by '*must*'.

What is the rapporteur's view?

**Mr Corrie, rapporteur.** — I accept this amendment.

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

We proceed to the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 18, tabled by Mr Herbert, Mr Brosnan, Mr Brugha, Mr Nolan, Mr Power and Mr Yeats and adding the following to this paragraph: '*... but considers them incomplete*;'.

What is the rapporteur's view?

**Mr Corrie, rapporteur.** — I accept this amendment.

**President.** — I put Amendment No 18 to the vote. Amendment No 18 is rejected.

I put paragraphs 1, 2 and 3 to the vote.

Paragraphs 1, 2 and 3 are adopted.

On paragraph 4, I have two amendments:

— Amendment No 5, tabled by Mr Vandewiele on behalf of the Christian-Democratic Group and adding the following to this paragraph:

stresses that the impact of the fishing industry on employment is such that one job in that industry creates at least four others in related sectors;

— Amendment No 22, tabled by Mr Nyborg and deleting this paragraph.

What is the rapporteur's view?

**Mr Corrie, rapporteur.** — I do not accept Mr Nyborg's amendment.

I accept Mr Vandewiele's amendment and suggest that it becomes paragraph 4a.

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

Amendment No 22 is rejected.

I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

I put paragraph 4, thus amended, to the vote.

Paragraph 4, thus amended, is adopted.

On paragraph 5, I have Amendment No 32, tabled by Mr Hoffmann and Mr Lemp and adding the following to this paragraph :

therefore instructs the Legal Affairs Committee to examine the legal basis of the proposals put forward by the Commission and the regulations adopted by the Council during 1977 concerning the Community's fisheries policy ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept this amendment.

**President.** — I put Amendment No 32 to the vote.

Amendment No 32 is adopted.

I put paragraph 5, thus amended, to the vote.

Paragraph 5, thus amended, is adopted.

I put paragraphs 6 and 7 to the vote.

Paragraphs 6 and 7 are adopted.

On paragraph 8, I have Amendment No 6, tabled by Mr De Koning and Mr Vandewiele on behalf of the Christian-Democratic Group and deleting the words 'and beamtrawlers'.

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I would prefer the wording to stay as it is in my text.

**President.** — I put Amendment No 6 to the vote.

Amendment No 6 is rejected.

I put paragraphs 8, 9 and 10 to the vote.

Paragraphs 8, 9 and 10 are adopted.

On paragraph 11, I have two amendments :

— Amendment No 7, tabled by Mr De Koning and Mr Vandewiele on behalf of the Christian-Democratic Group and deleting this paragraph ;

— Amendment No 23, tabled by Mr Nyborg and deleting the word 'unacceptably'.

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — Mr President, I feel this paragraph should stay in. During the last year the Danes have tried to do something about the problems they were presenting, and I feel they do deserve a little thanks for what they have tried to do.

**President.** — Since Mr Vandewiele has withdrawn Amendment No 7, I put Amendment No 23 to the vote.

Amendment No 23 is rejected.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraph 12, I have Amendment No 24, tabled by Mr Nyborg and rewording the last part of this paragraph as follows :

considers, however, that acceptably clean catches can only be attained by detailed Community regulations on industrial fishing concerning location, depth and time of fishing effort ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept this amendment.

**President.** — I put Amendment No 24 to the vote.

Amendment No 24 is adopted.

I put paragraph 12, thus amended, to the vote.

Paragraph 12, thus amended, is adopted.

I put paragraphs 13 and 14 to the vote.

Paragraphs 13 and 14 are adopted.

On paragraph 15, I have Amendment No 8, tabled by Mr De Koning and Mr Vandewiele on behalf of the Christian-Democratic Group and rewording this paragraph as follows :

15. Reaffirms that herring fishing in the North Sea should continue to be restricted, although limited quotas should be allocated to those specializing in herring fishing with a view to preserving this type of fishing and the market for herring for direct consumption ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — Mr President, I think it will be so impossible to divide up any small quota of herring in the North Sea for the coming year that I could not accept this. I am sure this will be possible in 1979, but as it stands I cannot accept.

**President.** — I put Amendment No 8 to the vote.

Amendment No 8 is rejected.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

On paragraph 16, I have Amendment No 25, tabled by Mr Nyborg and deleting this paragraph.

What is the rapporteur's view ?

**Mr Corrie, rapporteur,** — I cannot accept this. It may be that there are situations in this paragraph which would cover paragraph 15, on which we have just voted. I maintain my text.

**President.** — I put Amendment No 25 to the vote.

Amendment No 25 is rejected.

I put paragraphs 16 to 20 to the vote.

Paragraphs 16 to 20 are adopted.

**President**

On paragraph 21, I have Amendment No 30, tabled by Mrs Ewing and adding the following to this paragraph :

such licences should be non-discriminatory and should enable every skipper of a skipper-owned vessel in the country responsible for operating the licensing system to obtain a licence ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — Mr President, a lot of these amendments came in very late, and I did not get a chance to put down reworded amendments that would have been more to my liking. I would be happy to accept this amendment if Mrs Ewing would take out the word 'obtain' in the very last line and put 'applied for'. I would have put an amendment down myself in that wording, if I had had time, but this arrived very late.

**President.** — What is Mrs Ewing's view ?

**Mrs Ewing.** — I accept that wording.

**President.** — Are there any objections to a vote on this amendment now that it has been orally modified ?

That is decided.

I put Amendment No 30 to the vote.

Amendment No 30, as orally amended is adopted.

I put paragraph 21, thus amended, to the vote.

Paragraph 21, thus amended, is adopted.

I put paragraphs 22 to 28 to the vote.

Paragraphs 22 to 28 are adopted.

On paragraph 28, I have Amendment No 9, tabled by Mr De Koning and Mr Vandewiele on behalf of the Christian-Democratic Group and deleting this paragraph.

Since Mr Vandewiele withdraws this amendment, I put paragraph 29 to the vote.

Paragraph 29 is adopted.

On paragraph 30, I have Amendment No 11, tabled by Mr Vandewiele and Mr Klinker on behalf of the Christian-Democratic Group and rewording this paragraph as follows :

30. Requests the Commission to encourage research into new control techniques, and especially to investigate techniques for the distinguishing from the air of the types of nets in use ; also invites the Commission to ensure that the new control techniques are generally adopted ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept, Mr President.

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

Amendment No 11 is adopted.

After paragraph 30, I have Amendment No 12, tabled by Mr Vandewiele and Mr Klinker on behalf of the

Christian-Democratic Group and inserting a new paragraph worded as follows :

30a. Considers that the Community should bear at least part of the costs incurred in patrolling the Community fishing zone ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept, Mr President.

**President.** — I put Amendment No 12 to the vote.

Amendment No 12 is adopted.

Again after paragraph 30, I have Amendment No 13, tabled by Mr Vandewiele and Mr Klinker on behalf of the Christian-Democratic Group and inserting a new paragraph worded as follows :

30b. Also considers that fines should be harmonized in order to prevent any discrimination connected with the place where they are imposed on Community fishermen ;

I call Mr Vandewiele.

**Mr Vandewiele.** — (F) In view of yesterday's statement by the Commission, I withdraw the amendment.

**President.** — I put paragraph 31 to the vote.

Paragraph 31 is adopted.

On paragraph 32, I have Amendment No 26, tabled by Mr Nyborg and deleting this paragraph.

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — Mr President, I should prefer this paragraph to stay in.

**President.** — I put Amendment No 26 to the vote.

Amendment No 26 is rejected.

I put paragraphs 32 and 33 to the vote.

Paragraphs 32 and 33 are adopted.

On paragraph 34, I have six amendments :

— No 1, tabled by Mr De Koning on behalf of the Christian-Democratic Group and rewording this paragraph as follows :

34. *Regrets* that certain Member States wish to establish 50-mile exclusive zones ; believes *nevertheless* that much greater attention must be paid to the problems of local communities largely dependent on the fishing industry and the need to establish conservation zones ;

— Amendment No 10, tabled by Mr Vandewiele on behalf of the Christian-Democratic Group and rewording this paragraph as follows :

34. Believes that much greater attention must be paid to the problems of local communities largely dependent on the fishing industry, and the need to establish conservation zones ;

**President**

— Amendment No 19, tabled by Mr Herbert, Mr Brosnan, Mr Brugha, Mr Nolan, Mr Power and Mr Yeats and amending the beginning of this paragraph to read as follows :

34. Request the Commission and the Council to take account of the need for coastal belts of 50 miles for certain Member States; believes that much greater attention...

— Amendment No 29, tabled by Mr McDonald and rewording this paragraph as follows :

34. Takes note of the fact that certain Member States wish to establish 50-mile exclusive zones, but believes that much greater attention must be paid to the problems of local communities largely dependent on the fishing industry, and the need to establish conservation zones ;

— Amendment No 31, tabled by Mrs Ewing and amending the beginning of this paragraph to read as follows :

34. Recognize that certain Member States wish to establish 50-mile zones of exclusive management and control where strict limits will be imposed by the coastal states ; but believes that...

— Amendment No 27, tabled by Mr Nyborg and deleting this paragraph.

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — Mr President, this is the nub of the whole matter, of course, and one question on which nobody can agree in this Parliament. We have amendments from both ends of the spectrum. I would find it easiest to leave the wording as it is ; all I have suggested is that we recognize that certain Member States do want to establish a 50-mile zone. I am not asking that that should be ; I am not saying that it is wrong ; I am not saying that it is right. I am just saying that we recognize that fact. I think Amendments 27, 1, 19 and 31 are all too strong, but as a last resort, I would accept 10, if my own wording cannot stand as it is.

**President.** — I put Amendment No 27 to the vote.

Amendment No 27 is rejected.

We proceed to Amendment No 10.

I call Mr Corrie.

**Mr Corrie, rapporteur.** — Mr President, I would have thought that Amendment No 1 was the next furthest from the present text : 'regrets that certain Member States'... I may be wrong, and will of course, accept your word.

**President.** — I call Mr Vandewiele.

**Mr Vandewiele.** — (NL) Mr President, my amendment departs furthest from the existing text and I have agreed with Mr De Koning that if my amendment is rejected, his amendment should be brought to

the vote in second place. I therefore ask for my amendment to be put to the vote first.

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

Amendment No 10 is rejected.

I put Amendment No 1 to the vote.

Amendment No 1 is rejected.

I put Amendment No 19 to the vote.

Amendment No 19 is rejected.

I put Amendment No 31 to the vote.

Amendment No 31 is rejected.

Since Mr L'Estrange withdraws Amendment No 29, I put paragraph 34 to the vote.

Paragraph 34 is adopted.

On paragraph 35, I have Amendment No 28, tabled by Mr Nyborg and deleting the words : '*... in regionally limited reserved zones of variable width*' ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I am sorry to keep turning down Mr Nyborg's amendments, but again, I am sorry I cannot accept this. I would prefer the wording as it stands.

**President.** — I put Amendment No 28 to the vote.

Amendment No 28 is rejected.

I put paragraphs 35 to 37 to the vote.

Paragraphs 35 to 37 are adopted.

After paragraph 37, I have Amendment No 14, tabled by Mr Vandewiele on behalf of the Committee on Social Affairs, Employment and Education and amending the title to read : '*Structural and social measures*'.

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept, Mr President.

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

Amendment No 14 is adopted.

I put paragraphs 38 and 39 to the vote.

Paragraphs 38 and 39 are adopted.

On paragraph 40, I have Amendment No 21, tabled by Mr Prescott and rewording this paragraph as follows :

- '40. Is of the opinion that the premiums to be granted to encourage the cessation of fishing and the scrapping of boats are in general not sufficient, in that such payments are not tied to compensating those fishermen made redundant or to improving the working conditions on those remaining fishermen continuing to be employed in fishing companies owning more than two vessels ;

What is the rapporteur's view ?

**Mr Corrie, rapporteur.** — I accept, Mr President.

**President.** — I put Amendment No 21 to the vote.

Amendment No 21 is adopted.

I put paragraphs 41 to 45 to the vote.

Paragraphs 41 to 45 are adopted.

After paragraph 45, I have Amendment No 4/rev., tabled by the Committee on Social Affairs, Employment and Education and inserting the following paragraph :

45a. *Social aspects*

- (a) Notes with great satisfaction that, in the proposed measures as a whole, in addition to financial compensation for the interim measures of conservation to be paid from the EAGGF<sup>1</sup> and to measures for the adjustment of production capacity<sup>2</sup>, it is also envisaged to grant direct Community aid to fishermen<sup>3</sup> from 'the appropriations entered for that purpose in the budget' (Art. 18 (1));
- (b) Notes that the last mentioned-provisions, which, according to the title of the proposal, are intended to introduce immediate measures, are only cast in the form of a directive, in which Title I (adjustment of production capacity) is fully binding, whereas Title II is optional;
- (c) Requests the Commission to avoid all possibility of giving the impression that social policy in this sphere takes second place to economic policy by reconsidering its position, pursuant to Art. 149 of the EEC Treaty, on whether this adjustment of capacity, like the other four proposals, cannot as regards Title II, be presented in the form of a draft regulation with, if necessary, flexible transitional arrangements for the adaptation of any programmes already existing in the Member States;
- (d) Points out that the social measures accompanying these arrangements consist of early retirement (Art. 18 (1) or the maintenance of incomes during a transitional period (Art. 18 (2)) and fully approves this approach; stresses, however, that the differentiation in the Community's financial participation referred to in Article 18 (3) should, so far as possible, be determined in direct consultation between the Commission and individual Member States so as to ensure that account can be taken in flexible manner of any existing systems;
- (e) Requests the Commission to consider whether the provision of Art. 2 (4) of the 'herring regulation' to the effect that 'the benefit of financial compensation (should) be shared equitably between the parties concerned' should not also be incorporated into Art. 4 (2) of the draft directive concerning the restructuring of the fisheries sector, in order to ensure that this aid not only provides compensation for the shipowners but also provides complementary or replacement income for the crews;

<sup>1</sup> COM(77) 351 fin.

<sup>2</sup> COM(77) 543 fin., Title I.

<sup>3</sup> *Ibid.*, Arts 13 and 18.

- (f) Considers, in connection with these proposals, that the Commission should immediately begin preparation of an overall social policy for the fisheries sector covering such matters as the maintenance of employment, vocational training, working hours and social security and safety both on board ship and at sea;
- (g) Is however, of the opinion that the Commission, with these proposals, has taken a notable and welcome step towards helping one specific economic sector through the Community budget and stresses the great political and humanitarian nature of this initiative; therefore urges the Council immediately to approve these proposals without modification;

What is the rapporteur's view?

