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Report of Proceedings

from 11 to 15 December 1978

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NOTE TO READER

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

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

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 5.05 p.m.)

President. — The sitting is open.

1. *Resumption of the Session*

President. — I declare resumed the session of the European Parliament adjourned on 17 November 1978.

2. *30th anniversary of the Universal Declaration of Human Rights*

President. — 10 December 1978 is the 30th anniversary of the Universal Declaration of Human Rights. I wish to inform Parliament that, on its behalf, I sent messages to Mr Kurt Waldheim, Secretary-General of the United Nations and Mr Indalencio Lievano, President of the General Assembly of the United Nations, stressing that the European Parliament has always regarded respect for human rights as essential to democracy and an inalienable part of human life.

3. *Appointment and verification of credentials of a Member*

President. — The Bundestag has appointed, with effect from 21 November 1979, Mr Philip von Bismarck, Member of the European Parliament, to replace Mr Zeyer.

At its meeting of 30 November 1978, the Bureau verified Mr Philip von Bismarck's credentials and confirmed that they comply with the provisions of the Treaties. It therefore asks the House to ratify this appointment.

As there are no objections, the appointment is ratified. I extend a cordial welcome to the new Member.

(Applause)

4. *Petitions*

President. — I have received a petition from Mr Ralph Kerkovius on summertime arrangements in Europe.

The petition has been entered under No 21/78 in the General Register provided for in Rule 48 of the Rules of Procedure and, pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

5. *Documents submitted*

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

(a) from the Council, requests for opinions on the following proposals from the Commission for :

— a regulation on Community aid for industrial restructuring and conversion operations (Doc. 456/78)

which has been referred to the Committee on External Economic Relations as the committee responsible, and the Committee on Social Affairs, Employment and Education for its opinion ;

— a regulation amending the list of the countries and territories in Regulation (EEC) No 706/76 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (Annex V) — (Doc. 457/78)

which has been referred to the Committee on Development and Cooperation ;

— a directive on the programme for promotion of drainage in catchment areas on both sides of the border between Ireland and Northern Ireland (Doc. 458/78)

which has been referred to the Committee on Agriculture as the committee responsible, and the Committee on Regional Policy, Regional Planning and Transport for its opinion ;

— a regulation extending the period of validity of Regulation (EEC) No 3328/75 renewing the arrangements for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 459/78)

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

— a regulation on health problems affecting intra-Community trade in fresh meat and fresh poultry meat which has been minced, ground or similarly chopped with or without the addition of other foodstuffs, additives and condiments (Doc. 460/78)

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

— a directive on brucellosis, tuberculosis and swine fever and prolonging certain derogations granted to Denmark, Ireland and the United Kingdom (Doc. 465/78)

which has been referred to the Committee on Agriculture ;

— a regulation amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities (Doc. 468/78)

which has been referred to the Committee on Budgets ;

— a regulation on the impact of the European monetary system on the common agricultural policy (Doc. 476/78)

President

which has been referred to the Committee on Agriculture as the committee responsible, and the Committee on Economic and Monetary Affairs for its opinion ;

- a decision rendering mandatory the procedures for ship inspection forming the subject of resolutions of the Inter-Governmental Maritime Consultative Organization (IMCO) — (Doc. 488/78)

which has been referred to the Committee on Regional Policy, Regional Planning and Transport as the committee responsible, and the Committee on the Environment, Public Health and Consumer Protection for its opinion ;

- the research and training programme (1979-1983) for the European Atomic Energy Community in the field of controlled thermo-nuclear fusion (Doc. 508/78)

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

- a directive amending Directive 64/432/EEC in respect of enzootic leukosis among cattle (Doc. 510/78)

which has been referred to the Committee on Agriculture ;

- a directive amending Directive 77/101/EEC on the marketing of straight feedingstuffs (Doc. 511/78)

which has been referred to the Committee on Agriculture as the committee responsible, and the Committee on the Environment, Public Health and Consumer Protection for its opinion ;

(b) from the committees, the following reports :

- report by Mr Inchauspe, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council (Doc. 304/78) for a regulation on common rules for imports of certain textile products originating in third countries (Doc. 467/78) ;
- report by Mrs Squarcialupi, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 57/78) for a directive on the limitation of the noise emitted by compressors (Doc. 469/78) ;
- report by Mr Flämig, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 126/78) for a decision adopting a programme concerning the decommissioning of nuclear power plants (Doc. 473/78) ;
- report by Lord Reay, on behalf of the Committee on Development and Cooperation, on the proposals from the Commission of the European Communities to the Council (Doc. 388/78) for regulations on the application of the European Communities' generalized preferences scheme for 1979 ;
- report by Lord Reay, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council (Doc. 390/78) for a regulation amending

Regulation (EEC) No 950/68 on the Common Customs Tariff and Regulation (EEC) No 2710/77 establishing in respect of certain products falling within Chapters 1 to 24 of the Common Customs Tariff a scheme of generalized preferences in favour of developing countries (Doc. 475/78) ;

- report by Mr Krieg, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 248/78) for a decision adopting a research and development programme for the European Economic Community in the field of preference materials and methods (Community Bureau of Reference — BCR) and applied metrology (non-nuclear indirect action) (1979-1982) — (Doc. 477/78) ;
- report by Mr Holst, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 350/78) for a decision adopting a multiannual research programme for the European Economic Community in the field of climatology (indirect action 1979-1983) — (Doc. 478/78) ;
- report by Mr Pintat, on behalf of the Political Affairs Committee, on the prospects of enlargement on the Community Part One : Political and institutional aspects (Doc. 479/78) ;
- report by Mr Croze, on behalf of the Committee on Development and Cooperation, on the communication from the Commission of the European Communities to the Council (Doc. 457/78) on the accession of the Solomon Islands, Tuvalu and Dominica to the ACP-EEC Convention of Lomé and proposals for certain acts relating thereto (Doc. 486/78) ;
- report by Mr Broeksz, on behalf of the Committee on Development and Cooperation, on the negotiations for the renewal of the Convention of Lomé (Doc. 487/78) ;
- report by Mr Cointat, on behalf of the Committee on Budgets, on :
 - I. the accounts of the European Parliament and the discharge in respect of the 1976 financial year
 - II. the discharge to be granted to the Commission on the implementation of the budget of the European Communities for the 1976 financial year and the report of the Audit Board (Doc. 132/78)
 - III. the discharge to be granted to the Commission of the European Communities in respect of the implementation of the activities of the fourth European Development Fund for the 1976 financial year
 - IV. the comments accompanying the decisions granting a discharge on the implementation of the Budget of the European Communities for the 1976 financial year (Article 85 of the Financial Regulation of 21 December 1978)
 - V. the discharge to be granted to the Commission of the European Communities in respect of the activities of the first, second and third European Development Funds for the 1976 financial year (Doc. 489/78) ;

President

- report by Lord Bethell, on behalf of the Committee on the Environment, Public Health and Consumer Protection, on the proposal from the Commission of the European Communities to the Council (Doc. 183/78) for a directive amending the Directive of 1 June 1976 laying down the revised Basic Safety Standards for the health protection of the general public and workers against the dangers of ionizing radiation (Doc. 490/78);
 - report by Mr Lemp, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 402/78) for a regulation on the conclusion by the European Economic Community of the Convention on future multilateral cooperation in the Northwest Atlantic fisheries (Doc. 491/78);
 - report by Mr Pisoni, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council (Doc. 458/78) for a directive on the programme for promotion of drainage in catchment areas on both sides of the border between Ireland and Northern Ireland (Doc. 492/78);
 - report by Mr Veronesi, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 355/78) for a decision adopting a research programme for the European Atomic Energy Community on codes and standards for fast breeder reactors (structural integrity of components) — (Doc. 493/78);
 - report by Mr Ibrügger, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 349/78) for a decision adopting a multiannual research and development programme of the European Economic Community in the field of recycling of urban and industrial waste (secondary raw materials) (indirect action 1979-1982) — (Doc. 494/78);
 - report by Mr Cifarelli, on behalf of the Committee on Agriculture, on the delay in the conclusion of a fishing agreement between Spain and the European Community (Doc. 495/78);
 - report by Mr Pisoni, on behalf of the Committee on Agriculture, on the 1979-1985 action programme on the progressive establishment of balance on the market in wine (Docs. 272/78 and 324/78) — (Doc. 496/78);
 - report by Mr Krieg, on behalf of the Legal Affairs Committee, on the proposals from the Commission of the European Communities to the Council (Doc. 290/76) on :
 - I. a draft treaty amending the Treaties establishing the European Communities so as to permit the adoption of common rules on the liability and protection under criminal law of officials and other servants of the European Communities
 - II. a draft treaty amending the Treaty establishing a single Council and a single Commission of the European Communities so as to permit the adoption of common rules on the liability and protection under criminal law of officials and other servants of the European Communities (Doc. 498/78);
 - report by Mr De Clercq, on behalf of the Committee on Energy and Research, on the proposal from the Commission of the European Communities to the Council (Doc. 293/78) for a second four-year energy research and development programme (1979-1983) — (Doc. 499/78);
 - report by Mr Schreiber, on behalf of the Committee on Budgets, on the fixing of the ECSC levies and on the ECSC operational budget for 1979 (Doc. 497/78) — (Doc. 502/78);
 - report by Mr Bangemann, on behalf of the Committee on Budgets, on the draft general budget of the European Communities for 1979 (Section III — Commission) as amended by the Council and Parliament and on the adoption of the budget (Doc. 472/78) — (Doc. 503/78);
 - supplementary report by Mr Ripamonti, on behalf of the Committee on Budgets, on the Council's deliberations on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Annex I to Section II — Council : Economic and Social Committee (Doc. 505/78);
 - supplementary report by Mr Ripamonti, on behalf of the Committee on Budgets, on the Council's deliberations on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Section V — Court of Auditors (Doc. 506/78);
 - report by Mr Früh, on behalf of the Committee on Budgets, on budgetary and financial aspects of the proposal from the Commission of the European Communities to the Council (Doc. 383/78) for a regulation amending Regulation (EEC) No 729/70 concerning the amount allotted to the EAGGF, Guidance Section (Doc. 507/78);
- (c) the following oral questions with debate :
- by Mr Rippon and Mr Stetter, on behalf of the European Conservative Group, to the Commission on unfair trade practices on the part of State-trading countries (Doc. 481/78);
 - by Mr Noè, Mr Dewulf, Mr Fioret, Mr Martinelli, Mr Verger and Mr Bersani to the Commission on the EEC and energy aid to the developing countries (Doc. 482/78);
 - by Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Commission on the Geneva trade negotiations (Doc. 483/78);
 - by Mr Fellermaier and Mr Hughes, on behalf of the Socialist Group, to the Commission on the sale of butter to the Soviet Union (Doc. 484/78);
 - by Mr van Aerssen, Mr Martinelli, Mr Mont, Mr Wawrzik, Mr Schwörer, Mr Ney and Mr Klepsch to the Commission on GATT negotiations (Doc. 485/78);
 - by Mr Pisani, on behalf of the Committee on Economic and Monetary Affairs, to the Commission on the European Monetary System (Doc. 504/78);