**Mr Corrie, rapporteur.** — Mr President, this is a very long paragraph — it is almost as long as all the work we have already done — but I do agree with most of it. Yesterday, the Commission in fact, supported most of it, so I think, rather than start to break it up and accept parts of it, I will accept it as it stands.

**President.** — I put Amendment No 4/rev. to the vote.

Amendment No 4/rev. is adopted.

I put paragraph 46 to the vote.

Paragraph 46 is adopted.

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

The resolution, thus amended, is adopted<sup>1</sup>.

We now proceed to the Normanton Report (Doc. 438/77): *Crisis in the textile industry*.

I put the preamble and paragraphs 1 to 4 to the vote.

The preamble and paragraphs 1 to 4 are adopted.

On paragraph 5, I have Amendment No 1, tabled by Mr Schwörer on behalf of the Christian-Democratic Group and adding the following to this paragraph :

...and at the same time improve the competitiveness of the European textile industry on the world market;

What is the rapporteur's view?

**Sir Brandon Rhys Williams, deputy rapporteur.** — I have to convey Mr Normanton's apologies because he is unable to be present this morning. As the only officer of the committee present, I have been asked to stand in for the rapporteur and to repeat his remarks from last night, which were unfortunately not able to be printed in time to be read by those taking part in the votes this morning. The rapporteur's comment on Amendment No 1 was that he was prepared to accept it.

<sup>1</sup> OJ C 6 of 9. 1. 1978.

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

Amendment No 1 is adopted.

I put paragraph 5, thus amended, to the vote.

Paragraph 5, thus amended, is adopted.

I put paragraphs 6 and 7 to the vote.

Paragraphs 6 and 7 are adopted.

On paragraph 8, I have Amendment No 2/corr., tabled by Mr Schwörer on behalf of the Christian-Democratic Group and rewording this paragraph as follows :

8. Requires the Community, in the event of failure to achieve international agreement by 31 December 1977, unilaterally to regulate increases in imports in accordance with the agreements in force, otherwise the Community textile industry can have no viable future.

What is the rapporteur's view ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — I understand that the rapporteur was reluctant to accept this, but would not resist it if Mr Schwörer insisted on moving it. He preferred the original text, because it seems that there might be ambiguity as to which agreements in force currently were meant by the mover of this amendment.

**President.** — I call Mr Schwörer.

**Mr Schwörer** — (D) The rapporteur has asked what agreements are meant at the point where it says, 'unilaterally to regulate increases in imports in accordance with the agreements in force'. It does not say 'in accordance with the Multifibre Agreement in force', but 'in accordance with the agreements in force for example, GATT and other international agreements governing imports into the Community. That is what I meant.

I should also like to point out, Mr President, that a slight typing error has found its way into the text, which should read :

- ... unilaterally to regulate increases in imports in accordance with the agreements in force.

**President.** — I put Amendment No 2/corr. to the vote.

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

Amendment No 2/corr. is rejected.

I put paragraph 8 to the vote.

Paragraph 8 is adopted.

On paragraph 9, I have Amendment No 3, tabled by Mr Schwörer on behalf of the Christian-Democratic Group and rewording this paragraph to read as follows :

9. Calls upon the Commission to finalize proposals for an industrial policy programme, which would help to

safeguard the future of this industry by means of a policy of selective expansion of the Community economy as a whole and present these proposals to the European Parliament before 31 March 1978 ;

What is the rapporteur's view ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — The rapporteur said that he would not resist this amendment, but since paragraph 9 as it appears in the text was in fact a committee amendment and he did not feel especially committed to it. He is happy to leave it to the House to decide between the committee text and the new text proposed by Mr Schwörer.

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

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

Amendment No 3 is rejected.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

On paragraph 10, I have Amendment No 5, tabled by Mrs Dunwoody on behalf of the Socialist Group and suppressing sub-paragraph (a).

What is the rapporteur's view ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — Mr Normanton felt that paragraph 10, subparagraph (a) was essential to this report and he strongly resisted Mrs Dunwoody's amendment.

**President.** — I put Amendment No 5 to the vote.

Amendment No 5 is adopted.

I call Sir Brandon on a point of order.

**Sir Brandon Rhys Williams, deputy rapporteur.** — Mr President, in view of the importance of this to the rapporteur, and since the earlier votes have been so close, would it be in order to ask for that vote to be taken by sitting and standing ?

(Mixed reactions)

**President.** — Sir Brandon... This time the result of the vote left no room for doubt.

Again on paragraph 10, I have Amendment No 6, tabled by Mrs Dunwoody on behalf of the Socialist Group and adding the following new sub-paragraph :

- (h) efforts must be made to ensure that the recommendations and conventions of ILO (International Labour Organization) are applied in the developing countries ; multinational undertakings in particular, with headquarters in EC countries, should be required by means of a binding convention to respect the social conditions laid down by ILO in the developing countries too ;

What is the rapporteur's view ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — Mr Normanton said that he strongly opposed the inclusion of the words appearing in Amendment No 6, tabled by Mrs Dunwoody. He feels that the ILO is concerned with industrial and labour considerations, and not with commercial and economic ones. He also says that in any case few, if any, of those countries in the ILO which are making these demands observe any of the conventions themselves. He pointed to the USSR, and Comecon and most of the African states. So, in sum, the rapporteur's recommendation is strongly in opposition to the acceptance of this amendment.

**President.** — I put Amendment No 6 to the vote. Amendment No 6 is adopted.

After paragraph 10, I have Amendment No 4, tabled by Mr Van der Gun on behalf of the Committee on Social Affairs, Employment and Education and adding the following two paragraphs :

- 10a. Agrees fully with the concern expressed in the motion for a resolution by Mr Van der Hek and Mr Van der Gun at the growing difficulties of the textile industry ;
- 10b. Proposes the following measures :
- the setting up of an information system on trade within the Community as well as on the development of trade with third countries ;
  - creation of a permanent working-party composed of employers, trade unions and the respective governments for the purpose of integrating regional industrial development, thereby safeguarding existing jobs and creating new employment ;
  - a system of reporting and monitoring new investment to avoid a further increase in excess capacity in the Community, which must be accompanied by the establishment of a balance between job protection and technological progress ;
  - the formulation, in good time, of alternative solutions and the setting up, with the help of the European Social Fund, of retraining programmes ;

What is the rapporteur's view ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — First, may I ask that we should take each of these sections under separate votes, because they are in fact separate items ? If that is acceptable, then may I say in regard to 10a that the rapporteur accepts this amendment.

**President.** — I therefore have a request for the vote to be taken item by item.

I put to the vote that part of Amendment No 4 which would insert a paragraph 10a.

That part of Amendment No 4 is adopted.

What is the rapporteur's view on the second part of the amendment ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — First, may I take it that we are voting separately on each of the four paragraphs in 10b, because they cover completely different points ?

With regard to the first paragraph, the rapporteur's comment was that the point was already covered by 10(f) but if it was desired to place this into the resolution, he would not resist that.

**President.** — I call Mr Broeksz.

**Mr Broeksz.** — (NL) Mr President, I object. I feel that there is a connection between these three paragraphs, and I suggest that they be put to the vote together as paragraph 11 of the resolution.

**President.** — I consult the the House on the proposal to vote item by item on the proposed paragraph 10b.

The majority is against. Paragraph 10b will therefore be put to the vote as a single item.

What is the rapporteur's view on this text ?

**Sir Brandon Rhys Williams, deputy rapporteur.** — The rapporteur accepted the first indent and also the last, but felt that the two central indents should be rejected, because they were unnecessary. With regard to the creation of a permanent working-party, he felt that the Commission already had excellent consultative machinery, which no doubt they could confirm. With regard to the system of reporting and monitoring new investments, he could not see how such a body could be constituted as an effective instrument, and he therefore strongly advised that those central indents should be rejected. As the Parliament is voting on them all together, I am sure the rapporteur's wish would be that Parliament should reject 10b.

**President.** — I put to the vote the whole of that part of Amendment No 4 which would introduce a new paragraph 10b.

The second part of Amendment No 4 is adopted.

I call Mr Schwabe on a point of order.

**Mr Schwabe.** — (D) Mr President, I should like to take this opportunity to say *Ceterum censeo — not Carthaginem esse delendam*: Carthage shall not be destroyed, but, as I have frequently said in this Parliament, an end should at last be put to these indents. We have Treaties of Rome and Roman numerals, we have Arabic numerals, we have capital letters and small letters. Soon we shall have the Greeks here, and then we can add alpha, beta, gamma, delta and so on. These indents constantly cause confusion, as we have again seen this time, and perhaps we should learn a lesson from this.

**President.** — Mr Schwabe, your remark will be forwarded to the committees' secretariat.

**President**

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

I put to the vote the motion for a resolution as a whole, as modified by the various amendments that have been adopted.

The resolution, thus amended, is adopted.<sup>1</sup>

### 7. Directive on foodstuffs

**President.** — The next item is a vote without debate on the report (Doc. 455/77) by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on :

the proposal from the Commission to the Council for a directive amending for the sixth time the Council Directive of 23 October 1962 on the approximation of the rules of the Member States concerning the colouring matters used in foodstuffs intended for human consumption.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.<sup>1</sup>

### 8. Fresh fruit and vegetable market

**President.** — The next item is the oral question, without debate, by Mrs Dunwoody to the Commission on the fresh fruit and vegetable market (Doc. 408/77) :

On the fresh fruit and vegetable market there is no sign of any fall in prices, which are being maintained at such a high level that they are becoming a luxury. At the same time, however, vast quantities of these products are being destroyed in certain Member States of the Community. In the 1976-77 marketing year, 3.5 million quintals of peaches, 3 million quintals of oranges and 1 300 000 quintals of tomatoes were destroyed in Italy.

1. Does not the Commission think that this constitutes an instance of malfunctioning of the market and the production system to the detriment of the consumer?
2. What measures does the Commission intend to adopt in order to remedy this imbalance while ensuring a Community supply of fresh fruit and vegetables?
3. Does not the Commission think it is necessary to implement a genuine structural policy more compatible with the interests of consumers and small producers, rather than maintain a system which encourages surpluses and is of benefit to big producers alone?

Since Mrs Dunwoody is apparently not here and has not appointed a deputy, I give the floor straight away to Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, as Mrs Dunwoody is not here, I shall be as brief as possible. Her question deals with withdrawals and I should first of all like to say that the figures she gives and refers to as quantities of products destroyed are in fact those of quantities withdrawn from the market, but a substantial proportion of those products are put to a use provided for under regulations. In the case of peaches, for example, more than 40 % of the quantities withdrawn from the market were processed into alcohol and more than 10 000 tonnes were given away free. In the case of oranges, 53 000 tonnes were withdrawn and given away, some of it after processing. As far as tomatoes are concerned, the withdrawal figures given refer to 1975, when the Italian processing-industry abandoned a large number of contracts made with the producers. In 1976, only 10 000 tonnes of tomatoes were withdrawn from the market in Italy.

The Commission does not think that the system of intervention disorganizes things to the detriment of the consumer. It would like to point out that, in the whole range of fruit and vegetables, only nine products (tomatoes, cauliflowers, apples, pears, peaches, table grapes, oranges, lemons and mandarins) are the subject of withdrawals from the markets which are met out of Community funds. What is more, the extremely low withdrawal price and the small number of withdrawals compared with Community output are not such as to affect the price to the consumer. The Commission considers that if, in accordance with the Treaty of Rome, the availability of supplies is to be ensured, a certain output potential must be maintained at the risk that, as fruit and vegetable production is very much affected by weather conditions, this, in some years or at certain seasons, created surpluses which the market cannot absorb or, in spite of everything, produces extremely poor crops, as in the case of apples in the last few years for example. The hon. Member will not be unaware that the financing of withdrawals by the EAGGF is available to producers only through their organizations and that the withdrawal price is the same for everybody. The Commission does not think, in the circumstances, that the policy followed hitherto benefits the big producers at the cost of the small producers. In any case, the withdrawal price is lower than the normal market price, so we can dismiss any suggestion that the intervention system encourages surpluses.

**President.** — I call Mr Dalyell on a point of order.

**Mr Dalyell.** — It is simply that in the absence of Mrs Dunwoody, who has been in her place regularly for the last four days — we do not quite know what has happened — there is a question that I know she wanted to ask, about the criteria on which free distribution takes place: that was all it was...

**President.** — Mr Dalyell, since no one has volunteered to replace the author of the question, I can only declare this item closed.

<sup>1</sup> OJ C 6 of 9. 1. 1978.

9. Regulation on the structure of agricultural holdings in 1979 (debate)

**President.** — The next item is the report (Doc. 419/77) by Mr Scott-Hopkins, on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council for a regulation relating to the organization of a survey on the structure of agricultural holdings in 1979.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins, rapporteur.** — I shall be excessively brief, Mr President, because I do not think the House wants to spend all that much time on this. It is important in agriculture because it is going to be a continuing survey of structures throughout the Community. Without the survey, it is quite obviously impossible for the Commission and the Council to come to direct conclusions.

There are only one or two important points. The first one is this: it is my firm belief that one wants to try and concentrate on those farms which have land attached to them. I think the intensive agricultural holdings should come under a separate heading and should not be included in this type of survey, and yet the Commission, and indeed the committee, were adamant that they should be, and I regret this fact. Intensive farming, such as factory-farming for poultry, pigs and so on, is something entirely different to that type of farming where the farm is attached to the land. I have some extremely interesting figures which I know the Commission will accept. A proportion of 41.9 % of the farms in the Community are of 1-5 hectares, yet they only cover 6.3 % of the Community's total farming area. I would suggest to the Commission that they, not now but in the future, institute two types of survey, the one dealing with farms attached to land which is used for farming — and the other survey dealing with intensive farming, i.e. farms of under 5 hectares. That is the first point.

The second concerns the question of time. We have had survey after survey, statistic after statistic, compiled by the Community for the agricultural reviews and so on, and nearly all of them are so out of date by the time they become available that they are absolutely useless. In this particular case, they are saying at least 18 months after the survey has been finished would be required for the results to be made available. This, quite honestly, is not satisfactory. So we have put down that they should be available within 12 months from the time the survey is made.

I understand that there are problems in some countries. There have always been problems in some countries, and I particularly refer to my Italian colleagues: I know that it is in Italy where the problems exist in

collecting statistics of value, and I would beg of them not to move their amendments, because I really do believe that if they are made to do, they can perfectly well supply the necessary statistics in time. It is no good collecting a mass of figures if you cannot use those figures, and the longer it takes to assimilate them and the less use they are. So I hope that colleagues from the countries concerned — and it is particularly our Italian friends — will be able to see that they really must try and get statistics which can be used by the Community: by the Commission, by the Council, by this House.