President

- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Council of the European Communities on the customs union and the development of the internal market (Doc. 513/78);
- by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Commission of the European Communities on the customs union and the development of the internal market (Doc. 514/78);

(d) for Question Time on 12, 13 and 14 December 1978, pursuant to Rule 47A of the Rules of Procedure :

- oral questions by Mr Kavanagh, Mr Brugha, Mr Nyborg, Mr Fitch, Mrs Squarcialupi, Lord Murray, Mr Cifarelli, Mr Scott-Hopkins, Mr Ellis, Sir Brandon Rhys Williams, Mr Osborn, Mr Noè, Mr Halvgaard, Mr Howell, Lord Bessborough, Mrs Ewing, Sir Geoffrey de Freitas, Mr Broeks, Mr Klepsch, Mr Edwards, Mr Ryan, Mr McDonald, Mr Cointat, Mr Schmidt, Mr Normanton, Mr Hoffmann, Mr Hansen, Mr Forni, Mr Prescott, Mr Porcu, Mr Corrie, Mr Dalyell, Sir Geoffrey de Freitas, Mr Seefeld, Mr L'Estrange, Mr Broeks, Mr Dondelinger, Mr Bordu, Mrs Dunwoody, Mr Lezzi, Mr Kavanagh, Mrs Ewing, Mr Howell, Mr Bettiza, Mr Ryan, Mr McDonald, Mr Fläming, Mr Holst, Mr Fellermaier, Mr Osborn, Mrs Ewing, Mr l'Estrange, Mr Mitchell, Mr Prescott, Mr Osborn and Lord Bethell (Doc. 501/78);

(e) motion for a resolution tabled by Mr Meintz, on behalf of the Committee on Social Affairs, Employment and Education, on Community action in the educational field (Doc. 480/78);

(f) from the Commission, the following proposals for the transfer of appropriations :

21 November 1978

- between chapters in Section V — *Court of Auditors* — of the general budget for the European Communities for the financial year 1978 (Doc. 461/78)

which has been referred to the Committee on Budgets ;

23 November 1978

- between chapters in Section III — Commission of the general budget for the European Communities for the financial year 1978 (Doc. 462/78)

which has been referred to the Committee on Budgets ;

- between chapters in Section III — Commission of the general budget for the European Communities for the financial year 1978 (Doc. 463/78)

which has been referred to the Committee on Budgets ;

- between chapters in Section III — Commission of the general budget for the European Communities for the financial year 1978 (Doc. 464/78)

which has been referred to the Committee on Budgets ;

27 November 1978

- between chapters in Section III — Commission of the general budget for the European Communities for the financial year 1978 (Doc. 471/78)

which has been referred to the Committee on Budgets.

Since these proposals for transfers concern expenditure not necessarily resulting from the Treaties I have, on behalf of Parliament, consulted the Council in accordance with the provisions of the Financial Regulation.

- (g) an aide-memoire on the fixing of the ECSC levies and on the drawing up of the operational budget for 1979 (Doc. 497/78),

which has been referred to the Committee on Budgets ;

(h) from the EEC-Greece Joint Parliamentary Committee :

- a recommendation adopted in Paris on 25 November 1978 (Doc. 470/78);

(i) from the Court of Auditors, an annual report for the financial year 1977 (Doc. 500/78);

6. 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 People's 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 1978 to 31 October 1979 ;

- 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 1978 to 31 October 1979 ;

- 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 1978 to 31 October 1979 ;

- agreement in the form of an exchange of letters between the European Economic Community and Turkey fixing the additional amount to be deducted from the levy on imports into the Community of untreated olive oil, originating in Turkey, for the period from 1 November 1978 to 31 October 1979

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

7. *Forwarding of the draft general budget for 1979, modified by the Council*

President. — I have received the draft general budget of the European Communities for 1979, modified by the Council on 20 November 1978 (Doc. 472/78).

Pursuant to Article 1 of Annex I of the Rules of Procedure, this document has been forwarded to the Committee on Budgets.

8. *Authorization of reports*

President. — Pursuant to Rule 38 (1) of the Rules of Procedure, I have authorized the following committees to draw up reports on the subjects listed below:

- Political Affairs Committee
 - report on air hijacking
- Committee on Agriculture
 - report on the outcome of the special meeting of the Council of the European Community on 20 and 21 November 1978 concerning the common fisheries policy
- Committee on the Environment, Public Health and Consumer Protection
 - report on the revision of the environmental research programme.

9. *Urgent debate*

President. — Pursuant to Rule 14 of the Rules of Procedure, I have received requests for urgent debate on:

- a motion for a resolution tabled by Mr Bayerl, Mr Calewaert, Mr Pisani, Mr Dondelinger, Mr Albertini, Mr Sieglerschmidt, Mr Holst and Lord Ardwick on behalf of the Socialist Group, and Mr Bangemann on behalf of the Liberal and Democratic Group, on the accession of the European Community to the European Convention on Human Rights (Doc. 509/78).
- from the Council, on the report by Mr Inchauspé on textile imports from third countries (Doc. 467/78).

The reasons supporting these requests for urgent debate will be annexed to the minutes of this sitting. Pursuant to Rule 14 (1), second paragraph, of the Rules of Procedure, the vote on these requests will be taken at the beginning of tomorrow's sitting.

10. *Order of business*

President. — The next item is the order of business. At its meeting of 30 November 1978, the enlarged Bureau prepared the draft agenda, or the part-session and this has been distributed.

Mr Pisani, chairman of the Committee on Economic and Monetary Affairs, wishes to make a statement on the report by Mr Notenboom on the 8th Directive on turn-over taxes, entered on the agenda for this sitting.

I call Mr Pisani.

Mr Pisani, Chairman of the Committee on Economic and Monetary Affairs. — (F) Your phraseology, Mr President, might leave the impression that I felt open to reproach. The committee of which I am chairman has no sense of guilt at not being able to submit a report today. In fact, it has given absolute priority to the European Monetary System and to all the other subjects which have been occupying Europe for some months, and in these circumstances it has not been able to examine Mr Notenboom's report on the subject in hand. It undertakes, however, to submit this report during the January part-session.

President. — I do not wish to hold anyone responsible. However, it would be helpful if the report were ready for the January part-session so that the topic, which has been held over for some time, can be dealt with.

I propose to enter in its place on today's agenda, for joint debate, the report by Mr Fläming on nuclear power stations (Doc. 473/78) and the report by Mr Veronesi on fast breeder reactors (Doc. 493/78) and, also for joint debate, the reports by Mr Krieg (Doc. 477/78), Mr Holst (Doc. 478/78) and Mr Ibrüger (Doc. 494/78), on research programmes.

As there are no objections, that is agreed.

By letter of 7 December 1978, the Committee on Economic and Monetary Affairs asked that two oral questions with debate to the Council and Commission on the Customs Union and the development of the internal market be entered on the agenda for Wednesday, 13 December. As this is a procedural motion seeking to amend the agenda, I shall call one speaker in favour of and one against the motion before consulting Parliament.

I call Mr Pisani.

Mr Pisani. — (F) The one thing justifies the other, Mr President, in the sense that, having devoted much time to a study of the European Monetary System and having failed to find the definitive answers it needed in the communiqué issued by the Brussels European Council, the Committee on Economic and Monetary Affairs considers it essential to put much more precise questions to the Council and the Commission on Wednesday, after their statements, so that the European Parliament and European public opinion in general can be clearly and precisely informed on the reality of the decisions taken last Tuesday.

(Applause from certain benches)

President. — I call Mr Klepsch on a procedural motion.

Mr Klepsch. — (*D*) Mr President since we have changed our Rules of Procedure, such a request cannot, strictly speaking, be put by a Member of this House — unless, of course, you put it, since officially it cannot proceed from us.

President. — Mr Klepsch, the request of the chairman of the Committee on Economic and Monetary Affairs involves a procedural motion. As one speaker has already spoken in favour of the motion, I ask you if you wish to speak against it.