Those are the main points, Mr President. I take it that everybody has read the report and the Commission proposal. I beg to move.

**President.** I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, this is an important subject, as Mr Scott-Hopkins reminded us, and in this particular case we are not concerned with a survey which is exclusively for the benefit of the Community and paid for entirely out of Community funds but with making the most, in the Community's interests, of major efforts made by the Member States during the world agricultural census recommended by the FAO.

On the question raised by Mr Scott-Hopkins, the first point I should like to make is that what we have to do is to carry out a co-ordination operation in terms of questions, definitions and communication of results, so we have organized it in close co-operation with Member States. As regards the more specific points raised in the motion for a resolution, I take first Articles 2, 3 and 11, especially the questions which Mr Scott-Hopkins has just raised. When the results of the 1975 and 1979 structural surveys are analysed, especially with the help of the Community method of identifying the types of agricultural holding which is about to be adopted, this will make it easier to consider ways and means of improving on the scope of these surveys at the lower end of the scale. But we must not overlook the importance in certain connexions of having information available on smallholdings, for example, in the case of the part-time farming referred to in paragraph 4.

The draft amendment on Article 2 was fully considered during the preliminary discussions with the Member States; however, the statisticians of the Member States and of the Commission are unanimously of the view that the change proposed would cause considerable technical difficulty, especially in the tabulation of results. The Commission is accordingly unable to accept the suggestions made concerning Article 2.

**Ortoli**

On paragraphs 5, 6, 7 and 11, the Commission entirely agrees with the rapporteur that there must be no delay in the communication of results by the Member States. But this is a large-scale operation because of the mass of information which has to be used and of the fact that the returns required were supplied in 1975 in the form of tables instead of individual figures. Moreover, in view of the intention to use the new method of type identification in its tables, the Commission prefers not to lay down time-limits which cannot be adhered to. In any case, to lay down a single deadline would not allow for variations in the way the surveys are carried out in the member countries. The Commission cannot, therefore, agree to the motions in paragraphs 5, 6 and 7 or to change Article 9 as suggested in paragraph 11. At the same time, it undertakes to do its best to be in a position to publish the results as soon as possible after they have been received, because, of course, the important date is the date of publication rather than the date on which the returns are sent in.

I should like to assure Mr Scott-Hopkins that I very much appreciate his concern on this particular issue and that I shall press as hard as I can not only to get the results but to get them published as soon as possible.

I have no particular comment to make on the remaining points.

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

10. *Obstacles to the movement of goods within the Community*

**President.** — The next item is the oral question, without debate, by Mr Hans-Werner Müller and Mr Zeyer to the Commission on obstacles to the movement of goods within the Community and the effect on regional industries (Doc. 403/77):

With effect from 1 October 1977, the French plant-protection authority 'Service de la protection des végétaux' in Nancy has, at short notice, discontinued plant examination on the French side of the frontier customs posts at Forbach and Saarbrücken-Goldene Bremm, thereby seriously hampering the hitherto considerable trade between the Saarland and Lorraine in fruit, vegetables and plants. This has adversely affected not only horticultural protection in the region but also, because of the resulting change in routes, regional transport. Trans-frontier contacts, which have long been strong in this area and which are based on the Franco-German Saarland Agreement, are being curtailed by incomprehensible administrative measures.

To prevent such adverse developments, is the Commission prepared to intervene in the interests of those affected with a view to restoring the previous arrangements, and what possibilities does it see of so doing?

I call Mr Müller.

**Mr Hans-Werner Müller.** — (D) Mr President, ladies and gentlemen, Mr Zeyer and I have tabled this

question not only in reference to a specific case but also in order briefly to point to a number of fundamental matters which are of importance in relations within the Community.

Let me say from the outset that the situation which gave rise to our question has fortunately now been rectified by the French authorities. My colleagues and I have nevertheless refrained from withdrawing the question because we want to draw attention to the fundamental position. What happened was that the French plant inspection authority, the *Service de la protection des végétaux* in Nancy, suddenly decided to discontinue the inspection of plants on the French side of the frontier customs posts of Forbach and Saarbrücken-Goldene Bremm with effect from 1 October 1977, the reason given being that the French official concerned had been released from his duties for a year.

If this decision had been upheld, trade between the Saarland and Lorraine in fruit, vegetables and plants would have been considerably impaired. It would have had an adverse effect not only on regional horticultural production, but also on the regional transport industry.

After a number of people had intervened at regional level, Members of Parliament had contacted their governments and the Franco-German Chamber of Commerce had looked into the matter, the Saarland Minister for the Economy was able to announce on 29 October that the all-day inspection of fruit and vegetables would be resumed on the French side. Thus, the problem in itself had been overcome. But allow me to make a few remarks on this subject. There is a strange contrast between the statements made at the highest European level on cooperation and the actual situation in everyday practice within the Community, particularly at its frontiers.

I say this as a representative of a constituency situated at two intra-Community frontiers, where trans-frontier contacts have been impeded instead of being facilitated by a number of administrative decisions.

Mr President, ladies and gentlemen, let there be no misunderstanding: the criticism that within the Community trade is being made more difficult can be levelled not only by the Federal Republic of Germany at France, for example, but equally the other way round. The public has absolutely no sympathy for this situation. It is doing nothing to mobilize and motivate the public, particularly at the frontiers, in support of Europe.

I shall shortly be referring the Commission and Council to a number of other inadequacies in intra-Community trade and in the social sector — to give but two examples — which could be very easily eliminated with a little goodwill.

**Hans-Werner Müller**

I should be very grateful to the Commission if it could bring its influence to bear so that petty administrative obstacles at the frontiers in the Community may be eliminated in the interests of Europe.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, it is quite true that, although fruit, vegetables and potatoes have been regularly subject to plant-health inspection at the Franco-German frontier, there has for some time been no inspection in the case of other general products because of a temporary shortage of staff and exemptions were issued on application made in writing forty-eight hours in advance. The Commission has informed the French Government that, in its view, to be obliged to lodge a written application in order to obtain an exemption authorizing the importation of certain vegetable products does not appear to be in conformity with the provisions of Article 30 of the Treaty. I mention this not because there is still a problem — you have said that it has been settled — but to assure you that we share your concern and that we believe that we must take immediate action when unnecessary difficulties arise even if, as in this case, there is an explanation for them, and this is what you were concerned about.

**President.** — This item is closed.

### 11. Health hazards of asbestos (debate)

**President.** — The next item is the report by Mr Evans, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on health hazards of asbestos (Doc. 344/77).

I call Mr Evans.

**Mr Evans, rapporteur.** — In presenting this report to Parliament, on behalf of the Committee on the Environment, Public Health and Consumer Protection, I would like to draw Parliament's attention to the fact that the committee has been considering this very important subject in depth for over 12 months and I would like to pay tribute to the members of the committee secretariat who assisted me in compiling this report. I would also pay a very considerable tribute to the staff in DG V of the Commission, who have also been of enormous assistance to me. Finally, I would pay tribute to the members of the committee who have so rigorously scrutinized the various documents that I placed before them over the past 12 months.

I would, at the outset, like to say one other thing. Most of the time this Parliament and its committees spend their time doing the essential work of scrutinizing Commission proposals and passing opinions on them. That is right and I have no quarrel with that. However, I submit that this Parliament should —

indeed, it must — take more seriously work which comes under the heading of 'own-initiative work'. I submit that this is an area in which this institution could take on a variety of subjects which our own national parliaments are unable to deal with, subjects which, because of the multinational nature of the problems and the potential solutions, this Parliament is ideally suited to deal with. We do not, and I stress, we do not always have to wait for the Commission to table proposals before we react to them. We have it in our own hands to examine some matters which could be the fore-runner of Community legislation, but if we are to be serious in dealing with own-initiative work, then we must insist that important reports are placed in important slots in the week's agenda.

Turning to the report and the motion for a resolution on the health hazards of asbestos, I am sure that every Member appreciates that it is an extremely important subject which is of serious concern to many people throughout the Community and beyond. I am sure that Members appreciate that over the past few years there has been growing apprehension among scientists, doctors, environmentalists and more particularly asbestos workers about the threat that this widely used substance offers for human health. There are now, on the record, a number of well documented cases of people who have come into contact with asbestos in one way or another contracting and dying from the diseases known as asbestosis or mesothelioma. I have no wish to be, or to sound alarmist, and I am happy to record that the industry has, in many ways, improved its working conditions. My contention is that the steps taken so far by even the best of employers are not good enough and that the conditions inflicted upon workers by the worst employers are terrifying.

I would ask Members to appreciate that contact with asbestos may lead to crippling and killing diseases which can take 20 or 30 years to manifest themselves, and that people dying now from asbestosis-related diseases may have contracted the illness many years ago. It is therefore essential that all workers who use asbestos have adequate and constant medical supervision and that any worker who shows signs of contracting an asbestos-related disease should be removed from any contact with asbestos and be adequately compensated.

It is also essential that effective protective clothing be provided for all asbestos workers. This clothing must be cleaned regularly at the place of employment, in proper laundries and at the employer's expense. Of course the laundry workers must also be protected. This is an essential point. There is a strong fear that the wives and children of asbestos workers have been exposed to disease from the asbestos dust brought into their homes by their husbands and fathers. This is an utterly unnecessary risk, which must be removed quickly. Similarly asbestos factories and waste dumps must be vigorously controlled and the siting of such places must be covered by environmental-impact

**Evans**

certificates. Emissions from asbestos factories must also be rigorously controlled if and when they are in proximity to residential areas. Under no circumstances should they be allowed to emit any asbestos dust into the atmosphere which could place the population at risk. People could be contaminated and in many instances not even be aware that they had been exposed to asbestos.

On the question of exposure to asbestos, I ask Members to appreciate that as yet, while there is no agreement amongst scientific experts on whether there is such a thing as a safe level of exposure to asbestos, asbestos is a carcinogen. It is a substance which can produce cancer. We therefore endorse the view that further and continuing research is necessary into dose-effect relationships and we ask that the European Community should set maximum temporary limits to the degree of exposure to asbestos to which workers are subjected. These limits must be based upon the lowest figure operating anywhere in the world. In the interests of health and safety we call for a complete ban on crocidolite, or blue asbestos, and for a complete ban on the spraying of asbestos. Very little crocidolite is used in member countries nowadays and to ban it would create few problems, but it should not be concluded that a ban on blue asbestos would solve the problem. There is growing concern about chrysotile, or white asbestos, and it is essential that further research into acceptable substitutes be continued and whenever a safe substitute is produced the asbestos product should then be withdrawn from the market.

Asbestos is a substance of which there are not unlimited world supplies, so it is in our own interests for safe substitutes to be produced before we exhaust the world's known deposits. With regard to the spraying of asbestos, I would like to point out that it is not only a serious hazard to the environment at the moment of spraying, but gradually over the years it flakes off from the sprayed walls, creating a continuing hazard to all who live or work in a building where the spraying has occurred. This is an important additional reason for banning the spraying of asbestos. In the meantime it is absolutely essential that those who come into contact with asbestos are completely protected as far as is humanly possible. It is also essential that those people who fall victims to the horrible asbestos-related diseases are generously compensated. I know from bitter personal experience that all the money in the world will not bring back a dearly loved one, but it is inhuman that people who suffer from the ravages of industrial processes should also suffer poverty through the loss of the family's wage-earner. Therefore it is imperative that urgent action is taken to harmonize compensation payments throughout the Community.

Mr President, I am aware that there are omissions in this report. I have not dealt with the particular problems of, for example, demolition workers or

people living in houses or flats where the asbestos used as an insulation material is gradually becoming exposed and fibres are being released. This report is of a general nature and its principle aim is to spur the Commission into proposing measures. When the Commission has complied with our requests, we shall be only too delighted to give our opinion on their proposals. It is at that point of the procedure that we can go into greater detail.

Mr President, in presenting and commending this report on the health hazards of asbestos to the European Parliament I am conscious that many thousands of people are increasingly concerned at the potential danger to health of asbestos. I am also aware that too often the asbestos industry takes a negative attitude to criticisms of their industry. I urge them to take a positive attitude, to cooperate with the Commission and the national institutions investigating this problem, to provide the best possible medical facilities, including protective clothing and laundries for the workers, and to compensate generously workers and their families who become victims of these awful diseases. If they adopted these attitudes, people would attach greater credence to their advertisements which applaud their record and belittle their critics, because this is a subject which is of serious concern.

I commend with all my strength this report to Parliament and hope that the Commission in replying will take a positive attitude and will let us know when they intend to bring forward proposals themselves.

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

**Mr Noè.** — (1) Mr President, I speak on this subject with some reluctance, not because it is not important but because I think it ought to be dealt with as part of a comprehensive study of the whole problem of environmental carcinogenesis. In fact I agree with the rapporteur when he says it ought not to have been discussed at a Friday morning sitting.

While, therefore, I accept that Mr Evans has acted correctly in tackling a subject which can have a bearing on people's health, I do not consider it to be the right approach to this type of problem. In fact I was so impressed by the statistics showing the increasingly higher percentage in the spread of the terrible disease of cancer that, as long ago as last May, I asked the Committee on the Environment, Public Health and Consumer Protection to hold a hearing on environmental carcinogenesis. Unfortunately, we are in the position of not having much idea how to fight this disease by methods of treatment, but epidemiological research has proved that health can be seriously affected by physical contact, how and what we eat and what we breathe, which is sometimes polluted air, as in the case of asbestos.

Noè

This is why I should have liked to see this problem, and by that I mean human contact with substances of this kind, tackled in general terms, the particular being dealt with later, as is normal procedure in any serious scientific approach. This is why I am not altogether happy. However, I shall do what I did in committee and cast my vote in favour of the motion for a resolution. I have submitted two amendments to it and the first of them shows up the deficiencies in the present approach.

I have, in fact, been able to establish that, in asbestos-producing plants where they have installed filter areas which are satisfactory in size and mesh, with pumps taking in air and bringing the quantity of asbestos dust below the danger level, the number of workers whose health has suffered in those establishments has been reduced well below the danger level. This is proved by the largest asbestos mine in the Community, in the province of Turin; in the municipal area concerned, there has been no significant increase whatever in carcinogenic effects compared with neighbouring areas. This is in fact the mine where they have installed the filters referred to in my amendment.

And it is for this reason that I beg the Commission to do all in its power to ensure that, as soon as possible, all Member States install plants provided with filters of adequate mesh and satisfactory pumps in order to cut down the quantity of asbestos particles in the atmosphere. I regard this as being of the utmost importance.