Mr Klepsch. — (*D*) Mr President, I don't want to speak against it, but I would repeat that we have altered Rule 12, and, as it now stands, we should decide upon this draft agenda, which has been proposed by the enlarged Bureau, without any changes other than those proposed by the President himself, or submitted to him in writing by a group or by at least 10 Members. That is why I asked you whether you were recommending us to adopt this proposal. I have nothing against its adoption; all I ask is that we proceed in accordance with the relevant amendment to the Rules of Procedure.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) In order to put Mr Klepsch out of his difficulties, may I say that the oral question tabled by Mr Pisani on behalf of the Committee on Economic and Monetary Affairs is taken over by the Socialist Group. The request is accordingly submitted by at least as many Members as is required by the new Rule 12.

President. — I consult the House on the request to enter on the agenda for Wednesday, 13 December 1978, two oral questions with debate, one to the Council and the other to the Commission, on the customs union and the development of the internal market (Docs. 513/78 and 514/78).

Are there any objections?

That is agreed.

I call Mr Brown on a point of order.

Mr Brown. — Mr President, you will remember that at the last part-session Parliament considered, under the procedure without report, a directive on the indication by labelling of the energy consumption of domestic appliances. Since Rule 27 A was to be invoked, I undertook, on Parliament's advice, to write a letter informing you, Mr President, that I intended to raise a question on this matter so that the directive

could be returned to the Committee on Energy and Research. I wrote that letter, and have every reason to believe that it was properly received.

On Friday, 17 November Mr President you, stated and I refer to the Rainbow Edition — that you were unaware that I wished to speak on this topic. As a result of your statement the directive has now gone through Parliament. I therefore wish to state, that I did in fact write a letter, that it was properly received but somehow you were informed on the 17th that I had not in fact written the letter. I would therefore ask you if there is any way of reversing a situation where, because of a misleading statement to the effect that no objection to the procedure had been received, Parliament took a decision which it ought not to have taken. I now wish to ask you to reverse the situation so that we can return the document to the appropriate committee to enable it to be discussed again.

President. — Mr Brown, I should like to point out that the directive in question was approved without report at the sitting of Friday, 17 November 1978. However, I think you will be able to make a statement on the problem with which you are now particularly concerned in the Committee on Energy and Research.

Mr Brown. — Mr President, you must see that you are facing a dilemma. Because the statement you made on 17 November was totally incorrect, an incorrect statement is now recorded in the minutes of the sitting. Now that you have as I understand — ascertained that you were misled by the information you were given, and in turn misled Parliament by making that statement, surely you must realize that I cannot return to the Committee on Energy and Research leaving the minutes of this august body uncorrected.

I therefore need some protection. The Committee on Energy and Research was under the impression that I had written the letter and we would therefore be discussing the matter again. On the basis of your statement the committee now believes that I did not write such a letter. I therefore insist that the minutes must be put right. What you said was incorrect. Therefore in order to protect, at least, my credibility, it must be recorded that I wrote a letter and that I asked to speak. Under Rule 27 even though I was not present, the directive should have been returned to the appropriate committee.

Under paragraphs 6 and 7 the document should not have gone through. But because you made an incorrect statement — even though you were unaware that it was incorrect — it went through, I therefore insist that the minutes of 17 November be put right.

President. — Mr Brown, the Secretary-General has been instructed to look into the matter to ascertain whether what you claim occurred actually took place or whether the minutes of 17 November are correct. A statement will be made on the outcome of this investigation during the part-session.

Mr Brown. — Mr President, may I just confirm what has been proposed. I am prepared to accept your proposal that the minutes be corrected once it is shown that I did write a letter and that the procedure followed was at fault. We can then discuss what else should be done. But I want to be sure that the minutes of 17 November will be corrected.

President. — If the minutes are proved to be incorrect a statement to this effect will be made.

I call Mr Bertrand.

Mr Bertrand, chairman of the Political Affairs Committee. — (NL) Mr President, you will realize that I have every respect for the Bureau's decisions, but I must say that I am quite astonished to see that you have now added the reports by Mr Flämig and Mr Veronesi, and the oral questions by Mr Krieg and Mr Holst and others to the agenda. I have nothing against that in itself, but I must say on behalf of the Political Affairs Committee that I am quite astonished to note that none of the three reports from that committee that were submitted in good time to the Bureau appears on the agenda for this part-session. I cannot understand that. When I asked for an explanation, you said that the agenda was already overloaded. Then you suddenly add another four items.

Our report by Mr Amadei (Doc. 325/78) had originally been placed on the agenda for November. I asked for it to be held over until December because of the talks we were holding with the Council of Europe on cultural policy, as you know. We did not want the report to be taken before the talks with the Council of Europe. The talks have since been held in Paris, but Mr Amadei's report is not now on the agenda, even although we had been assured it would be. I feel I must insist that it be taken at this part-session, as already agreed. I feel this is a matter of some urgency, in view of the agreement with the Council of Europe.

I am equally astonished that the report by Mr Pintat on political and institutional aspects of enlargement is not on the agenda either, despite the fact that, as we know perfectly well, the Council wants to conclude its own negotiations with Greece before the end of this year.

I find it unacceptable that of all the institutions of the Community that are politically committed here, the Council, the Commission and the Parliament, it should be none other than Parliament that fails to set out its opinion on the problems of the enlargement of the Community in an official resolution. We had prepared just such a resolution, but now it is being postponed until February, because it is not possible for it to be taken sooner. This means that we are going to allow ourselves to be overtaken by one of the most important political events of the present day, no less a matter than the enlargement of the Community.

Mr President, I find this quite astonishing.

President. — Following the postponement to a later part-session of Mr Notenboom's report on turnover taxes, the debate on energy problems which has been postponed several times and which the Bureau undertook to have debated as soon as possible, has been entered on the agenda.

With regard to Mr Amadei's report on Community action in the cultural sector, the Bureau decided that there was not sufficient time to debate it adequately during the present part-session.

However, should you so request, I shall propose to the Bureau that the report be debated during the part-session.

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I formally ask, on behalf of the Political Affairs Committee, for the report by Mr Amadei on the cultural policy of the Community — a proposal from the Commission to the Council — to be placed on the agenda for this part-session, and for the Bureau to take a decision on this on Thursday.

I can accept that the reports by Mr Patijn and Mr Pintat are of such political importance that they must get adequate time and should therefore be held over until another part-session. But I ask formally for the Amadei report to be placed on the agenda for this part-session.

President. — Under the procedure adopted all requests to amend the agenda must be forwarded to the Bureau for consideration and submission to the House.

Since an exception was previously made regarding Mr Fellermaier's proposal, a similar exception will also be made, if so requested by the chairman of a political group. In the absence of such a request, I shall submit the matter to the Bureau at its meeting next Wednesday.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, only a word on the procedural aspect. You are quite right: it is the same here as in the previous case. The procedure we have adopted is, of course incorrect, but we all agreed to it because this is the first time the new procedure is being applied. In this case, however, I must say that the Bureau discussed the matter thoroughly and came to a unanimous decision. I therefore cannot, however much I should like to, proceed as Mr Fellermaier did a few moments ago.

President. — With regard to the Pintat report on institutional aspects of enlargement, I would point out that the matter was discussed at length at the Bureau meeting in Paris where it was decided, with Mr

President

Pintat's agreement, that the debate on this topic should be held over until January or February so as to enable all the problems concerning enlargement to be fully discussed.

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I think what I just said cannot have come over clearly in the interpretation. I agree that the Pintat report should be taken in February. There is no argument about that. I can accept that.

But I am asking for the Amadei report on cultural policy — it involves a special proposal from the Commission to the Council — to be taken this week, because it was already on the agenda in November.

That is my formal request — that the Amadei report should be taken at this part-session.

President. — I already answered that question when I said that, in the absence of a request from the chairman of a political group, I would put your request to the Bureau at its meeting on Wednesday, so as to enable the Amadei report to be debated during this part-session. I assure you that I shall put-forward your request.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President I am a little surprised after listening to the debate we have had so far about the agenda and the changing of it, and your quite correct rulings on the way it should be done.

You have informed us that the Council has asked for a particular report — the Inchauspé report on textiles (Doc. 467/78), to be brought forward as a matter of urgency. The chairman of my committee is not present, and as the senior vice-chairman, I am speaking on his behalf. What I do not understand is why this was not mentioned at the Bureau meeting on 30 November in Paris. We are going to be voting it tomorrow, I understand, but why was it not brought forward by the Council on 30 November, I do not understand why they suddenly decide between 30 November and now that it is vitally urgent. It has put the acting chairman — myself — in a very difficult position, because I happen to know that Mr Inchauspé will not be here except on Thursday. I do not quite know what the House is going to do about this, whether it is going to be able to fit in late on Thursday night. But it seems quite wrong suddenly to find that we are putting on one side the various reports that Mr Bertrand has been talking about and that this has not been raised by the Council until now, when they had a perfect opportunity of raising it as a matter of urgency at the 30 November meeting in Paris. I do not understand why they have suddenly adopted this course, and I think it is quite wrong of them to do so.

President. — The Council's request for urgent debate is dated 8 December and was therefore made after the Bureau meeting.

Mr Scott-Hopkins. — I quite understand that they only replied on the eighth, but the report was published on 24 November. That is six full days before the Bureau meeting. Don't tell me they are not efficient enough to know the report was published six days before the Bureau meeting. Or are they so inefficient that they had no idea? If so, heaven help us all.

President. — You will be able to put forward your objections tomorrow, when Parliament is consulted on the request for urgent debate.

The order of business would therefore be as follows:

This afternoon:

- Procedure without report
- Communication from the Commission on the action taken on the proposals of Parliament
- Joint debate on the report by Mr Fläming on nuclear powerstations and the report by Mr Krieg on fast-breeder reactors
- Joint debate on the report by Mr Krieg, the report by Mr Holst and the report by Mr Ibrügger on research programmes

*Tuesday, 12 December 1978**10.00 a.m. and afternoon:*

- Decision on urgency of two motions for resolutions and one report
- Report by Mr Bangemann on the 1979 general budget
- Supplementary report by Mr Ripamonti on Annex I to Section II of the 1979 general budget
- Supplementary report by Mr Ripamonti on Section V of the 1979 general budget
- Report by Mr Cointat on the implementation of the 1976 budget of the Communities
- Report by Mr Schreiber on ECSC levies

3 p.m.:

- Question Time (questions to the Commission)

3.45 p.m.:

- Voting-time

*Wednesday, 13 December 1978**10 a.m. and afternoon:**from 10 a.m. to 2 p.m.:*

- Statements by the Council and the Commission on the European Council in Brussels and statement by the Council on the German presidency (followed by a debate) (an oral question to the Commission on the European monetary system will be included in this debate)

President

3 p.m.:

- Question Time (questions to the Council and the Foreign Ministers)

4.30 p.m.:

- Voting-time
- Oral questions with debate to the Council and Commission on the customs union
- Broeks report on the Lomé Convention
- Croze report on the accession of three island States to the Lomé Convention
- Oral question with debate to the Commission on energy aid to the developing countries
- Meintz motion for a resolution on education

Thursday, 14 December 1978

9.30 a.m. and afternoon:

- Oral supplementary reports by Mr Bangemann on the 1979 general budget, Mr Ripamonti on Annex I to Section II of the 1979 general budget and Mr Ripamonti on Section V of the 1979 general budget

10 a.m.:

- Vote on the draft general budget of the Communities for 1979, as amended by the Council, and the motions for resolutions contained in the Bangemann report and the Ripamonti supplementary reports

3 p.m.:

- Question Time (questions to the Commission)

3.45 p.m.:

- Voting-time
- Oral question with debate to the Commission on butter sales to the Soviet Union
- Früh report on the common agricultural policy
- Pisoni report on the wine sector
- Joint debate on the Joxe report, the Früh report and the Joxe report on the EAGGF Guidance Section

Friday, 15 December 1978

9 a.m.:

- Procedure without report
- Vote on motions for resolutions on which the debate has closed
- possibly, continuation of Thursday's agenda
- Joint debate on three oral questions to the Commission on GATT negotiations
- Oral question with debate to the Commission on unfair trade practices on the part of State-trading countries
- Bethell report on health protection against ionizing radiation
- Cifarelli report on the EEC-Spain fishing agreement
- Lemp report on the Northwest Atlantic fisheries
- Pisoni report on drainage in catchment areas in Ireland and Northern Ireland
- Joint debate on two Reay reports on generalized tariff preferences
- Oral question without debate to the Commission on tobacco

At the end of the sitting:

- Voting-time

As there are no objections, the order of business is agreed.

11. Limit on speaking-time

President. — Pursuant to Rule 28 of the Rules of Procedure, I propose to allocate speaking time as follows:

— Budget debate:

Council and Commission:	45 minutes
Mr Bangemann, general rapporteur:	30 minutes
Mr Ripamonti, rapporteur:	15 minutes
Socialist Group:	60 minutes
Christian-Democratic Group (EPP):	50 minutes
Liberal and Democratic Group:	28 minutes
European Conservative Group:	22 minutes
Communist and Allies Group:	22 minutes
Group of European Progressive Democrats:	20 minutes
Non-attached Members:	8 minutes

— Debate on the statement by the Council and the Commission on the European Council and on the German Presidency:

Council and Commission:	60 minutes
Socialist Group:	55 minutes
Christian-Democratic Group (EPP):	45 minutes
Liberal and Democratic Group:	22 minutes
European Conservative Group:	18 minutes
Communist and Allies Group:	18 minutes
Group of European Progressive Democrats:	17 minutes
Non-attached Members:	5 minutes

As is customary, I propose that Parliament limit as follows speaking-time on all other reports and motions for resolutions on the agenda:

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

As there are no objections, that is agreed.

12. Procedure without report

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

- proposal from the Commission to the Council for a directive amending for the fourteenth 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 (Doc. 393/78),

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

- proposal from the Commission to the Council for a regulation extending the period of validity of Regulation (EEC) No 3328/75 renewing the arrangement for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 459/78),

President

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

Unless any Member asks leave to speak on these proposals or amendments are tabled to them before the opening of the sitting on Friday, 15 December 1978, I shall declare these proposals approved.

13. *Time-limit for tabling amendments*

President. — I remind the House that the deadline for tabling amendments to the draft general budget of the Communities for 1979 is 6 p.m. on Tuesday, 12 December 1978.

I propose to set the deadline for tabling amendments to the Pisoni Report on the wine sector also at 6 p.m. on Tuesday, 12 December 1978.

As there are no objections, that is agreed.

14. *Transfer of appropriations*

President. — At its meeting 13 November 1978 the Committee on Budgets delivered its opinion as follows on the following proposals for transfers of appropriations :

- proposed transfer of appropriations contained in Doc. 253/78 : favourable opinion
- proposed transfer of appropriations contained in Doc. 313/78 : favourable opinion with reservations
- proposed transfer of appropriations contained in Doc. 362/78 : favourable opinion
- proposed transfer of appropriations contained in Doc. 363/78 : favourable opinion
- proposed transfer of appropriations contained in Doc. 364/78 : favourable opinion
- proposed transfer of appropriations contained in Doc. 363/78 : favourable opinion
- proposed transfer of appropriations contained in Doc. 426/78 : favourable opinion
- proposed transfer of appropriations forwarded by telex of 9 November 1978 concerning 400 000 EUA and 90 000 EUA for aid to Lebanon and Nicaragua : favourable opinion
- proposed transfer of appropriations contained in Doc. 365/78 : favourable opinion.

Parliament notes these opinions.

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

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

I believe that, despite the delay, the Commission's¹ written report has been distributed. Are there any comments ?

I call Lord Bruce.

Lord Bruce of Donington. — Mr President, after so much pressure may I express some relief that the promised statement has now arrived and express my satisfaction with it, save one particular point, namely that, perhaps, when they refer by name to the reports, they might also put in the document reference number, because it makes it much easier to look them up.

President. — I shall bring to the Commission's notice that, as you point out, the report could be more precise and easier for Members to read.

16. *Decisions on the decommissioning of nuclear power-plants and on a research programme for fast-breeder reactors*

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

- the report by Mr Flämig (Doc. 473/78), on behalf of the Committee on Energy and Research, on the proposal from the Commission to the Council for a decision adopting a programme concerning the decommissioning of nuclear power-plants
- the report by Mr Veronesi (Doc. 493/78), on behalf of the Committee on Energy and Research, on the proposal from the Commission to the Council for a decision adopting a research programme for the European Atomic Energy Community on codes and standards for fast-breeder reactors (structural integrity of components).

I call Mr Flämig.

Mr Flämig, rapporteur. — (D) Mr President, ladies and gentlemen, once more the European Parliament is taking up the question of nuclear energy. We have already had an interesting debate on fast-breeder reactors and shall be returning to this subject today. In addition, we have debated at great length a report submitted, on its own initiative, by our committee on the recycling of nuclear fuels and the removal and final disposal of radioactive waste, and now we come to the important question of what is to happen to the nuclear power-stations when they are no longer usable. Generally speaking, the useful life of a nuclear power-station is reckoned at something between 25 and 30 years.

This subject was raised on our 'own-initiatives' report, but its fuller treatment was deferred for two reasons.

¹ See Annex

Flämig

First, we found that this was a very tricky problem requiring careful treatment, including the initiation of thoroughgoing investigations and many discussions with experts. The second reason, Mr Brunner, was the Commission's announcement of its intention to draw up a proposal of its own to the Council for a research and development programme for the decommissioning of nuclear power-stations. That has now been done, and the Committee on Energy and Research has commissioned me to draw up an opinion on this proposal, which I shall now submit to you.

First of all, some general observations. On examination, the Commission's document proved to be a comprehensive *exposé* of all the problems embraced by this research and development programme, a thoroughgoing, painstaking study which offers a world-wide survey of the subject and brings out the critical points, and I should like to thank the Commission for its work, as we also do in our motion for a resolution. The Commission has enabled us to content ourselves with a relatively brief opinion, but its brevity should on no account be interpreted as signifying its insignificance. Here we are dealing with a problem of central importance, and the fact that we are relatively brief merely shows that we are largely in agreement with what the Commission has proposed.

Seven specific research objectives are laid down: first, a study of the long-term integrity of buildings and systems; second, decontamination, which, to our knowledge, amounts to the removal of radio-active articles or corrosion products from components as a necessary condition for the safe decommissioning and subsequent dismantling of nuclear plants; third, a study of various dismantling techniques (I shall come back to this later); fourth, what can and should be done with specific waste materials such as steel, concrete and graphite; fifth, the desirability of developing large transport containers for radio-active waste produced in the dismantling of nuclear power-plants; sixth, the initiation of studies to estimate the quantities of radio-active waste arising from the decommissioning of nuclear power-plants in the Community; and seventh, a study of the influence on decommissioning of features in the design of nuclear power-plants.

The cost of this programme is initially estimated by the Commission at something over 10m EUA, of which it is proposed that 6.38m EUA should be provided by the Community and the rest by national administrations and other sectors at national level.

The cost of dismantling a nuclear power-plant is at the moment still an open question. That will all have to be calculated. At present there are estimates varying between 6%, 8% and even 10% of the cost of construction. Well, ladies and gentlemen, that expressed in German marks would be something between 80 and 100 million DM. It becomes clear that some pretty sums are involved.

So much for the basics of the matter.