I am not so certain about the second amendment. I have relied on my own common sense and repeated what Mr Evans said in the justification, which is that smoking should be prohibited in asbestos factories. There is only one purpose underlying this amendment and this is to prevent any synergistic effects, which is to say, to save people who work in those places from physical exposure to the action of asbestos and smoke at one and the same time. Their combined action can aggravate the injurious effects.

In advocating adoption of these two amendments, I shall, of course, vote with my group in favour of the motion for a resolution, but I must emphasize the need for a general approach to this grave problem, and I hope that in the next few months it will be possible for discussions to begin on the general question of carcinogenesis, based on scientific research and reports on action taken, which will enable us to have a further debate and speak with greater authority on the subject, in particular the one specifically covered by the Evans report.

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

**Mrs Squarcialupi.** — (I) Mr President, there is an asbestos problem everywhere in the world but espe-

cially in my country, which is the only asbestos-producing country among the nine Member States of the Community. Italy is in fact the fourth largest producer of this raw material in the world.

In saying this, I want to back up and give my unreserved support to Mr Evans' report, although I know there will be repercussions in my country; it will be the workers who will be called upon to pay for protection at their place of work, however much this may benefit their health. I hope Mr Evans will allow me to make a comment or two which in no way conflict with what he said in his report.

In Italy at least, the owners have counter-attacked with a vengeance and transferred the handling of this highly obnoxious substance from the big factories, which are unionized, to smaller factories which are not subject to health inspection, and have adopted the practice of purchasing their workers' health, a practice which is very popular in periods of economic crisis.

I can quote as an example the works of a Belgian multinational producing building materials which is also based in Italy. It has suspended all arrangements for precautions and protection against the dangers of asbestos until it knows the obligations which will in future apply to asbestos factories.

Because of this I suggest that these manufacturers be told at once what steps they are required to take to safeguard their workers' health. With this in mind, I have tabled an amendment to add words the only purpose of which is to stress the pressing need for immediate and rigorous harmonization of laws covering the asbestos industry. We all know that this substance is carcinogenic or at any rate extremely harmful to any worker who handles it.

The most immediate priority is therefore to ensure that asbestos does as little harm as possible. If there are alternative materials, there must be an immediate changeover to them, but (and I am not alone in this) we have to accept that not all materials are as suitable as those which are asbestos-based and this means that, before the changeover takes place, the question must be considered with care. I am repeating here a suggestion made to me by the trade unions in the naval dockyards at Trieste, where the proportion of workers suffering from cancer is highest. I imagine that the discovery that cancer is so widespread there is due mainly to the close and careful investigation carried out by the workers, but the unions have said that doubts remain concerning the possibility of finding an all-purpose substitute for asbestos. So the unions, too, are insisting on more thorough and painstaking research into the innocuousness or otherwise of substitute products so as to ensure that none of them give rise to the same problems. The workers are themselves extremely cautious and insistent on this point.

**Squarcialupi**

I therefore ask the House to approve my amendment, which merely underwrites what was said so ably and sincerely by Mr Evans.

As for the second amendment, although it is not possible to determine the level at which there is no longer any danger of exposure to cancer, the amendment is being submitted with a view to the imposition of limits of tolerability which can give warning of one, if only one, of the diseases caused by asbestos, and this is asbestosis. I am pressing for methods for measuring these tolerability limits to be laid down, otherwise all sorts of misunderstandings may arise, as I could not help discovering for myself when I was compiling one of my reports on the dangers of monomeric vinyl chloride.

My group accordingly hopes that the short-term measures submitted by Mr Evans will be accompanied by shorter-term measures for harmonizing laws on the protection of workers. This will make it easier to draft longer-term proposals for the proposed replacement of asbestos.

I am also in favour of the two amendments submitted by Mr Noè, though I see them as part of a general scheme for the harmonization of European laws on the day-to-day hazards of asbestos.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, the Commission has listened with the greatest interest to the report which Mr Evans has just submitted on the hazards to health from asbestos. He is to be congratulated on having given a clear and concise statement on a particularly difficult problem and on having given an objective report on the present situation regarding this product, which is the focus of attention from public opinion and from economic and medical authorities in all the Member States.

The Commission is glad to note that, as one of his documents of reference, Mr Evans used the study which it published early this year, *Public Health Risks of Exposure to Asbestos*. This study, which tried to give an objective assessment of the hazards to human health created by asbestos, was drawn up by a group of experts from the Commission and contains certain recommendations which the Commission is now using as a basis in preparing a draft resolution for a general programme of action designed to reduce the danger which asbestos constitutes for the health of human beings, especially those employed in the industry.

That is all I can say about this programme, because we are in the process of drawing it up; it should, I think, be available at the beginning of next year.

I need not add that, in shaping this general programme, we shall take into account the comments

and views expressed by the House and also the various proposals put forward in Mr Evans' report and any amendments which are passed.

**President.** — I call Mr Evans.

**Mr Evans, rapporteur.** — I would like to thank the Commission for the reply they have given me. I particularly noted the reference that the Commission made to Professor Zielhuis's report, which was, of course, of enormous benefit. I would only remind the Commission that the industry took a very dim view of this report; indeed, at an international convention one of the spokesmen said:

However, we managed through our international connections to have some influence on the information that is contained in it. I think I managed to cool down some of the advice.

I only hope that the Commission will be aware of the problems that they are sometimes presented with by the industry and will, in fact, ensure that the first consideration is the safety of the people.

Mr President, to save the time of the House, may I also make it perfectly clear that I am only too happy to accept the amendments put forward by Mrs Squarcialupi and Mr Noè.

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

## 12. Directive on the marking of prices of foodstuffs (debate)

**President.** — The next item is the report (Doc. 416/77) by Lady Fisher of Rednal, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission to the Council for a directive on consumer protection in the marking and display of the prices of foodstuffs.

I see that Lady Fisher is not here; I call Mr Evans.

**Mr Evans.** — I am not prepared to replace the rapporteur, since in committee it appeared that Lady Fisher had certain reservations about certain aspects of the report. Might I therefore move that this matter be referred to committee?

**President.** — On this motion for reference to committee, I call Mrs Kellett-Bowman.

**Mrs Kellett-Bowman.** — It is a very important report and many of us have stayed here specifically to speak on this subject. I think it will be very regrettable if, in fact, we are not able to voice our views today.

**President.** — I call Mrs Squarcialupi.

**Mrs Squarcialupi.** — (I) Mr President, in view of the difficult subject-matter dealt with in this directive and of deficiencies in the way in which it has been

**Squarcialupi**

submitted, I think a reference to committee is the only course open to us.

I would have had a number of comments to make on this directive, though not on the report as such, which, considering the text sent to us by the Commission, is nothing short of a miracle. I think the Commission document should be referred to the committee concerned, because it contains a lot of gaps and does nothing for the 85 % or so of purchasers who are women.

**President.** — I call Mr Ajello.

**Mr Ajello, Chairman of the Committee on the Environment, Public Health and Consumer Protection.** — (I) Mr President, as chairman of the committee, I request reference to committee under Rule 26 of the Rules of Procedure.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission. (F)** — Mr President, it is not for me to object to the decision you are about to take, but I should like to point out that we have undertaken to submit the draft directive to the Council as soon as possible and that we obviously cannot do so without the opinion of Parliament.

**President.** — By virtue of Rule 26 (2), first subparagraph, of the Rules of Procedure, reference to committee, under these circumstances, is automatic.

### 13. Recommendation on fluorocarbons (debate)

**President.** — The next item is the report (Doc. 417/77) by Mr Jahn, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission to the Council for a recommendation on the fluorocarbons in the environment.

I call Mr Noè.

**Mr Noè, deputy rapporteur.** — (I) Mr President, Mr Jahn has asked me to deputize for him, so I will briefly summarize the contents of his report on fluorocarbons, which are substances used as a propellant in 'aerosols' for household, cosmetic and other purposes, in industry for the purpose of temperature control or the air-conditioning of premises, and in the manufacture of multicarbonate foams, powerful insulating materials used in the air and in other places where the insulating material has to be extremely thin.

The underlying reason for this proposal from the Commission to the Council is the following. There is a fear (over which I must place a question-mark because of a lack of scientific evidence) that the expulsion of fluorocarbons into the atmosphere may reduce the amount of ozone at the highest atmospheric levels

and result in the production of ultra short-wave rays, that is to say, ultra-violet rays, and this would be injurious to human health and cause skin diseases which might be carcinogenic. These rays would also have less obvious but equally harmful effects on animal life and on plants exposed to any substantial concentration of ultra-violet rays.

United States legislation in this field is to apply in three stages: in the first, all manufacture of the substances will stop in October next year; then, their use for any of the purposes I have indicated will stop in December next year; and, finally, at a later date, their sale will be prohibited.

I referred earlier to a reservation. I think it was my friend Mr Nyborg who submitted a highly critical report last year of these global ecological developments to the effect that while, in so many cases, the injurious effects on the human body are unmistakable and obvious, there is room for doubt about the harmful effects in the case of these global phenomena. Take the expanse of the atmosphere at the levels referred to; it is an enormous area of space which is far from sources of pollution. There is, therefore, a big difference between the distance over which these centres can spread pollution and its degree of intensity, on the one hand, and, on the other, this expanse of space to which it goes and where the global phenomena to which I have referred are alleged to occur and cause the amount of ozone at the highest atmospheric levels to fall, with grave consequences.

Despite this minor reservation, which, in any case, was also expressed in the report, the grave decisions adopted in the United States and to which I referred earlier focus attention on the problem and the need for precautions, especially since, over and above this question, there is apprehension about another, which is the increase in infra-red rays, because, as they leave the earth's atmosphere, they may produce a 'hot-house effect', in other words, a comparative rise in the temperature of the earth which might have a number of unfortunate effects.

Generally speaking, I think we must support the Commission's proposal and press hard for the problem to be studied in greater depth. At the same time, I should like to submit just one amendment and that is that the word 'banning' should be replaced by 'controlling', in view of the fact that the Americans are working on the basis of such controls involving action in stages. Apart from that, the word 'suppression' seems to me to be inconsistent with the fact that some research is still to be completed.

Subject to this single amendment, I urge the House to adopt Mr Jahn's report.

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

**Mr Nyborg.** — (DK) Mr President, I should first like to take the opportunity to thank Mr Jahn for his report, which deals with an extremely important area within the field of environmental protection and which has been so brilliantly presented by our colleague Mr Noè. The large-scale use made today of fluorocarbons in the aerosol industry, as a propellant in household articles, personal hygiene products and so on, makes it important to determine what harmful effects they may possibly have on the environment and what countermeasures need to be taken. International research has shown that fluorocarbon emissions can lead to a reduction of the ozone layer of the stratosphere, and a reduced concentration of ozone is likely to increase the incidence of skin cancer, which is often fatal. Although there has been some controversy about these theories, attention being drawn to our insufficient knowledge of atmospheric and stratospheric processes, there is, none the less, broad agreement that the thinning out of the ozone layer caused by fluorocarbons does give rise to great concern with regard both to its effects on health and to the expected rise in temperature on the surface of the earth and in the atmosphere. The meeting held in Washington in the spring, connected with the United Nations programme on the environment, gave further expression to this concern.

At present, world production of chlorofluoromethanes is extremely large, and we in Europe consume approximately 40 % of it. We should therefore follow developments with great interest, since a large industry and a considerable number of jobs would be affected if production were changed over to other propellants. In France, for example, some 20 000 jobs are dependent on aerosol production and use. The Dutch economy would receive a severe blow and large numbers of workers would be laid off if a total ban were imposed on the use of fluorocarbons. It is therefore important to find out from the Commission's representative — if he is able to give us the answer — whether it is possible to switch production to other propellants and whether these propellants already exist or further research is needed.

In the present motion for a resolution, the Committee on the Environment, Public Health and Consumer Protection wishes to toughen up the Commission's text, urging the Commission to submit a draft directive, because the recommendation formula is not binding on the individual Member States. Such a strengthening of the Commission's text would be very welcome. But a complete ban on fluorocarbons as the propellant in aerosol products must be coupled with the development of new propellants and an adjustment of the production process itself. Otherwise, a total ban on the use of these propellants would have a serious effect on both production and employment.

To prepare for the introduction of other propellants in aerosol products and to obtain greater information on

the effects of these substances which are harmful to the environment, encouragement must be given to research into alternative products. Cooperation at Community level on design and research together with the dissemination and interpretation of results must also be encouraged, since one must recognize that the three-phase plan which the USA has drawn up for ending the use of these propellants makes it necessary for European industry not to fall behind in competition in this area.

It should be noted that a joint research effort is already under way in the Scandinavian countries, which wish to obtain the greatest possible protection against the harmful effects of propellants on the environment while trying to avoid disrupting production and thereby employment in industry which is connected directly or indirectly with the manufacture of fluorocarbons.

I would like to end by recommending that my colleagues vote in favour of this motion.

**President.** — I call Mr Schwabe.

**Mr Schwabe.** — (D) Mr President, ladies and gentlemen, we are now dealing with a special area of environmental protection, in that we are no longer discussing matters on our doorsteps but problems that are occurring a very considerable distance from our earth, problems into which not enough research has yet been conducted. But the dangers of which we are already aware become clear when we realize that the ozone layer, which seems endangered, is between 20 000 and 50 000 metres above the earth. Not even the highest flying aircraft can collect sufficient data, not even the famous and otherwise so successful Concorde. Attempts are therefore being made at Gap, in the south of France, to obtain samples from very much higher zones. Although we do not yet know everything about the situation, all of us who are concerned about health and the protection of the environment should realize that, having accepted that there is a possible danger, we must continue to analyse and combat it.

My contribution today follows the committee's work and discussions with my colleagues and is aimed at finding a practical solution. No one will deny that I have given a great deal of thought to unemployment — we are all concerned about job security — but, like all of us, I also have a duty to point out that regardless of whether we are talking about asbestos, waste gases, polluted water or, in this case, the ozone high in the sky among the stars, we cannot simply say every time, this is putting jobs in jeopardy.

I have therefore taken the trouble to try and find out whether there is not already something to replace dangerous or perhaps even safe gases. I have not overlooked recycling or possible substitutes and have

**Schwabe**

brought with me two things which I believe to be of economic importance. Here you have a spray can of the type now frequently used. The same quantity of perfume, or whatever it is, can also be obtained in a manually operated container. It costs about the same. The spray can is generally a little more expensive, but the manually operated container has the great advantage that it can be easily refilled for about two-thirds of the price. In addition, the mechanism is retained. Spray cans — and this is a further danger — are thrown away somewhere, frequently not quite empty, and those of us who have to do with local government and consequently with waste disposal know that difficulties have often occurred when a number of spray cans bundled together arrive at a waste-processing plant which uses heat: yet more damage may be caused.