The environmentalists have been recently giving repeated expression to their concern and saying that while there has been much talk about the peaceful uses of nuclear energy, people have only recently taken an interest in the question of what is to be done with nuclear waste and what is to happen to nuclear power-plants which have exhausted their useful life. We have understanding for their concern, but, having gone a little further into the matter, we find that it is not entirely true that, as the environmentalists maintain, no thought at all had been given to the question before. In the Western world so far, 18 nuclear power-stations have been decommissioned, including five in the European Community — namely, the small experimental power-station of Marcoule G 1, a gas-cooled graphite plant of only 4 megawatts, Chinon 1, also a gas-cooled graphite plant of 70 megawatts, the 25-megawatt boiling-water reactor at Grosswelzheim, in the Federal Republic, the heavy-water reactor at Niederaichbach, which was supposed to produce 100 megawatts and functioned critically for no more than a few days, and the experimental fast-breeder reactor at Dounreay, in the United Kingdom.

Some people are asking whether the fact that these plants have already been closed down is not proof that they have completely failed to justify themselves. As it was incumbent on me, as rapporteur, to go into this matter, I have travelled round various European countries and have found the following. In engineering, experimental work sometimes takes priority over study, and here experiments were needed. In particular, 'exotic' types had to be tested which were not derived from military developments such as the light-water reactor: these include the organically cooled heavy-water reactor, the boiling-water and the sodium graphite reactor. These are all types of reactors which, to put it briefly, might be of the greatest technical or economic importance, and this had to be found out by experiment. Now they are known to be unprofitable, and so now they stand there waiting to be dismantled.

An important point, and one which has to be repeated here, is that the greatest possible security is necessary, since it is, of course, no secret that nuclear power-plants, particularly, large-scale plants which have been operating for a considerable length of time, contain a very considerable quantity of highly radio-active material, some of it likely to remain radio-active for hundreds or even thousands of years. That is why safety criteria in the European Community have consistently been tightened. Recently it appears — I have just read a *Spiegel* interview on the subject — that some experts already consider that they have been tightened too much. Well, for us politicians it is not easy to decide where to draw the line: we naturally prefer too much to too little in the way of safety measures.

Flämig

The question has been raised here whether nuclear energy even offers a possibility. Well, the Commission states, in the document before us, that at present in the Community there are 86 nuclear power-stations, either completed or under construction, of which 73 are due to close by the year 2010. If that is so, we really cannot go on asking ourselves whether we should decide for or against. These nuclear power-plants are either already in existence or under construction; they are, or will be, functioning, and one day they will have to be disposed off. What, therefore, is to happen to them?

The Commission has submitted various dismantling techniques. The proposals are not all new: as I mentioned before, firms exist in the European Community which for long have been designing nuclear power-stations not only so that they are easy to repair but also so that, when the day comes, they will be relatively simple to dismantle. The programme now before us is based on a study by the International Atomic Energy Agency, which has proposed a plan comprising three stages:

- 1) mothballing: the plant is practically kept intact, all openings are blocked and sealed, and the plant is kept under surveillance and subjected to technical inspection;
- 2) entombment: all parts which can be easily dismantled are removed, the primary contamination barrier is reduced to minimum size and sealed, and the biological shield, of concrete, is extended so that it is completely surrounds the barrier; and
- 3) complete removal.

It has been shown, as the report also indicates, that these three stages may be combined according to the type and scale of the plant in question.

In conclusion, we approve of the development of Community standards for the decommissioning and dismantling of nuclear power-stations. That is a proper task for the European Community, for, once we have succeeded in developing satisfactory dismantling procedures, nuclear power-stations may well prove acceptable to those who at the moment oppose them. We therefore recommend, in our opinion, that standards of design should not only facilitate repairs but these power-stations should be as simple as possible to dismantle, and the dismantling experience already made must subsequently be applicable to large-scale nuclear power-stations.

In our view, the programme must be debated once more in two years' time. We want to be kept constantly informed in order to be sure that everything is done to ensure safety.

Coming to the question of staff, we have proposed a slight reduction. We recommend that four officials be

taken on for this programme and that appropriations for the programme, under Article 10 of the budgetary Regulation of 21 December 1977, be limited to 6.18 EUA. At the same time, we point out that these are only approximate indications.

Finally, I have a request. Mr Brunner and gentlemen of the Commission, please make sure, right from the beginning, that this programme is coordinated, not only with the International Atomic Energy Agency but also with the national programmes, in order to avoid duplication of work and consequently unnecessary expenditure.

On behalf of the Committee on Energy and Research, I ask you, ladies and gentlemen, to approve this proposal by the Commission.

IN THE CHAIR: MR MEINTZ

(Vice-President)

President. — Mr Veronesi has decided not to introduce his report.

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

Mr Brown. — Mr President, I should like to begin by discussing the report of my colleagues, Mr Flämig, and pay a tribute to him for tremendous amount of work, he has done on a very technical and difficult subject. I had the privilege of seeing him at work, because I visited Chinon with him when he took the trouble to make arrangements to visit a power-station that had been closed — I am bound to say to the House that I was very impressed with the work that has been done at Chinon — to see exactly what the problems were and to familiarize himself with the situation where the fear that has been paramount in our understanding of reactors is not necessarily there today, I heartily commend the decision of the Commission to go ahead and carry out an action programme that will once more go in depth into many of the requirements that will have to be met if we are to meet some of the complaints and assuage the reasonable fears of the people of our countries.

Now I have said before, and I repeat once more in this House, that whilst we may feel it is irksome to have to keep replying to people's criticisms, whilst we may feel it is a waste of time because those of us who take some interest in this matter familiarize ourselves with the answers, it nevertheless follows, I believe, that we must accept it as our basic duty to meet such criticisms and discuss such fears in order to ensure that at the end of the day the solutions put forward for the use of atomic power-stations are correct and that we are not leaving posterity with an insoluble problem.

Brown

I believe the programme put forward in Mr Flämig's report brings out well the three stages that one can go through. But, as I have said to my colleague, it is somewhat unusual for us to decommission power-stations. We have many power-stations in my own country that have been operating for 40 years or more and in my view are totally inefficient; nevertheless nobody is suggesting that they should be decommissioned, pulled down, mothballed or entombed. They are just leaving them to carry on working until eventually somebody gets round to a replacement programme. But there, because we are dealing with nuclear power, are already talking about decommissioning them before we even have enough of them in the Community to meet the demand; and therefore we ought to get the fact into perspective that we have not generally followed the practice of decommissioning power-stations after 10, 15 or 20 years of use.

There are two areas in the research and development action, which, I think are valuable. One is to determine the long-term integrity of the buildings and systems since one of the fears that have been worrying many people is that if they have a nuclear power-station sited within their area they are going to be contaminated by radiation being given off from the buildings. Therefore I think that the proposed Action No 1 is an important one and will produce for us some answers which will be valuable.

Amongst the other six, Action No 7 seems to me to be of particular value. This concerns the influence of nuclear power-plant design features on decommissioning. It has always seemed to me that we never learn very much from our mistakes, and it will be an advantage, I think, if the answers that are produced in Action No 7 help power-plant designers to ensure that future possibilities are borne in mind. If one has to dismantle a power-station — for whatever reasons, whether by decommissioning or replacement and refurbishing — at least they will be aware that they must make arrangements for this sort of thing to be done conveniently and without creating any problems; otherwise we shall discover that unless we get the design right one will have to pull a power-station down in order to carry out some particular job of maintenance or refurbishing which is necessitated solely by wear and tear.

I therefore, think the Commission is to be congratulated on their choice of Action No 7. As a result of this work we shall be able to show to the people in the Community that the Commission is actively seeking out problems on their own initiative and is not being driven to it by crash programmes: they are doing it voluntarily and Parliament is behind them in this work.

We shall be able to take great pride in showing that we have ensured that any power-stations built on the territory of the Community have been subjected to the closest investigation.

Mr Veronesi, as always, has taken great care with his work and has produced for us a report of great value, because it highlights our need to consider problems on a futuristic basis before we are actually confronted with them. With regard to fast breeders, although we have a period before us of some five, ten or fifteen years, I believe that my colleague's proposal that codes and standards should be established is of vital importance. Once again it will indicate to the people of the Community that the Commission and Parliament are vitally concerned in anticipating what can be done in the future. In this respect, the codes and standards and the integrity of the materials will have a two-fold effect. Firstly, they are valuable from the safety point of view, which I regard as being pre-eminently the issue which we should satisfy ourselves on. Secondly, trade within the Community will benefit in that materials needed in fast-breeder reactors and manufactured in one of our countries will be able to be accepted in other States of the Community, because they will have passed the codes and standards laid down in the action programme proposed, and that, I believe, will not only ensure safety in the fast-breeder reactors being built but will promote intra-Community trade, since the best materials will be able to be used in the full knowledge that they conform to the codes and standards that have been laid down.

This, I believe, is a very useful debate. These activities proposed by the Commission certainly have the support of the Socialist Group: we believe they are right, and we have argued so often the importance of safety measures. This, I believe, is another sphere of activity where we can congratulate the Commission and say to the Community that we are trying very hard to allay justifiable fears. We hope that the results will prove a success.

President. — I call Mr Hans-Werner Müller to speak on behalf of the Christian-Democratic Group (EPP).

Mr Hans-Werner Müller. — (D) Mr President, ladies and gentlemen, first of all I should like to express my admiration for the two reports which are now before us.

The motion for a resolution submitted by Mr Flämig calls for the following observations. The research programme submitted by the Commission fills a gap in the Community's research activities, first of all because the decommissioning of nuclear plants is an appropriate subject for Community activity and the development of perfected dismantling procedures may help to make the use of nuclear power more acceptable to our populations. It would thereby help to make more objective the discussion on the pros and cons of nuclear energy.