In future discussions on these matters I should therefore like to see the Commission putting in a good word for the good old pump-operated container, which works quite magnificently, is cheaper to use, and can be used over and over again. This may seem to be a naïve view, but the consumers I have spoken to men and women who use these things more than I do, have assured me that it is also practical. These pumps must, of course, work properly and not leak, but I assume that is the case. On the other hand, there have been cases where spray cans have released their contents without this being wanted. That is all I wanted to say. A solution which is more practical and less harmful to the health and does not pollute the upper atmosphere and cause terrible harm to our children and our children's children need not necessarily result in unemployment.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, the Commission's proposition has been admirably covered by the rapporteur and I am grateful to him and to those who took part in the debate.

As you know, and as has been said again today, this question is at the moment the subject of intense discussion at international level. A major consideration is the lack of scientific and technical knowledge when dealing with this type of problem. Research and development programmes are being carried out in the majority of Member States and in some other industrialized countries with the object, firstly, of establishing more precisely the impact of fluorocarbons on the environment and, secondly, of finding substitute products. The Commission takes the view that it is best to wait until the end of 1978 before submitting to the Council a global policy on fluorocarbons which will incorporate the results of its research and of the social and economic studies in hand. This seems to me to be exactly in line with the ideas which have been expressed.

Nevertheless, the Commission has decided that it would be useful, in its proposed recommendation, to prescribe objectives and time-limits for the solution of the problems set and to tell the industrial interests concerned what safety measures they can adopt straight away. I am accordingly grateful to the rapporteur for having been good enough to fall in with this approach and withdraw his motion to amend the legal wording of the Commission's proposal.

I confirm the Commission's willingness to alter paragraph 4 of the operative part of its recommendation in order to prevent industry from raising its production capacity of any substitute product which, directly or indirectly, has injurious effects on human health. But this would not prevent us from studying the economic and social effects of any measure or, in particular, from finding out what substitute products can with advantage be developed, fulfil the same purpose, and enable us to solve the economic problems which may rise.

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

14. *Enquiries into the political affiliations of Commission officials* (debate)

**President.** — The next item is the report (Doc. 336/77) by Mr Hamilton, on behalf of the Committee on the Rules of Procedure and Petitions, on

Petition No 13/76 by Mr Jean Feidt and fifteen other members of the Staff Committee of the European Parliament on enquiries into the political affiliations of Commission officials.

I call Mr Santer.

**Mr Santer, deputy rapporteur.** — (F) Mr President, I have the difficult task of deputizing for the rapporteur, Mr Hamilton, who is unable to attend this sitting. It is even more difficult for me to submit this report instead of Mr Hamilton because I was draftsman of the opinion of the Legal Affairs Committee. To avoid any suggestion of bias and to reflect, as faithfully as possible, Mr Hamilton's approach to his task in drawing up a report on what is undoubtedly a somewhat delicate subject, I shall stick closely to Mr Hamilton's written report, which was distributed to all Members of the European Parliament as long ago as 27 October.

What is it all about? In a petition addressed to this House and dated 9 November 1976, 16 members of the Staff Committee of this Parliament state that the Commission of the European Communities sent its British, Danish and Irish staff an individual questionnaire in which they were asked to answer questions about their political opinions.

Article 26 of the Staff Regulations of Officials provides that 'an official's personal file shall contain no reference to his political, philosophical or religious views'.

## Santer

The petitioners accordingly ask Parliament to make sure that

- (1) no reference of this nature is contained in any files of officials or other staff of the Communities ;
- (2) each official and staff member has a personal file and a medical file only ;
- (3) references to political, philosophical or religious views included in any file whatsoever on officials or other staff shall be destroyed ;
- (4) each Community institution and body complies with the provisions of the Staff Regulations in this matter ;
- (5) a report on these verifications is made public.

The European Parliament received this petition at the very moment when discussions on the subject had begun in November 1976. The international press showed interest in the question, and Mr Brunner made a statement before the Bureau of the European Parliament in November 1976. Mr Ortoli answered oral questions at Question Time during the sitting of December 1976 and nearly thirty written questions were put down by Members.

In the discussions which took place in the Committee on Rules of Procedure and Petitions, it was emphasized that there are two different kinds of secrecy. First, there is the obligation of professional secrecy which must be observed during the normal course of duty, such as that referred to in Article 214 of the EEC Treaty and in Articles 11 and 17 of the Staff Regulations of Officials. Secondly, there are secrets which, in certain fields, are subject to a special control such as those covered by the security regulations provided for under Articles 24 to 27 and Articles 194 and 217 of the EAEC Treaty for the specific purpose of keeping information secret in the nuclear field. It must be emphasized that no special provision has been made regarding the security of information other than in the nuclear field. In practice, however, the procedure provided for under the Treaty establishing Euratom has been extended to other fields. This makes it reasonable to form the opinion, like the Legal Affairs Committee, that screening must be regarded as *praeter legem*.

In a statement made on 29 October 1976, the Commission spokesman gave an assurance that there had been no general enquiry into the personal views of the institution's officials and that 'screening' was applied only to officials whose work must be kept secret. The spokesman added that the questionnaires, together with the official's replies, were forwarded to the authorities in each Member State, who gave an opinion on whether an official should have access to secret documents. Again according to its statements, the Commission is bound to pay regard to any unfavourable opinion from a Member State.

At the same time, it must be pointed out that, during the Parliamentary sitting of 14 December 1976, Mr Ortoli declared, in reply to Question No 2, from Mr Sandri :

For your information, at present 350 officials are authorized to have access to secret information and 100 are in the process of being authorized. A number of further authorizations will probably be considered in the future. In the interests of the preservation of secrecy, the Commission intends to keep the number of officials so authorized down to a minimum.<sup>1</sup>

On the same occasion, in reply to a further question from Mr Giraud, Mr Ortoli added that the results of the enquiry do not compromise an official's career, and that 'his personal file will carry no trace of any opinions that may be attributed to him.'

After considering whether the application submitted to us is well-founded and having studied the opinion of the Legal Affairs Committee, the Committee on the Rules of Procedure and Petitions realizes that, in carrying out its tasks, the Commission has to deal with secret matters and that it must be able to guarantee the loyalty of the small number of officials who work on documents classified as highly confidential.

We must also bear in mind that, as the Commission is not provided with a security service of its own, it has to rely on the information collected by the national authorities. At the same time, we consider that the Commission must guarantee its officials their freedom of opinion. In order to reconcile these two requirements, we have, in the motion for a resolution submitted to you, emphasized that the State authorities' questionnaires concerning this small number of people must in no sense constitute separate files which can affect an official's career. We accordingly call upon the Council and the Commission of the European Communities to make a recommendation within the meaning of the third subparagraph of Article 194 (2) of the Treaty establishing the EAEC that the Member States concerned should standardize their questionnaires and, when they draft them, observe the democratic principles on which the Communities are based.

Mr President, you will have realized that this is a very delicate matter, which has been the subject of lengthy consideration within the committee and whose controversial aspects have been weighed with care. We also know that Mr Hamilton takes this thorny question very seriously. We can rest assured that the motion for a resolution constitutes a carefully balanced whole which reflects the need to safeguard the Commission's secrecy and provide for the requisite security measures and, at the same time, the need to guarantee officials their freedom of opinion.

On these various grounds, I ask Parliament to vote in favour of the motion for a resolution submitted by Mr Hamilton.

<sup>1</sup> OJ Annex : Debates of the European Parliament, No 210, December 1976, p. 77.

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

**Mr Nyborg.** — (DK) Mr President, I shall be brief for two reasons. Firstly, because I agree with the introduction to the subject which we have just heard, and secondly, because we are gradually running out of time.

I should like to begin by saying that, in principle, my group is favourable to the motion for a resolution which has just been presented to us. The question is a simple one, for it concerns a limited number of officials who are required to perform duties protected by secrecy. There have from the outset been special provisions on secrecy with regard to the nuclear sector in the Euratom Treaty. Today, with the growing range of the Community's powers and activities, this has been extended to include access to confidential documents concerning Member States' foreign policy, international trade negotiations and currency questions. It is natural to require secrecy of the officials working in these areas and to employ questionnaires for these people. However, the Community has no powers in these matters; they fall exclusively within the competence of the Member States. It is therefore quite acceptable for them to send out a questionnaire to applicants. But this question does not concern the Commission and ought in no case to impede the course of a normal career. It would therefore be fitting for the answers to the questionnaires from the Member States, as soon as they are completed by the people concerned, to be returned directly to the Member States without the Commission's being informed of their contents. The Member States ought merely to inform the Commission to what extent the security checks carried out make it possible for the official to perform duties protected by secrecy. Neither must there be separate files which might affect an official's career. On the other hand, it is important that, in order to ensure justice and impartiality, the Member States should coordinate the questionnaires and take account of the democratic principles on which the Community is based when drawing them up.

I should like to make one small point in conclusion. The wording of paragraph 2 of the resolution is unfortunate. A mistake may have been made in translation when it says that 'the Commission ... has to guarantee the trustworthiness of a limited number of officials'. Does this mean that the rest do not have to be trustworthy?

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

**Mr Sieglerschmidt.** — (D) Mr President, ladies and gentlemen, having to do with classified material, confidential documents and so on is like a kind of privileged mail service, in which only those may parti-

cipate who submit to the rules and regulations governing it. As far as I know, the Community itself produces very little in the way of classified material and secret documents; but it is to a considerable extent dependent on the secret documents it receives from the Member States, particularly in the Euratom field, which has already been mentioned, but this is also true of European political cooperation.

The Socialist Group feels it is quite understandable that the officials concerned, who are subject to special enquiries because they have access to such secret material, should forward this petition to Parliament. This is a very delicate area, and it is therefore a good thing that it should be discussed here. I would, however, have liked this debate to take place when a few more Members were present than at so late an hour.

We also welcome the balanced way in which the Committee on the Rules of Procedure and Petitions and its rapporteur, Mr Hamilton, have reacted to this petition. All we can do, I feel, is to try and find a reasonable compromise between the interests, the personal rights, the basic rights of the officials of the Community's institutions, on the one hand, and the vital interest of, in particular, the Member States in security on the other.

The legal basis for these enquiries is, as has already been said, primarily to be found in the Treaty establishing the European Atomic Energy Community. But I also feel, and I should like to stress this, that there can be no legal doubt that the Community is entitled by analogy, as it were, to apply the provisions of the Euratom Treaty to enquiries into officials who are employed in other areas. On the other hand, I feel that it would be even better for the Community to create a clear legal basis for these enquiries at some suitable time in the future. In my view, it is quite right that these security checks should be carried out by the Member States alone. The idea that the Community should itself create its own security apparatus is surely completely grotesque, and no further thought should be given to that idea.

A little more needs to be said about the manner in which these enquiries are conducted. There will be no getting away from putting certain questions to this small circle of officials, questions which at first sight seem indiscreet but which anyone who knows what happens in this area will accept as justified. In a number of cases, it has transpired that a person's membership of an extremist party has resulted in his later becoming active as some kind of agent. There are a number of cases in which it is known that persons with valuable information have during visits to Eastern bloc countries have found themselves in situations which have led to their being forced to act as agents. There are also a number of cases in which it is quite clear that dependants in Eastern bloc countries,

**Sieglerschmidt**

for example, have been used to put pressure on their relations in interesting positions in the West.

That is why such indiscreet questions — if I may put it this way — must, unfortunately, be asked. If, then, Amendment No 1 tabled by my friend Mr Lagorce is supposed to mean that such questions should not be allowed, I cannot agree to the amendment. But if he is referring to enquiries into opinions — as it says in the German text — then that is really irrelevant, because we are not concerned with such enquiries but with security checks. I am afraid, therefore, that I cannot accept this amendment.

Mr President, with your permission, I will simplify matters and go straight on with my view — which is not, of course, the view of my group — on the other two amendments. I consider Amendment No 2, tabled by Mr Lagorce, to be reasonable. I do feel, however, that it needs clarification so that no misunderstandings arise. It should read:

Requests that the officials and staff of the Communities should have access to all documents in their personal files and all other documents concerning them and in the possession of the organs of the Community.

The words 'and in the possession of the organs of the Community' should therefore be added.

Mr President, I should like to say a final word on the standardization of questionnaires recommended in the motion for a resolution. Simply because this is so delicate an area, I can but most heartily welcome this appeal. The EAEC Treaty gives us the possibility of doing this, or at least a peg to hang it on. I realize that in this field, too, each Member State has, of course, its own tradition and its own ideas. But it should be possible to have a standard way of carrying out these security checks.

To conclude, I should like to say that whatever positive or negative information is passed on to the Community by the national security authorities, it must all be made accessible to the official. He must be able to state his opinion and present his arguments. That is the other side of the coin. Security — yes, but there must, quite obviously, also be protection of the personal rights of officials as well.

**President.** — I call Mrs Goutmann.

**Mrs Goutmann.** — (F) Mr President, I should like merely to make one or two brief remarks on this very important subject. First of all, I should like to point out that a year ago the citizens of the Community heard through the press, and in particular the newspaper *L'Humanité*, that the democratic freedoms of a very large number of officials were under severe attack within the very institutions of the Community, at the Commission in Brussels. Figures have been quoted today in the report and by some of my colleagues. It has been stressed that these are low figures, but, in my view, the fact that some 350 or 450 officials are involved is already a lot. The French Communists

unambiguously denounce these violations of human rights, since that is what is involved. When one realizes the gravity of these practices, it is disturbing to note that this House has already made one attempt to postpone this debate and that, in any case, we have had to wait a year from the time the petition was tabled before discussing this matter. Our opposition to these questionnaires is not a piece of mere opportunism and is not directed against any particular country, but applies whatever the countries or regions concerned, since for us freedom is indivisible. We find it unacceptable for hundreds of European officials to be obliged to fill in a questionnaire which makes reference to their political opinions and which does not hesitate to make use of, or even ask for, denunciations, since it also refers to family relations or mere ties of friendship. Reference is also made to any visits made to certain countries.

As the European officials' trade unions stress, these procedures represent a flagrant violation of the Staff Regulations of Officials of the European Communities. I should like to remind you that Article 26 of the Staff Regulations expressly states that an official's personal file shall contain no reference to his political, philosophical or religious views and provides that there shall be only one personal file for each official. But we are witnessing here a deliberate violation of the guarantees and the most fundamental principles of democracy — those very principles which the Commission has recently undertaken to respect in a solemn declaration, which appears ridiculous in view of the facts which are coming to light. We must ask ourselves the question today: are these questionnaires still being used? The report, and everything said in this House, show that they are. Some people justify their use by the need to check the loyalty of European officials, but to ask this question is to open the door to political discrimination and to the idea of political offences. What the previous speaker said confirms my apprehensions and fears.