Secondly, coordination at Community level is needed if Community dismantling norms are to be worked

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out that will make it possible to reduce the problems of dismantling to a minimum and to draw useful conclusions from the experience that has already been made. And that, as I have already indicated, would enable us to gather together a number of arguments against the opponents of nuclear energy and in favour of the need for better information. Mr Flämig has already pointed this out.

Finally, the research programme will, in our view, exert a very welcome influence on the international arena, for example on the sale abroad of nuclear power-plant produced in the Community, and economic aspect which should not be underestimated.

With regard to the Veronesi report, may I just point out that the Council resolution of 22 July 1975 on the technological problems of nuclear safety more or less obliges the Community to launch a policy of optimal safety in the nuclear sector. In particular, Council and Parliament have given their support to the development of new types of reactors, as a result of which greater attention has been devoted to the fast-breeder reactor. Apart from this, Mr Flämig has just pointed out quite unambiguously that we have already declared our option for nuclear energy and for the fast breeder.

The proposed research programme aims at creating a solid technological basis for subsequent work directed at harmonization. The fast breeders that we know, whether phoenix, Super-Phoenix or Kalkar, are prototypes of the first generation of fast breeders. They provide the technological basis needed for making the fast breeder operational by the end of the 1980s. This, in my view, gives a clue to the proper interpretation of last week's judgment by the German Constitutional Court, which unambiguously calls for an extension of Kalkar.

Research must be pursued, both on the national and the European plane, if we are to remain competitive on the world market, for both the USA and the USSR are energetically pursuing their development of this type of reactor, as Mr Veronesi points out in this report. The Community should do everything it can to maintain the advantage it has won in this field of development. Codification and standardization of fast breeders at Community level would simplify inspection by the International Atomic Energy Agency in Vienna and so promote the efficacy of the Non-proliferation Treaty.

For these reasons, the Christian-Democratic Group gives its support to these reports and these motions.

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

Mr De Clercq. — (*F*) Mr President, first of all, I wish to congratulate my two colleagues, Mr Flämig, and Mr Veronesi, on the excellence of their reports, which

constitute an important compliment to the reports by Mr Noè and Mr Veronesi.

As regards the fast-breeder option and the safety of nuclear reactors, the operational life of nuclear power-stations is about 30 years. Consequently in view of the scale of nuclear power programmes in Europe, it is high time we studied the question of these power-stations' future.

Whatever the type and the life of a reactor, dismantling will always comprise work on components that are radioactive or contaminated. The operations involved include dismantling, breaking up, handling, transport and storage. Effluents and other radioactive waste are also produced.

Of the three stages of dismantling, surveillance of the plant is the one that takes least time and is the least expensive. This is the solution that was adopted at Chinon, in France. The French Electricity Board even wants to arrange for part of the plant to be opened to the public. What an excellent way of allaying the fears of public opinion!

As for complete dismantling, this may be feasible immediately, but only at the price of work which is both time-consuming and expensive. It should be noted, as the rapporteur has pointed out, that there is no need for total dismantling so far as safety considerations in the immediate future are concerned. It would be easier in twenty or thirty years' time because of the natural decline in the radioactivity of reactor components.

So far, we are entirely free to decide on the condition in which these power-stations are finally to be left: it is neither necessary or desirable to lay down definitively what is to become of them.

The International Atomic Energy Agency confines its recommendations to the question of safety. The principle we should be guided by now is that of maintaining the same degree of safety during dismantling as during exploitation.

What we should aim at for the future has already been proposed by the Commission — that is to say, that we should supplement the experience already acquired. We must improve the techniques envisaged for disposing of the graphite and the concrete, also the perfecting of equipment for the remote destruction of highly radioactive vessels.

A final point on this problem of dismantling nuclear power-stations is that it would also be desirable to work out at some future date a system applicable to the dismantling of nuclear installations in general. So far, the plan of operations has been worked out for each installation separately and the purpose has been served, but when we are faced with dismantling a large number of such installations, we shall need plans of a general character, and if possible, harmonized at Community level.

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However, before this question of dismantling, there is the safety problem, which has to be thought of at the conceptual stage, during design and construction and in connection with the inspection of various components. Here, too, the Commission must be congratulated on taking up the problem of establishing uniform codes for fast breeders, since there are already in Europe five big power-stations based on the same technology and offering many features in common.

Both these reports touch on problems of safety, which is essential to the development of nuclear energy. It can only be enhanced when the Member States have pooled their experience and harmonized their techniques.

President. — I call Mr Fletcher-Cooke to speak on behalf of the European Conservative Group.

Mr Fletcher-Cooke. — Mr President, I should like to begin by thanking the Commissioner, Mr Brunner, most deeply for being here at such very short notice. It is wonderful for us to see a Commissioner giving priority to attendance at Parliament. This is something which is unfortunately somewhat rare, and when it happens we feel that it should be marked, and that honour should be paid to the Commissioner who is responsible for this sector affairs for having reorganized his own programme at short notice to be here where he thinks his duty lies.

The European Conservative Group supports both these reports and motions for resolutions, and the basis for this is that parliamentarians have a duty to their electorate to assure continued energy supplies at the safest standards that are humanly attainable. The research and development proposals of the Commission for decommissioning nuclear power stations and for fast-breeder reactor norms lend themselves to action and financial support by the European Community. I have no doubt that if electors were faced with the choice between, on the one hand, increased availability of electricity supplies as the motor of economic and social life for Europe, as well as the rest of the world, and, on the other, supplies based on notional, or hoped-for, conservation and other untested energy-generating techniques, they, the citizens of our Community, would choose and use the tools offering increased electricity supplies. I regard it as politically and socially responsible to proclaim that nuclear energy is essential, and that we must meet our commitment in that direction by harnessing the best skills in the European Community to design and develop nuclear components and plant structures which function reliably and safely, so that they can subsequently be taken out of commission with minimum hazard to operators and to the population. Electricity undertakings in the Community should benefit considerably from the collaborative work proposed by the Commission on the decommissioning

of power-stations. Unilateral action would indeed be costly, and for this reason alone British electricity undertakings welcome the Commission's proposal. Proposals such as this demonstrate the advantage to Europe's citizens of being members of a Community where action such as this can be taken to their individual and total benefit.

Mr Flämig's report tabulates the nuclear power-stations which may become redundant between now and the year 2000. I would not like to minimize the size of the problem of decommissioning nuclear power-stations and disposing of radioactive components. But to those who complain about the on-cost of dismantling power stations — up to 13 % of capital cost according to some estimates — I say this: British experience or early types suggests that nuclear power-stations are capable of continued operation beyond their economic life of 30 years. Each year of additional service after thirty years is by definition a potential bonus in operating costs. I hope that work on the decommissioning of gas-cooled reactors will be included. There is a need to maintain a European, as opposed to a United States, reactor design, philosophy and skill until the relative safety and efficiency of these types have been established. The results of this programme should provide the basic elements of a Community policy on decommissioning. I hope that in its first report on progress in this programme the Commission will make recommendations for a complementary programme on disposal of active wastes arising from decommissioning.

Dealing with the Veronesi report, there are two considerations. One is safety, and the second is the need to build fast-breeder reactors on a large scale. It is worth recalling Mr Noè's conclusions contained in his report on the need to retain a Community option to build fast-breeder reactors. He said this:

'As regards the technical obstacles arising from the different standards in force, we must not repeat the errors committed with lightwater reactors where industrial standardization was lacking from the outset.

Since fast reactors are of specifically European technology — Europe is certainly in the forefront in this field — it would be useful to provide right away for that standardization which would open up markets within the Community.'

As Members may know, there will be an official inquiry in the United Kingdom into all aspects of fast-breeder reactor use. In France, considerable experience has been established in building the 'super-phénix' fast reactors. Thanks to French engineers and an enlightened government, the European lead in this technology has been maintained. I regret that the British Labour Government has dissipated the advances of British engineers for lack of a nuclear policy. I welcome the decision by the German Government to go ahead with the construction of the fast breeder reactor at Kalkar. As the report of the Royal

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Commission on Environmental Pollution stated, there are other safety issues that can be resolved only in the design process itself. And thus the design and construction of a first fast breeder reactor of commercial scale is an important step in assessing whether the required level of safety can be achieved. It seems to me that much proving will have to be undertaken on the core of the reactor in order to limit a dangerous change in the geometry of the core leading to its vapourization and dispersal — the worst possible accident that might occur in a fast-breeder reactor, which in the design process we must plan to avoid.

The increasing demands on the available sources of uranium supply from the beginning of the next century, and the possibility of insufficient uranium enrichment capacity in the Community towards the end of this century, render the ultimate use of the fast reactor unavoidable. I therefore hope the Commission will pursue the proposed programme with vigour and that the Council will not be found wanting in granting the necessary funds for both the programmes that we have been debating. Indeed the readiness of the Council to concede the sums requested in appropriations by the Commission for energy projects is a test to the Council's sincerity in putting in money to match previous decisions by the European Council. I hope the Council of Finance Ministers will note this and take heed.

President. — I call Mr Ellis.

Mr Ellis. — Mr President, I want to congratulate Mr Flämig and Mr Veronesi on their very useful reports, and just to pass a very general comment — like all politicians I am a great generalist — on this very technical and important subject. I have the feeling that in recent months there has at last been a swing towards a growing acceptance of the realities of nuclear power. I think — and I hope I am not overstating it — that there has been a steadily growing acceptance of the facts of the situation, and the emotions and the myths which have, I think, played such a large part in the last year or two in this field are now beginning to subside in the face of the facts. I always think there are two words in the Community which are very emotional: one is 'nuclear' — one only has to mention 'nuclear' and everybody's bloodpressure immediately rises — and the other one, oddly enough, at least in my country, is 'butter'. For some odd reason or other, 'butter' is a tremendously emotional word.