How suspicious must you be of officials and in the name of what principles should a Communist, a man of the Left, a defender of freedom and peace, be systematically suspected of disloyalty and of being less suitable than his colleagues to handle confidential files, although he is acknowledged to be professionally competent to do so? How dare anyone say that since such and such a person belongs to a so-called extremist party — which remains to be seen — or merely has contacts with that party, he should immediately be accused of being an enemy agent, whereas the members of other parties are automatically looked upon as people of great loyalty? This is blatant discrimination: we, for our part, are careful not to call people belonging to parties which we call reactionary agents of imperialism. So I think this is a case of unacceptable discrimination. Could one possibly imagine a great scientist like Joliot-Curie, a top civil servant,

**Goutmann**

being refused access to nuclear secrets on the grounds that he was a great fighter for peace? I think this is an attitude which is basically opposed to human rights and freedom.

What does the resolution on which we are to vote propose? It proposes the harmonization of these questionnaires, since, in the last analysis, it accepts them. This is an unacceptable proposal, since the use of these questionnaires is in itself unacceptable. That is why I have tabled an amendment requesting that these files be destroyed and the use of so-called security questionnaires be discontinued, as the officials' trade unions have demanded. It is also the reason why we could not support the motion for a resolution if this amendment were not adopted. In this serious matter, the governments and the Member States — since they are the ones who draw up these security questionnaires — and the Commission have a grave responsibility here, in our view. The Commission is the guardian of the Treaty and must therefore ensure compliance with the Staff Regulations of officials. It is vital that the provisions of these Staff Regulations be applied rigorously, since they guarantee the rights and freedoms of officials. No official must live under the threat of a questionnaire. Every European official, and every citizen of the Community, must be assured that he will never be troubled for his political, religious or philosophical opinions. In our view, this constitutes the best, indeed the only, guarantee of officials' loyalty. For our country, for the European institutions, we want officials who are mature, responsible and free to believe what they wish. It is the very idea of democracy in Europe which is under attack, a democracy which, in our view, should be pluralistic and should respect the ideas of every individual, which is no obstacle to loyalty.

We have reason to be worried, since this matter of the questionnaires is not an isolated case. In the Federal Republic of Germany, for example, thousands of citizens guilty of holding the wrong beliefs are refused admission to the civil service. In France, magistrates attached to the principle of the independence of the law are suspended. This use of questionnaires is the same thing, and I say solemnly that the questionnaires will, in time, lead to debarment. To be sure, everyone here denies this. But we know where we stand on this issue. In the name of freedom and democracy in Europe, we demand an immediate stop to these questionnaires, compliance with the provisions of the Staff Regulations of European officials and the destruction of confidential files and of the questionnaires.

We French Communists, who believe in a Europe of social and economic progress, of peace and freedom,

wish to defend, strengthen and enlarge democracy in Europe and within the European institutions themselves. We are resisting, and will continue to resist, every step taken towards an authoritarian, police-ridden Europe. Nothing and no one will deflect us from this course. Anywhere and everywhere, we are fighting and will continue to fight against any violation of democratic freedoms. We passionately desire freedom for our people; that is why we also want it for all peoples and for all citizens, who must be free to exercise their profession. Security questionnaires run counter to freedom of thought and expression. It is to be regretted that this House does not condemn them forcefully and energetically.

**President.** — I call Mr Dondelinger.

**Mr Dondelinger.** — (*F*) Mr President, more than a year ago we became acquainted with Community questionnaires which were being sent to officials of British, Danish and Irish nationality. I do not wish to go into details but I, together with some of my colleagues, protested at the time against the use of these questionnaires, and I tabled a question to the Commission. Today, I can, and will, repeat that protest and, in this connection, I note with satisfaction that the Socialist Group is in favour of the adoption of the report by Mr Hamilton on Petition No 13/76 by Mr Jean Feidt and other signatories concerning these enquiries into the political affiliations of Commission officials.

Mr Lagorce has proposed two amendments, which I would like to bring up here in the House, since he has had to return to Paris to fulfil commitments arising from his dual mandate. In my view, the first of these amendments is self-explanatory. Mr Lagorce wishes to add a paragraph 1 (a) after paragraph 1, to read as follows:

Condemns the practice of enquiring into the opinions of certain officials and staff of the European Communities.

I was surprised just now to hear Mr Sieglerschmidt objecting to the German text, but I can see no possible objections to the French text.

Mr Lagorce's second amendment goes somewhat further. In this connection I should like to draw your attention to the fact that there are apparently two kinds of personal files for Commission officials. The first contains information on marital status, documents concerning the official's administrative situation and career. Each official has access to this file on request, but — or so it appears — there is also a second kind of file, the medical file, to which the official does not have access, and who can say what might not be put into a secret file?

**Dondelinger**

For these reasons I ask you to approve Mr Lagorce's amendment, which proposes that a new paragraph 4 a be added after paragraph 4, to read as follows :

Requests that the officials and staff of the Communities should have access to all documents in their personal files and all other documents concerning them.

As to the substance of the debate, I have only one point to make : let us not forget that freedom is one and indivisible and that when we tamper with this freedom, we may know what the first step in the process is but we can never know where or how it will end.

**President.** — I call Mr Dalyell.

**Mr Dalyell.** — Mr President, I had better make it clear that I speak in a personal capacity and, in a personal capacity, I hope that Parliament comes to the conclusion that the report should be referred to committee until many of us have had a great deal more time to think about these issues. The truth is, Mr President, that Friday morning — at the *lag-end* of a part-session — is no time to discuss issues which are of cataclysmic importance for the future of this Community.

I must admit too — with a sense of shame, because we must all be responsible — that my group has never, to my knowledge, discussed these issues formally, and certainly not in any depth. I do not want to over-dramatize the situation, but for many of us this is the most important debate in relation to the Community that we shall have had all week and, conceivably, all year. The issues are that fundamental.

Mr President, I put it to colleagues that we are faced with what may be an irreducible dilemma, which the report frankly does not tackle. If you deny a whole range of information to certain employees of the Community, you in fact destroy their career in that, whether you want to or not, you close many doors of promotion to them. The fact is that, if one denies access to information, there are many jobs that the person who is so denied cannot hold. You exclude them from a whole range of career patterns and, in effect, from most of the top jobs in the Community. So, for all the protestations that we may make about wanting to keep career paths open, by the very act of denying information you exclude them from precisely those avenues of advancement. Therefore, I say to colleagues that we really ought to know precisely what we are up to when we are discussing these matters.

I have one or two questions of fact for Mr Ortoli. I do not deny the need for questionnaires, because I am told by those who know much more about these things than I do that questionnaires in such circumstances are standard procedures. What I think I am entitled to ask is : Who thought that the questionnaire was necessary? Who was the catalyst of all this? These things do not just come about by chance ; there

must have been a decision either by the Commission or by officials who are very high up in the Berlaymont. I am a little curious as to whose idea it was and what sparked the idea off.

Secondly, I am not a member of either the Legal Affairs Committee or the Committee on the Rules of Procedure and Petitions ; but I am on—and work hard at — the Subcommittee on Control of the Committee on Budgets, and I must say to Mr Ortoli that I am a little, bothered by the experience on malt and a number of other matters. Leaving aside security measures, on the issue of professional secrecy — and the distinction was well drawn by Mr Santer — it seems to me that there is an unnecessary degree of security measures and secrecy. This is not the time to go into all the details of the pros and cons of giving information to the Subcommittee on Control — Dr Aigner and others have had a great deal to say about that — but there is a problem here and we have to recognize it.

The next question I have is : When we talk about information being provided by national authorities, is Mr Ortoli in a position to say anything about the conditions for which some of our countries have asked? He may say to me that this is a very delicate area, and he is not prepared to reveal it. If he says that, I for one would understand it and not press him further. But, once one demands, as a Community, information from national authorities, it is very understandable that that information should be given on certain conditions.

Finally — because others want to speak and it is 12 o'clock on a Friday — I listened to Mrs Goutmann with the very greatest interest. I think she deserves some understanding, and it is very natural that she should have made the speech she did. But of course for some of us, if the rights for which Mrs Goutmann asks — and understandably asks, I do not criticize her at all for asking for them — are granted, the whole issue is raised whether the Community should be responsible for Euratom. These are matters of the very deepest consequence for all of us. All I am saying is that, from my point of view — which is different from Mrs Goutmann's point of view — she cannot expect the things that she understandably asks for and at the same time have the Community responsible for Euratom. That is another of the irreducible dilemmas that we face in this debate.

**President.** — I call Mr Prescott.

**Mr Prescott.** — Mr President, I think the debate has revealed some of the most fundamental issues facing everyone, but particularly Members of this House who are here in the rôle of guaranteeing and protecting the freedom of individuals in the Community. I think that is not putting it too lightly. The issues that people have raised in the various parts of this debate

**Prescott**

have revealed the sensitivity of political issues and, what is most important, of the rights of individuals. We are dealing here not only with the careers and futures of individuals but, in many ways, with their whole circumstances in political, social and economic life. I do feel that a number of the speeches have revealed issues which cannot be satisfactorily determined this morning, either by the course of vote or indeed in debate.

I think it is unfortunate that neither the chairman nor the author of the report is here today, as that makes for considerable difficulties. I am sure there are very good reasons why they are not here, because both men are very much associated with campaigns in this particular area. In no way do I intend to reflect on their position, but it does make it extremely difficult for us to get a proper assessment of all the many, many delicate matters involved, which I am sure the committee carefully considered with the various representatives who came before them. Despite the very valiant efforts made by Mr Sandri, of the Legal Affairs Committee, who has tried to put the case very well, and in view of all the difficulties, I do not think that the House is sufficiently informed on the very sensitive and difficult matters involved here.

*(Applause)*

It is not just a matter of individuals, it is a matter of the international implications arising out of Euratom, as my colleague has just pointed out. This House will recall that, as regards the matter of the missing uranium, there was considerable concern about the security involved — and indeed, the rights of European nations to ask for the maintenance of Euratom, whose security was questioned by a number of other nations.

Quite frankly, there are extremely important political issues. On reading the resolution, I just wish to make this point, Mr President, with regard to this essential matter of provision of information. If one looks at the resolution at paragraph 4, which reads :

Stresses that questionnaires of the national authorities on this limited number of persons should in no way constitute separate files which can influence further careers ;

I think that probably reflects, more than anything else, the difficulties in this particular field. It does not deny that information should be collected, it just says that it should not be kept in separate files. Frankly, that does not solve the problem of how one protects the liberties and freedoms of people's political views and their careers. Although it reflects the difficulties of the problem, I do not think it is enough to enable the Parliament to be satisfied that they have done their duty. There are many aspects on which it could be developed, and it would be far better for this Parliament not to pass its opinion today, but to ask the committee, yet again, to look at this proposition. I ask the rapporteur if he would consider that this now go

back to the committee : then we could discuss, not only in the committee but more deeply in the groups, the implications and the problems involved. I hope the rapporteur will endorse that.

**President.** — I call Mr Santer.

**Mr Santer, deputy rapporteur.** — *(F)* Mr President, I said earlier that I felt very uncomfortable about presenting this report in the absence of the chairman of this Committee on the Rules of Procedure and Petitions, Mr Leonardi, and the rapporteur, Mr Hamilton. I also said that this motion for a resolution, as it stands, forms a whole. Since it was adopted unanimously by the Committee on Rules and Procedure and Petitions and in view of the importance of this debate and the extremely delicate questions arising from it, I find it difficult, as a makeshift rapporteur, to give an opinion on the amendments which have been put forward in the House.

I therefore ask you formally, Mr President, to refer this matter back to the Committee on the Rules of Procedure and Petitions, as requested by Mr Prescott and Mr Dalyell, so that it can reconsider the problem as a whole as it now stands following this debate. I believe that this debate will, in any case, have served the purpose of showing the importance which we, as the European Parliament, attach to these questions in general, and I believe that it is only right, if we wish to treat this matter seriously and do ourselves justice as European parliamentarians, to refer the whole question back to the Committee on the Rules of Procedure and Petitions.

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

**Mr Scott-Hopkins.** — Once the demand has been made by the rapporteur, or the chairman of the committee, then as I understand it, under Rule 26 (2) it is automatically referred to the committee without further discussion. There is no vote taken ; there is no further discussion.

**President.** — I call Mr Ellis.

**Mr Ellis.** — I assume, Mr President, that I am going to be allowed to say few words, and I am certain that Mr Scott-Hopkins would not want to deprive me of my human rights as he is particularly anxious to preserve the human rights of somebody else.

I am rather sorry that the debate has gone the way it has gone. What I was going to say now has been preempted in a sense by what the acting rapporteur said, because I was going to ask that we consider very carefully whether to refer the thing to the committee or not. I personally am not in favour of that, for a number of reasons which I might point out : the resolution clearly is a very carefully considered, very moderate and very balanced resolution indeed and in fact it comes down sitting absolutely square on the

Ellis

fence. Now, if one refers it to committee one presumes we are expecting the committee to come down definitely on the one side of the fence or the other. If you do this you have got to consider all kinds of enormous implications, because here, it seems to me, we are indulging in the luxury of being purist about principles. Now principles are important in politics, all kinds of principles about human rights, but politics is also a very practical subject is, as we all know, the art of the possible, and the whole issue is the question of some kind of compromise for the reason that, quite clearly, this resolution is aimed towards a compromise. I would support it, and hope that this House will be prepared to pass it.

If, for example, we are anxious that the Community should develop as a political institution, then clearly we must be prepared to grant to the Community the kinds of privileges that the existing nation-states already have; and everybody knows that each one of the Nine nation-states already has its own vetting system of its own senior officers. I say with the greatest respect to my honourable friend, Mr Prescott, that if, on the one hand, we want to safeguard human rights, in the sense of not being prepared to let anybody question their loyalties to an institution, and at the same time want to kick up a tremendous fuss if 200 tonnes, or whatever it is, of uranium oxide disappears, we are really facing a dilemma. So for all these kinds of practical reasons, because politics is the art of the possible, I do hope that we consider very carefully what we do before we vote on this. In fact, I, for one, would be prepared to support the resolution. The whole issue does need a great deal of talking about, I know, but this particular resolution, I would have thought, can be supported.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Reference to Committee is, of course, automatic, but questions have been raised which call for one or two additional remarks. Two problems are involved here: on the one hand, we must protect certain secrets and, on the other, we must protect democratic freedoms. I should like to point out that what we are doing is to use national security checks since we have no policy of our own and no desire to create one. But I should also like to point out that we do not live in a system with no guarantees. The Court of Justice has not received a single complaint from an official since 1958, for as long as the system exists for EURATOM! I agree that we should hold major debates on this subject, but I feel that, in our system, there are two well-defined requirements: those of secrecy and of freedom and guarantees.

**President.** — I call Mr Ellis on a point of order.

**Mr Ellis.** — Mr President, I am very anxious to know exactly what my position will be in future when I ask

to have the floor to put a point of view, and find that that is pre-empted by the decision of the chair to call the rapporteur before me. It seems to me that by this particular procedure that you have adopted today, it could in future prevent a point of view from being put on the floor of the House, and I would have thought that this is contrary, firstly to all democratic processes and possibly to the Rules of this House.

**President.** — But Mr Ellis, I must protest: it was your turn in chronological order when I gave you the floor.

**Mr Ellis.** — Can you therefore tell me, Mr President, how I am to know when the debate is to be finished and how I must decide? Normally, when I listen to a debate, I speak if the debate moves me to speak. Your ruling now means that unless I previously indicate my intention to seek to catch your eye. I might possibly be prevented from speaking. This, it seems to me, is a complete travesty of the whole process of debate.

**President.** — Let us get things straight: by virtue of Rule 26 of the Rules of Procedure, the report, together with the amendments, is referred to committee.

I call Mrs Kellett-Bowman on a point of order.

**Mrs Kellett-Bowman.** — I merely wanted to ask you to convey to the Bureau that it is really reprehensible when rapporteurs do not turn up, as in the case of Lady Fisher, and do not appoint a substitute. Now the rapporteur for this debate has not turned up, and it really does make a mockery of the proceedings of this House. Several of us have stayed over specifically to debate certain matters, and were quite unable to do so.

**President.** — I shall certainly, Mrs Kellett-Bowman, convey your remarks to the Bureau.

15. *Regulation on levies applicable to certain adult bovines from Yugoslavia* (debate)

**President.** — The next item is the report (Doc. 414/77) by Mr Martinelli, on behalf of the Committee on External Economic Relations, on

the proposal from the Commission to the Council for a regulation on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia.

The rapporteur waives his right to give an oral presentation, and I have no speakers listed.

16. *Regulation on the tariff quota for animals of certain mountain breeds* (debate)

**President.** — The next item is the report (Doc. 415/77) by Mr Scott-Hopkins, on behalf of the Committee on External Economic Relations, on

**President**

the proposal from the Commission to the Council for a regulation increasing the Community tariff quota opened for the period 1 July 1977 to 30 June 1978 by Regulation (EEC) No 1331/77 for animals of certain mountain breeds.

I call Mr Scott-Hopkins.

**Mr Scott-Hopkins, rapporteur.** — I beg to move that the House accept this report.

**President.** — This item is closed.

17. *Agenda*

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

**Mr Price, rapporteur.** — I think it would be for my convenience, and probably for that of the House too, if I were to address my remarks to both the items on the agenda for which I am rapporteur, because they are so inextricably connected that it really does not make sense to talk about them separately.

**President.** — Are there any objections to this proposal? That is agreed.

18. *Regulations on the EEC-Cyprus Association (debate)*

**President.** — The next item is accordingly a joint debate on the reports (Docs 411/77 and 450/77 respectively) by Mr Price, on behalf of the Committee on External Economic Relations, on

a draft Council regulation concluding the Financial Protocol and the Additional Protocol to the Agreement establishing an Association between the European Economic Community and the Republic of Cyprus

and on

the proposal from the Commission to the Council for a regulation extending beyond the date of expiry of the first stage of the Association Agreement the term of validity of certain provisions of Council Regulation (EEC) No 1641/77 as regards the arrangements applicable to trade with the Republic of Cyprus.

I call Mr Price.

**Mr Price, rapporteur.** — Mr President, although it is very late, I do not feel that on this subject of Cyprus I can do what Mr Scott-Hopkins and the others have done, and simply let it pass formally, because these two resolutions relate to a very important matter, and must be passed today at a time when the whole relationship between the Community and Cyprus is at a very critical phase indeed.

I wonder if I could just fill in a little history first, so that the House can see where we are at the moment. The first Association Agreement with the Republic of

Cyprus ran until 30 June this year, and it was foreshadowed in that agreement that negotiations should take place before 30 June to renew the protocols and add a financial protocol to them. Unfortunately, solely owing to the dilatoriness of the Council, it was not possible to begin negotiations, even to allow a mandate to begin negotiations, and so a six-month interim regime was adopted, taking us up to the end of this month. The same situation exists at the moment, and I think it is worth the House's realizing that this really is quite disgraceful. Negotiations still have not started between the Republic of Cyprus and the Community to continue this Association Agreement, because the Council have not decided on a mandate. Taking the second document first, No 450/77, the purpose of this document is to extend the *status quo* for an undefined period until negotiations can be completed for certain products, industrial products, and citrus fruits. It does not cover certain agricultural products, which I want to talk about later.

However, at least we have got the draft regulation for extending the Financial Protocol and the Additional Protocol to the Agreement, and I would like to talk about that now, Document 411/77. First, I would like to draw the House's attention to an item in the Committee on Budgets' remarks where they say that they feel it is very important that, as with all other agreements, the cost of this agreement be properly budgetized. I promised the chairman of the Committee on Budgets that I would draw this to the attention of Parliament, and emphasize that, although it is not specifically mentioned in the motion for the resolution, the committee was in support of that demand by the Committee on Budgets.

Secondly, I would like to come to the motion for a resolution and describe some of the background difficulties in applying the Financial Protocol which this motion for a resolution talks about. The difficult political problem with Cyprus is this. We have laid down two principles, here in the Community. Firstly, that any agreement made under the Association Agreement shall benefit both communities in the island, and secondly, that all negotiations can only take place legally with the legal government of the Republic. Although informal contacts take place with the community in the north of the island, to satisfy these two principles simultaneously in advancing any form of financial cooperation is an extremely difficult matter. But although it is an extremely difficult matter, I think it is extremely important that the Council and the Commission try to tackle it in the future, because it is my opinion — and I have visited Cyprus on two occasions this year, both the north and the south — that we in Europe should tackle this financial cooperation with Cyprus on these two principles, and find some formula under which Europe could contribute in a very significant measure to a final solution of the political problems in Cyprus.

## Price

Paragraphs 6 and 7, the two final paragraphs of the motion for a resolution, emphasize that the Cyprus economy is one. What Cyprus desperately needs is an economic infrastructure which draws the island together and stops it splitting into two parts. There are a number of projects, particularly to do with the water supply in Cyprus — which is the biggest economic problem they have to face — under which financial cooperation with the European Economic Community could satisfy these two objectives. It could first develop the economy of the island, which is appallingly torn and damaged since the war in 1974; and, secondly, it could contribute to an essential reunification that must begin to take place on the economic level before it can finally take place on the political level.

Those are the remarks I wanted to make about the use to which I think we could put this Financial Protocol. There are other projects which need to take place in Cyprus and which could draw the Community together. There are a number of factories actually within the green line, within the line separating the two communities. If some efforts were made to restart those with some financial cooperation, workers could come in from both sides; they could satisfy our criteria that it benefited both sides of the island, and once again we could get Cyprus to begin to be united on an economic level and in that way help towards getting the correct atmosphere in which a political settlement should be possible.

May I say, in passing, Mr President, that until recently the Foreign Ministers meeting in political cooperation displayed a very heartening unity in their votes in the United Nations upon Cyprus. Unfortunately, in the recent UN vote the Community Foreign Ministers for the first time were split. I am sorry we are not going to hear from the Council on this matter, but I think it essential that the Community start to speak and act with one voice as far as Cyprus is concerned and that we no longer have this tendency for some of the Nine to go in one direction and others in another.

I cannot conclude my remarks Mr President, without mentioning one other matter, and this is of critical importance. I recommend that we pass these two reports today. What is significant in passing these reports is not so much what is in the reports as what is not in them. The Commission, in respect of agricultural relations between Cyprus and Europe after 31 December, have decided — and I have no quarrel with this — to act under Article 113 of the Treaty, under which they do not need to consult Parliament. But the situation is that there is no agreement whatsoever at the moment about what shall happen after 1 January with regard to sherry, potatoes, fresh grapes and carrots. At the moment they enter the Community without duty, as they have come into Britain traditionally for decades — for many, many

years. The Community is about to offer Cyprus an autonomous regime as a transitional phase for these products until a proper agreement can be negotiated. The point I want to make, Mr President, is this. It is the Community's responsibility that so much delay has taken place, not that of the Republic of Cyprus. The fault lies with the Community: they could have got down to negotiations a long time ago. There have been many allegations made about the reasons why this did not take place; some people have said that pressure was being put on the Greek Cypriots; I do not know; but the truth is that it is our fault that no negotiations to extend the Association Agreement have taken place. In those circumstances it really is only fair that until negotiations are completed we should offer for these agricultural products as generous a regime as we possibly can. The great danger of offering them, without any negotiation, an autonomous regime which looks as though it were the final settlement the Community wants at the end of the negotiations is that the Cypriots may well turn round and say, well if that is the way you are going to treat a country linked to the Community by a proper Association Agreement, if you simply say, take it or leave it, then we shall perhaps leave it and we do not want the Association Agreement at all. I hope that will not happen, but I am told there is a very great danger at the moment that, unless next week the Community can be very much more generous than it has indicated it can be so far in the agricultural regime it offers Cyprus, the whole thing may break down and for the first time ever an Association Agreement between the Community and a third country may actually collapse. I very much hope that this is not going to occur; I hope that the negotiations, when they take place, are genuine negotiations and not a shield to disguise the attitude: Take it or leave it, we cannot offer you anything better than that. I deplore this last-minute political game, the fact that we approach the date of 31 December and still have not concluded these agreements. They could have all been negotiated months ago if the will had been present in the Council. I am not criticizing the Commission in this regard, it is the Council of Ministers that still cannot make up their mind what mandate to give for this agreement.

In conclusion, I would commend both these documents to Parliament. I would very much like to hear from the Commission, in reply to this debate, what the regime for agricultural products after 1 January is likely to be, because sherry and potatoes are the vast bulk of Cyprus's exports and are vital to the future of an island which we have a proper agreement with, which has been unhappily torn by war and which, I believe, we should have treated a great deal better than we have done over the past two years.

**President.** — I call Mr Corrie.

**Mr Corrie.** — Mr President, in thirty seconds might I just endorse all that Mr Price has said? Every effort must be made by Council, Commission and this Parliament to see that aid goes to all the people of Cyprus. I believe, like Mr Price, that a solution could be found through the efforts of the members of the Community to bring the two sides together and revitalize the economy of the whole island.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, firstly I should like to thank the rapporteur for the excellent work he has done. I should, in particular, like to tell Mr Price how much I appreciated his statement which, I believe, places our objectives firmly within the framework of association. Furthermore, as you can see, these protocols and measures show that relations between the Community and Cyprus are entering a new phase. In accordance with the Community policy towards our Mediterranean partners, we are introducing into this Agreement with Cyprus an element of economic and financial cooperation. Mr Price rightly stressed the importance of this.

Furthermore, as regards trade, both sides are continuing the process of dismantling barriers. You will recall that during the negotiation of the Association Agreement, in 1972, a Declaration by the Community was annexed to the Agreement; this Declaration stated that, within the framework of the overall Mediterranean approach, the Community would take Cyprus's agricultural interests into consideration. It is for this reason, and bearing in mind the privileged situation of Cypriot agricultural exports to the British market under the Commonwealth system in force up to the month of July 1977, that the Association Agreement only provides in the agricultural sector for concessions in respect of citrus fruits and carrots. The Community has unfortunately been unable to agree on a negotiating brief in the agricultural field during the first half of this year. We have had to announce to the Cypriots that negotiations on agriculture must be postponed until the autumn. A commitment was entered into to the effect that concessions would come into force on 1 January 1978, which is a key date in view of the total disappearance of the Commonwealth system.

Once again, the Community has been unable to meet this deadline, and this is why the Commission has recently proposed to the Council that independent measures be taken to help Cyprus in the agricultural sector so as to avoid an abrupt change in the outlets available for Cypriot exports, particularly to the British market. The Commission expects the Council to adopt the negotiating brief at its meeting of 19–20 December 1977. I believe that the will we are showing and our intention to defend energetically before the Council the proposals we are putting forward answer the concerns expressed by Mr Price and supported by

Mr Curry. If the brief is adopted, the Commission will immediately open negotiations with Cyprus.

In conclusion, I should like to draw attention to the Community's position, which aims at ensuring that the benefits of association, whether it be in the commercial field or, when the time comes, that of cooperation, should concern the whole population of the island. This Community attitude is well known, since it formed the basis of the negotiations with Cyprus in 1972. Since that date, it has been confirmed on many occasions.

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

#### 19. *Review of the European Social Fund* (debate)

**President.** — The next item is the motion for a resolution (Doc. 436/77) tabled by Mr Adams, on behalf of the Committee on Social Affairs, Employment and Education, on

the implementation of the conciliation procedure referred to in paragraph 14 of the European Parliament's resolution of 12 May 1977 on the review of the European Social Fund.

I have no speakers listed.

#### 20. *Direct elections to Parliament* (debate)

**President.** — The next item is the motion for a resolution tabled by Mr Berkhouwer, on behalf of the Liberal and Democratic Group, on elections by direct universal suffrage (Doc. 449/77).

I call Mr Johnston, who is deputizing for Mr Berkhouwer.

**Mr Johnston.** — Mr President, I think the object of this resolution is quite simple and quite clear. Following the decision of the British Parliament on Tuesday, the pattern of adoption of election procedures, of all countries of our Community, for direct elections to this Parliament, is clearly set. Certainly, other countries have yet to make final determinations, but the outcome can be forecast politically.

The question is, therefore, quite simply: Will the elections, due to be held in May-June 1978, have to be delayed? I think the answer to that, quite clearly, is 'yes'. If they are to be delayed, for how long must they be delayed and what will the new date be? The decision stems from the Act concerning the election of the representatives of the Assembly by direct universal suffrage, the particularly relevant articles being Article 9 (1), which we mention in our motion for a resolution:

Elections to the Assembly shall be held on the date fixed by each Member State. For all Member States this date shall fall within the same period, starting on a Thursday morning and ending on the following Sunday

and Article 10 (1):

The Council, acting unanimously after consulting the Assembly, shall determine the period referred to in Article 9 (1) for the first elections.