(Laughter)

I just mention this to make the point that I think that there is a swing towards a kind of appreciation of the facts. I was fortunate to be at a conference not long ago at which a very eminent expert tried to estimate the dangers that have actually been experienced from nuclear power so far as being equivalent to being two ounces overweight or to smoking two cigarettes in a

lifetime. I am not sure exactly how he can get that precise sort of measurement, but it is of that order, and I think it is important that this kind of information should be made available to the public at large.

The real danger, of course, as we all know, is the question of proliferation of nuclear weapons. That is another subject which I hope one day before too long, Mr President, this Parliament will devote its time to debating. It is a thing that we have never, as far as I am aware, seriously debated, and it is a very important issue. As I say, I hope we will come to it. But we are not talking about those particular dangers in this debate. We are talking about the dangers arising actually from the working of the engineering. I think the remarkable thing about the whole nuclear industry is how it has at last succeeded in translating science, with all the precision that is attached to science, into remarkably precise engineering. I always used to think of engineering as more of an art than a science. It may be because the type of engineering that I was accustomed to tended to regard its main tool as the sledge-hammer. If anything went wrong with the machine we used to talk about sending for 'the persuader', and 'the persuader' was a very heavy, large sledge-hammer. Now that kind of imprecise engineering of course bears no relation to the way that modern engineering, in the nuclear field, or the moon-shot, has developed. I was always amazed how the Americans were able to land a man on the moon with no teething troubles, because as I say in the kind of engineering I had been accustomed to there were always teething troubles, and you spent the first twelve months sorting out these troubles.

This illustrates the point that I am making, and the point that we are really discussing here with respect to the reports of Mr Veronesi and Mr Flämig: how scientific precision has to be translated so as to turn the art of engineering into the science of engineering, and I think this is in fact what is happening. I always remember a very eminent physicist — a nuclear physicist for that matter, the late Professor P.M.S. Peamus Blackett — saying that he had always wanted to be an engineer but he could not afford the forty years that it took to gain experience in this art-form, whereas as a scientist he could become a fairly successful scientist at the age of twenty-five. It may well be today that he might have changed his mind, precisely because of this precision that these two reports are thinking about. We are reaching a state of fairly satisfactory predictability in what is, of course, a very difficult field.

I should just like to make one or two small points before I sit down, Mr President. I am quoting from a paper which has recently been published by the United Kingdom Atomic Energy Authority, and it makes the point that we have not yet really had any experience of actually decommissioning many nuclear power-stations.

Ellis

Mr Flämig made this point; I think he said 22 had closed. The largest to date to be totally decommissioned, i.e. final shut-down was, I believe, the Elk River power station which was only a 22 megawatt boiling-water reactor, and therefore comparatively small. But despite the fact that we have not had that kind of experience, we have had enormous experience in actual routine plant maintenance of operational stations. That of course will inevitably stand us in good stead when it comes to closing down large numbers of these stations.

I am very happy to welcome the report and I am very happy to see what the Commission is proposing. It confirms that the old art of engineering in this field at least is as predictable as any of the most precise sciences.

(Applause)

President. — I call Mr Flämig.

Mr Flämig, rapporteur. — *(D)* Mr President, I wish to express my appreciation of the friendly remarks addressed to me and express the hope that the House will support these two reports. To conclude this debate, before the Commission adds its observations, I should like to say something about the report by Mr Veronesi, who, in his explanatory statement, comments that the research programme on codes and standards for fast-breeder reactors is undoubtedly justified and useful in view of the recently adopted option for fastbreeders.

I should like, if I may, to expand this in a few sentences. In my view, it is quite clear that we have committed ourselves to research on the fastbreeder: how it is to be made safe, how it should be designed, how it is to be made economical. These are the very things that are to be studied by means of the prototype at Kalkar, mentioned a few minutes ago. Admittedly, other states are further advanced, other countries are already going over to commercial exploitation — France for example —, but in that respect we Germans are far too cautious. I would say that we in Germany first of all want to see Kalkar completed. We want to see how it functions, whether it is economical, and keep the option open — that is, only when everything is in order say: now we are going to build a commercial fastbreeder.

I personally, Mr President — this is my concluding observation — have a great deal of understanding for Mr Veronesi's recommendations. If we want to compete on the world market, European industry must indeed produce materials and components and possibly whole subsystems; it must be enabled, on the basis of common standards for the manufacture of components and materials, to offer the appropriate quality guarantees and so ensure that its products are

exchangeable within the Community. I agree with all this, subject to the reservations I have made.

I thank everyone who has contributed to this debate.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — *(D)* Mr President, first of all I wish to express my appreciation for the recognition of the fact that at the last minute I had to make other arrangements in order to be present for this debate. It was kind of Mr Fletcher-Cooke to draw attention to this.

I wish to thank the two rapporteurs, who have put in a lot of conscientious work. The importance of their work is all the greater for the fact that they are lending their support to a Commission document with far-reaching implications. Here we have an area which is typical for the Community. We may recognize difficulties early on, we may address ourselves to them in good time and attempt to remove them. In doing so, we can create an impression on citizens throughout Europe, for the subjects you have dealt with here are everyone's concern. They are everyone's concern because they may be traced back to mistakes that were made when nuclear energy was being developed in Europe. If we had dealt with these problems at the proper time — problems concerning the structural safety of reactors, including reactors which are not yet in existence, such as the fastbreeders — then the subject of the fastbreeder would probably not have been dealt with in the emotional atmosphere that it has.

If we had chosen the right moment to tackle the question of what to do with reactors that have been decommissioned, nuclear energy would probably have been spared some of the criticism that has been made. We should have been spared the reproach that we were setting in motion something that was dangerously unpredictable, or that the countryside was being marred by constructions which were intolerable from the environmentalist point of view. It is therefore particularly important that the Community should take up these subjects now, that the Parliament should understand this and give us its support.

I am therefore sincerely grateful for your detailed studies and for the effort you have put in. I come now to points of detail. During the next twenty years, we must expect about 30 reactors in the Community to be decommissioned, and however soon we begin to consider the technical problems and costs involved, it will hardly be soon enough. As these studies proceed, we shall go on learning. We shall not have to depend on estimates of the cost, as is the case today, when we are obliged to say that the effects of decommissioning will amount to something between twenty and fifty million European units of account pro reactor. We shall go on learning. We shall know what the precise

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economic implications are. We shall be in a position to put them down to the account of nuclear energy costs, and this will enable us to make much more precise economic calculations when it is a matter of establishing the relief that the use of nuclear energy is capable of bringing with it.

Over and above this, it is, of course, extremely important from the point of view of safety that we should know in good time what the future of these ruins is to be. I think people in Europe would be much less worried if they were clear about such matters beforehand, i.e., before a power-station is erected. Particularly important is the suggestion contained in paragraph 7 of Mr Flämig's explanatory statement, that these problems should be examined when nuclear power-stations are being designed and that the results of research should be incorporated as rapidly as possible in designs for construction. With this he has, I think, made a very important contribution.

Both reports have one thing in common — that they will, in the long run, promote the development of common standards in the Community as regards both safety and the after-effects. In this sphere too, I believe we should not be doing our duty as a Community if we failed to produce specific proposals well in advance. That is just what we are doing. The subject of those of our proposals which are dealt with in Mr Veronesi's report is, for the moment, technical standards. What we want is to develop these questions of structural safety at an early stage and then transform them into common standards. Later on, we shall have to think about developing these into a form of Community legislation. What we are doing now is, I think, the appropriate first step.

The same goes for the proposals dealt with by Mr Flämig. Here we can proceed gradually from the acquisition of further knowledge to the working out of technical standards for the dismantling of decommissioned reactors, and these standards can then be incorporated in legislation which is binding for all the citizens in Europe. By doing this, we shall be ensuring safety for a long period in the future, we shall be creating long-term guarantees for the ordinary citizen. As Mr Flämig has pointed out, we shall avoid duplication of work if all this is properly coordinated, and with regard to these important aspects, which in the long run may well prove decisive for nuclear energy in Europe, the Parliament is playing its part.

I gladly accept the suggestions contained in the relevant sections of these two reports. From the Commission's point of view, the financial and other figures are purely indicative. I also accept the change proposed by Mr Flämig, that the staff for this project be reduced by one official.

Finally, I offer my sincere thanks for your efforts.

President. — I call Mr Veronesi.

Mr Veronesi. — (*I*) Mr President, I am sorry that the order of the speeches has been upset through a misunderstanding. I should have liked to be able to speak on these two provisions, not as rapporteur this time but on behalf of my group, and therefore before the Commissioner made his speech.

The points I intend to make are of a general nature, and I think it is worth making them now since they will show how our work proceeds. In my opinion, the two measures we have been discussing form yet another stitch in the cloth which the Commission is consistently and methodically weaving on the energy issues; within the Commission there is therefore a coherence of action, a timeliness and a consistency which cannot in all honesty be ignored, and credit must be given to the Commission for its painstaking work. I think the Committee on Energy and Research also deserves recognition for its work in approving numerous measures during recent months, the serious attention given by it to assessing the Commission's proposals and its dynamic leadership by a chairwoman who continually urges us on in the expedition of our work. It has diligent, competent members who take part in the discussions, and I think it may be said that this committee's work on the proposals submitted is in perfect harmony with that of the Commission.