**Johnston**

Article 10 (1) bears upon the amendment put down by Mr Lücker — for which we are grateful and would, if necessary, accept. I do not regard it as being necessary. We obviously intended this, and thought we had included this matter in the wording of the resolution, which, and I quote, 'requests the Council of the European Communities to submit to it' — in other words, to the Parliament — 'its proposals'. I am not going to argue about that.

I was in the British Parliament on Tuesday night, and was saddened and distressed to watch that Parliament, with its long and honourable democratic traditions, arrive at a decision which, as was made clear, will certainly mean that Britain will be unable to meet the deadline of May-June 1978. I will not weary this Parliament with either a long analysis of the debate or any diatribe about it, though, I assure you, I could do both quite easily. It is sufficient to say that the proposal recommended by the government for a proportional system was rejected by only 97 votes — not, and it was this that I found especially sad, as a consequence of a calm and rational examination of the arguments about the appropriate form of election, in the context of an acceptance of the desirability of such elections as a means of strengthening the democratic element of the Community's institutions, but by an unholy and insular alliance of the Left Wing of the Labour Party — which is still opposed in principle to the Community itself — and Conservative Members, for whom their Europeanism was less important than running the remote risk that, in adopting a proportional system for European elections, we might encourage its eventual introduction for British domestic elections, and that this might harm their own future prospects. I will not dwell on that, Mr President. I think history would judge it a sorry episode, and it will ever remain a black question-mark over the proclaimed Europeanism of the Conservative Party, mitigated only by the example of consistency and courage set by Mr Edward Heath and others.

The question which must now be faced is that Britain cannot achieve the May-June deadline and that, if the issue is not to drift — of which there is always a danger in our Community — a new deadline must be fixed, and fixed quickly. It is to request that, that this resolution is presented in terms of the Act. The pressure to achieve direct elections must be intensified until they take place.

Two further final remarks, Mr President, designed to take account of the new situation in which we find ourselves in as positive a way as I can. Firstly, the responsibility for proposing a uniform system of election for the second election — if one can really look ahead — will rest with the directly-elected Parliament. It is clear that that system will be of some proportional form or other. That is accepted, even by the Conservatives in Britain. However, it is equally clear that the existence of many domestic variations may

cause genuine and protracted dissension, apart from being capable of being used as a delaying tactic. I think there is a good argument for this Parliament to consider what preliminary work it can do which would accelerate future decisions, and I would ask that this be considered. Secondly, it also presents the executive — in the form of the Commission, which is represented here today by Mr Ortoli — with the opportunity to formulate as clearly as possible its propositions for the period ahead of the Parliament. Obviously, the political groups have reached the stage of working out programmes of a general nature for direct elections, but if such elections are to succeed in involving our citizens, I think we need more than that. We need a package of concrete proposals from the Commission, in its rôle as executive, directed at the period that the directly-elected Parliament will span, so that the elector will be able to consider not only attitudes of a general nature — inevitably, because they concern parties meeting across international boundaries — but also the attitude of the Commission itself.

In other circumstances, Mr President, I would have spoken at greater length. Obviously, the events of this week were disheartening and were a set-back. I think, equally, that our responsibilities remain clear and we must honour them. I am afraid direct elections will be delayed, but they must not be long delayed.

**President.** — I call Mr Price.

**Mr Price.** — Mr President, I do not want to detain the Parliament on a Friday any longer than necessary. I much admire that very dignified statement on behalf of the British Liberal Party, the reasons for which I fully understand. However, I do think it should be made clear that not all those people who voted with the majority in the British House of Commons — of whom I was one — did so in order to delay direct elections. I am certainly of the opinion, as I think most people in Europe are, that having a directly-elected Parliament is not, just at the moment, the most important of the various problems which Europe has to tackle. There are very many more important problems, such as unemployment and that sort of thing. But many of those people who voted in the way they did in the British Parliament on Tuesday night voted to retain a system which we in Britain feel — and this includes Conservatives as well as the Labour Party — has served genuine British democracy very well for many hundreds of years. We did not want the system of the intimate relationship between the Member of Parliament and his constituents — which is becoming a fairly unique political system in the world — to be eroded in any way.

Now, our Liberal friends may disagree with that, and I can understand the reasons why they should; but it is a tradition which goes a very long way back, it is a feeling which runs right across parties, and it is a tradition which gives a little more power to the individual

**Price**

member to avoid being dominated by the great institutional parties, the political parties of all kinds, that are springing up all over Europe. For my part, I think it is a better system than simply to be a number on a list. I think it is a very much better guarantee of genuine democracy and a genuine relationship between the people and their representatives. If we are building a Europe to last for a thousand years, why one year here or there makes the slightest difference to direct elections, I cannot imagine.

**President.** — I call Mr Ellis.

**Mr Ellis.** — Mr President, I rise to echo my colleagues' expression of admiration to Mr Johnston for what he has said. I, too, think it was an admirable statement and I was very happy indeed to hear him say it.

I shall resist the temptation to which my friend, Mr Price, succumbed of going into the merits of the various kinds of electoral systems, but I cannot resist the temptation to say that I find his argument a little perverse where he says that our system in Britain is, as he proudly proclaims, becoming unique. It seems to me that there is something rather odd in proclaiming the greatness of the system as all other countries are jettisoning it.

I wish briefly to make one point. The whole question of having a time-limit seems to me very important.

It is not so crucially important that the elections should take place in the spring of 1978, or in the autumn of 1978, or even in the spring of 1979: in the historical sweep of things that, in itself, is neither here nor there. But the fact that a date was set, and should have been met, was very important indeed. In any event it now appears very likely that that particular date of May or June 1978 will not be met, for understandable reasons. I therefore think it very important that a fresh date be set, because the second date is one that, it seems to me, nobody could wriggle out of. I urge, in support of what Mr Johnston said, the need for this psychological impetus of a firmly-set date so that, with our 'best endeavours' and so on, it will, in fact, be met.

**President.** — I call Mr Corrie.

**Mr Corrie.** — Mr President, might I totally refute Mr Johnston's statement that the Conservative Party is in any way to blame for these elections being held up in Europe? It is the political will of the government in power to pass its legislation: it is not the responsibility of the Opposition, and the Conservative Party in Britain happens to be in opposition at the moment. There is no justification for a delay. The only reason for delay is that the government in Britain has not got the political will to put this matter through. The method of election is incidental to the eventual result as to whether we have elections or not. With our

system in Britain, we could quite simply have the Boundaries Commission bring out a report on new boundaries for constituencies. With the powers that the House of Commons has, a Bill could be guillotined through that House in hours and days rather than weeks. There is no point in the Liberal Party in Britain shedding crocodile tears in this House for the sake of narrow-minded political benefit at home and blaming us, the Conservative Party, for holding this Bill up. It is just not so. The reason is that the government in Britain have not the political will to put this through.

**President.** — I call Mr Ortoli.

**Mr Ortoli, Vice-President of the Commission.** — (F) Mr President, I shall be very brief. We are considering a motion for a resolution which expresses concerns which are also those of the Commission. We had occasion to stress this fact here on Wednesday.

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

### 21. *Cyprus kidnapping*

**President.** — The next item is the motion for a resolution tabled by Mr Bersani, Mr Bertrand, Lord Brimelow, Mr Corrie, Mrs Dunwoody, Mr Edwards, Mr Evans, Mrs Ewing, Mr Glinne, Mr Mitchell, Mr Prescott, Mr Price and Mr Vandewiele on the kidnapping of the son of the President of the Republic of Cyprus (Doc. 458/77).

I call Mr Price.

**Mr Price.** — I need spend hardly any time on this. I would very much like to thank the House for agreeing to deal with this motion by urgent procedure this morning. It occurred, not only to me but to members of all parties and all nationalities in this House, that, on an occasion when we were discussing the affairs of the Republic of Cyprus and when coincidentally such a tragic event had taken place in Cyprus, it would be an appropriate gesture to make if we, as a Parliament, were to send a message expressing our sympathy and feelings of solidarity to the family of the President of Cyprus and to the whole people of Cyprus in their distress at this particularly unhappy time. I understand that the deadline, which was meant to have expired last night, has now been extended by 48 hours and that certain very eminent people — the head of the Cyprus Red Cross — have offered to act as mediator. I think we must all simply hope that this terrible affair does not end in tragedy and that in some measure our feelings of sympathy and solidarity will help both Mr Kyprianou and his family and everybody else in Cyprus to bear a very difficult problem slightly more easily.

(Applause)

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

## 22. Votes

**President.** — The next item comprises the votes on those motions for resolutions on which the debate is closed. We begin with the Scott-Hopkins report (Doc. 419/77): *Regulation on the structure of agricultural holdings in 1979.*

On Article 9 of the proposal for a regulation, I have Amendment No 1, tabled by Mr Ligios and Mr Noè and rewording this article as follows:

*Article 9*

Member States shall:

- (a) transcribe the results referred to in Article 8 onto magnetic tape using a standard programme for all Member States. The method of transcription and the standard programme shall be drawn up in accordance with the procedure laid down in Article 12;
- (b) submit the magnetic tapes referred to in (a) to the Statistical Office of the European Communities. They shall be submitted within 18 months of completion of the field work.

What is the rapporteur's view?

**Mr Scott-Hopkins, rapporteur.** — I am against this amendment, Sir. I would only point out to the House that the survey of 1975 has still not yet been published. This is the principle that I hope the House will maintain in Article 9 by rejecting this amendment.

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

We shall now consider the motion for a resolution. I put the preamble and paragraphs 1 to 5 to the vote. The preamble and paragraphs 1 to 5 are adopted.

On paragraphs 6 and 7, I have Amendment No 2, tabled by Mr Ligios and Mr Noè and deleting these two paragraphs.

What is the rapporteur's view?

**Mr Scott-Hopkins, rapporteur.** — The same as before, Sir: I reject the amendment.

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

I put paragraphs 6 to 11 to the vote.

Paragraphs 6 to 11 are adopted.

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

The resolution is adopted.<sup>1</sup>

We proceed to the Evans report (Doc. 344/77): *Health hazards of asbestos.*

I put the preamble and paragraphs 1 to 5 to the vote.

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6, I have Amendment No 1, tabled by Mrs Squarcialupi and Mr Veronesi and rewording this paragraph as follows:

- '6. Calls for the setting, at Community level, of temporary limits and relevant measuring methods based on the evaluation of the carcinogenic risk. Such limits must be regularly reviewed by the competent authorities;

What is the rapporteur's view?

**Mr Evans, rapporteur.** — Mr President, I did in fact make clear in my speech that I was prepared to accept the amendments. I am quite prepared to accept all four amendments which have been tabled.

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

I put paragraph 6, thus modified, to the vote.

Paragraph 6, thus modified, is adopted.

I put paragraphs 7 and 8 to the vote.

Paragraphs 7 and 8 are adopted.

After paragraph 8, I have Amendment No 3, tabled by Mr Noè and inserting a new paragraph:

- '8a. Calls for the compulsory installation in all Member States, wherever asbestos is handled, of filters designed to reduce the concentration of asbestos particles in the air;

I put Amendment No 3 to the vote.

Amendment No 3 is adopted.

I put paragraphs 9 to 18 to the vote.

Paragraphs 9 to 18 are adopted.

After paragraph 18, I have two amendments:

— Amendment No 2, tabled by Mrs Squarcialupi and Mr Veronesi and inserting a new paragraph:

- '18a. Calls therefore on the Commission to lay down as soon as possible safety standards in workplaces where asbestos is handled that are binding on all the Member States;

— Amendment No 4, tabled by Mr Noè and inserting the following new paragraph:

- '18a. Invites the Commission to take steps to ensure that smoking is prohibited wherever asbestos is handled;

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraphs 19 and 20 to the vote.

Paragraphs 19 and 20 are adopted.

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

<sup>1</sup> OJ C 6 of 9. 1. 1978.

**President**

The resolution, thus amended, is adopted.<sup>1</sup>

We proceed to the Jahn report (Doc. 417/77): *Recommendation on fluorocarbons*.

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraph 1 to 3 are adopted.

On paragraph 4, I have Amendment No 1, tabled by Mr Noè and replacing the word 'banning' by 'controlling'.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 4, thus amended, to the vote.

Paragraph 4, thus amended, is adopted.

I put paragraphs 5 to 10 to the vote.

Paragraphs 5 to 10 are adopted.

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

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the Martinelli report (Doc. 414/77): *Regulation on levies applicable to certain adult bovines from Yugoslavia*.

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in the Scott-Hopkins report (Doc. 415/77): *Regulation on the tariff quota for animals of certain mountain breeds*.

The resolution is adopted.<sup>1</sup>

We proceed to the Price reports (Docs 411/77 and 450/77): *Regulations on the EEC-Cyprus Association*.

I put to the vote the motion for a resolution contained in Doc. 411/77.

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution contained in Doc. 450/77.

The resolution is adopted.<sup>1</sup>

I put to the vote the motion for a resolution tabled by Mr Adams (Doc. 436/77): *Review of the European Social Fund*.

The resolution is adopted.<sup>1</sup>

We shall now consider the motion for a resolution tabled by Mr Berkhouwer (Doc. 449/77): *Direct elections to Parliament*.

I put the preamble to the vote.

The preamble is adopted.<sup>1</sup>

<sup>1</sup> OJ C 6 of 9. 1. 1978.

On the sole paragraph of this motion, I have Amendment No 1, tabled by Mr Lücker and adding the following words:

..., on which the Assembly must be consulted, pursuant to Article 10 (1) of the Act;

What is Mr Johnston's view?

**Mr Johnston.** — As I said already, it does not seem to me to be necessary, because I think the point of the amendment is already in the resolution. But I certainly would not be concerned to oppose it if it was felt that it made matters clearer.

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

I put the sole paragraph, thus adopted, to the vote. The paragraph is adopted.

I put the whole of the motion for a resolution, thus amended, to the vote.

The resolution is adopted.<sup>1</sup>

Finally, I put to the vote the motion for a resolution tabled by Mr Price (Doc. 458/77): *Cyprus kidnapping*.

The resolution is adopted.<sup>1</sup>

**23. Dates for the next part-session**

**President.** — There are no other items on the agenda. I thank the representatives of both Council and Commission for their contributions to our debates.

The enlarged Bureau proposes that our next sittings be held at Luxembourg during the week from 16 to 20 January 1978.

Are there any objections?

That is agreed.

**24. Approval of the minutes**

**President.** — Rule 17 (2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting, which were written during the debates.

Are there any comments?

The minutes of proceedings are adopted.

**25. Adjournment of the session**

**President.** — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 1.10 p.m.)

<sup>1</sup> OJ C 6 of 9. 1. 1978.