It is after Parliament has given its approval and its decision that the 'navigation' of the measures runs into difficulty. Sometimes their course becomes a total mystery and is lost in the darkness of uncertainty and the mist of inaccuracy. I did not take part in our committee's work during September, but on the initiative of our chairwomen it tabled two resolutions urging the Council to implement provisions which had already been thought out and drawn up over a long period and had been approved by Parliament. I have an information bulletin printed by one of the Commission's divisions which compares the performance of the Commission and Parliament with the Council's delays, omissions and even negligence. It is clear that this state of affairs cannot be tolerated if we really wish to see our initiatives take effect. The situation has in fact been acknowledged officially. A few days ago, the President of the Council spoke during a meeting of the Committee on Energy and Research. He asked in particular for greater solidarity between the different countries so that the common policies would become a reality, expressed his regret that so little had been achieved during the meetings of the Council of Ministers in May and October, which had given rise to so much adverse comment, and pointed out that Community policy was making very slow progress. However, all this had already been said before: last spring the Danish President of Council of Energy Ministers expressed a similar view. During his assessment of activities during the six months of the Danish presidency, the President of the Council said

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that one of the issues which had not been satisfactorily dealt with in the Council — not the Commission or Parliament — was the energy problem. This is why I think the matter needs attention. Moreover, a few days ago — as reported in the press — President Giscard d'Estaing outlined the difficulties involved in introducing common policies. I mention this because I have the impression, Mr Commissioner — and I would like you to tell me if I am correct — that in the face of these difficulties there is a tendency to move away from Community initiatives and to allocate a large number of research activities to national programmes, which, although requiring coordination, are not of a specifically Community nature.

If I understood correctly and a talk given by you to electrical engineers in a Federal German city a month-and-a-half ago was reported accurately, you yourself seemed to consider that this situation was unavoidable and that the difficulty in constructing Community policies, or rather common policies, would have to be recognized. I should like to know whether this is correct. We should make an effort to ensure that a solution is found not only to this issue but to all those which will be discussed here — for example, coal in the way of greater collaboration, a solution capable of resolving Europe's present energy problems and creating a secure situation for the future.

To conclude, I wish to thank those colleagues who spoke favourably of our work and to say that I agree with Mr Flämig regarding the word 'option', as I have already said within the Committee on Energy and Research. I fully acknowledge therefore the validity of the point made by Mr Flämig.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I welcome the opportunity to go into the general questions associated with these projects, and I shall do so briefly.

Once and for all, I must eliminate the false impression that I had said that we did not need a joint energy policy. What I said was that the common energy policy must not resemble the common agricultural policy. I said that a common energy policy must not in every respect be centrally controlled from Brussels. That is not possible. We in Brussels cannot lay down ourselves and then impose upon the Member States every single investment, every price, every tax and every research project concerning the energy sphere, and no one in this Parliament would, I think, want this to happen. Nevertheless, our energy policy must be a common energy policy. What does that mean? It cannot mean merely registering the sum

total of the national energy policies, neither can it mean our confining ourselves — we as the Commission, you in alliance with us, or the Council of Ministers — to a loose coordination of these national energy policies. We need more: we need something between an energy policy that is centralist and one that is pursued at the purely national level. This additional something is what we have been trying for years to develop. Solidarity among the Member States must be its corner-stone. Without a modicum of solidarity in the financial sphere, with regard to investments, research or development, in the sphere of foreign policy, with regard to the pursuit of common interests *vis-à-vis* third parties, whether suppliers of coal, uranium or petroleum, without a modicum of solidarity with regard to Community legislation concerning energy, energy-saving or anything else — without all this we in Europe shall never be able to develop an energy policy worthy of the name.

There is another misunderstanding that I want to deal with: it did not crop up in Mr Veronesi's observations, for he has understood me correctly; nevertheless, I want to clear it up. This misunderstanding resides in the fact that we are submitting these projects piecemeal, one after the other, and that they have implications, sometimes for the sphere of research and sometimes for that of investments pure and simple and for the economic sphere. For these reasons it is said there is no European energy policy, we have no overall plan. That is not true. Both you and we have been building up objectives over the years, and these objectives are binding. All of us are clearly aware of the methods we have to adopt in order to reach these objectives. They are: common legislation, financial solidarity, the common pursuit of our interests *vis-à-vis* third countries. And these we are applying in many different projects on a small, medium and large scale. Every now and then we storm the Council, occasionally we get our way. In the long run — and of this you may be sure — all this will emerge as a joint European energy policy, whatever the obstacles that may lay in our path.

President. — I note that there are no more requests to speak. The motions for resolutions as they stand will be put to the vote tomorrow during voting-time.

The debate is closed.

17. *Decision on research programmes
in the field of reference materials and methods,
climatology and the recycling of urban
and industrial waste*

President — The next item is the joint discussion of the reports drawn up on behalf of the Committee on Energy and Research by

President

— Mr Krieg (Doc. 477/78) on the proposal from the Commission to the Council for a

decision adopting a multiannual research programme for the European Economic Community in the field of reference materials and methods (Community Bureau of Reference — BCR) and applied metrology (non-nuclear indirect action) (1979-1982)

— by Mr Holst on the proposal from the Commission to the Council for a

decision adopting a multiannual research programme for the European Economic Community in the field of climatology (indirect action — 1979-1982).

— by Mr Ibrugger (Doc. 494/78) on the proposal from the Commission to the Council for a

decision adopting a multiannual research and development programme of the European Economic Community in the field of recycling of urban and industrial waste (secondary raw materials) — indirect action (1979-1982)

I call Mrs Walz to introduce Mr Krieg's report.

Mrs Walz, deputy rapporteur. — (D) Mr President, ladies and gentlemen, uniform measurement is one of the prerequisites for the removal of technical barriers to international trade and thus for the achievement of a common market. Yet it is impossible to measure and define materials uniformly unless reference materials are available against which measuring instruments can be calibrated and on the basis of which they can be tested periodically. In order to coordinate and, where necessary, initiate research and development leading to the supply of *certified* reference materials in the Member States of the Community, a Community Bureau of Reference (BCR) was established in 1973. It forms part of the Commission's service and deals with the management and coordination of indirect research programmes in the field of reference materials and methods.

The present proposal, which should start in 1979 and run for 4 years, may be broken down into three distinct projects, namely: (a) reference materials and methods, (b) distribution and management of reference materials and (c) applied metrology.

a) The programme on reference materials and methods would be a continuation of the work already begun by the BCR and be designed to extend this work to other fields. The BCR develops reference materials of recognized quality and of interest to the Community. The preparation of reference materials involves collaboration with specialized public and private laboratories in the Member States. Each project is submitted to the Advisory Committee on Programme Management for an opinion, in the interests of the programme's management and also coordinating the work of the Joint Research centre in this sphere.

Up to now the BCR has certified 26 reference materials, while 86 are in preparation and a further 57 are planned. The Commission points out that the duration of a project for the preparation of a reference material, from its inception to the certification of the product, is from 3 to 4 years. Many laboratories may participate in a project and several different contracts are concluded for each material in preparation. This leads to a great deal of coordination work, which must be carried out by the BCR staff.

Our committee has thoroughly examined the Commission proposal and agrees to it, since it will promote a useful and practical work programme for the BCR.

b) The programme on the distribution and management of reference materials would involve the storage of these materials and the development of an efficient system for the acceptance of orders, the preparation of invoices, the despatching of reference materials and the drawing up of inventories. In addition, catalogues and annual reports on activities would be compiled. In the future, it is possible that the income derived from the sale of reference materials would compensate, at least in part, for the costs of management and storage of these materials.

c) Applied metrology is a new project. Up to now, the Community has carried out no work in the field of applied metrology except for nuclear measurements. The applied metrology programme aims at encouraging collaboration between laboratories in the Member States and embraces the following activities: intercomparison of secondary and transfer standards for derived units of measurement; improvement of measurement techniques and their accuracy; development of new measurement techniques; exchange of information and personnel.

The Commission proposal for a Council decision contains the Article 2 on which remarks have already been made here. Neither the Committee on Budgets nor we agree to it, but we have come to an agreement with the Commission. We shall have to raise this question again and again in the hope that one day it will penetrate the mind of the Council.

The Council has called for an increase in budgetary appropriations and in staff for the multiannual programme 1979-82. The cost for the 4-year period is estimated at 11.3 million EUA, to which must be added 2 million EUA to be furnished by the authorities of the Member States and other national sources. The total cost will therefore amount to 13.3 million EUA. We are of the opinion that the programme should be reconsidered at the end of the second year, and in this respect too we have reached agreement with the Commission. We therefore ask the House to vote for the Commission's proposal.

President. — I call Mr Ibrügger to present both his own report and that by Mr Holst.

Mr Ibrügger, rapporteur. — (D) Mr President, ladies and gentlemen, we have one thing in common, that we talk about the weather every day. We not only talk about it, we adapt our conduct to the prevailing weather conditions, since otherwise it would soon become apparent what it means to ignore the weather. I would be so bold as to say that we do not adapt ourselves to the climate and its effects as we do to the weather, for in the last few decades we have become inured to reports of extreme weather conditions and their effects.

When the headlines of the European press are filled with announcements of the destruction of crops or of the fate of whole sectors of the population who depend on agriculture for their livelihood, or of droughts followed by famine, then we realize that drought and desolation in many parts of the world have led to disasters constituting an explosive threat to society.

Where do the causes of all this lie? In what situations do these disasters arise? And what effects do wind, temperature, air-pressure, air humidity, cloud formation or water-surface temperature have on the climate? I only mention these various elements, since each of them required particular attention. I would also ask, what part does man play here? How does his mode of life affect the climate? What are his production methods? How does he react to the effects of these production methods upon nature and the climate?

Today we know that 60 % of the total energy produced is lost in the atmosphere in the form of heat. We are concerned about the use of fluorine hydrocarbons as a propellant in spray-tins, because it is to be feared that in the long term this will have considerable harmful effects on the Earth's ozone belt, if it does not actually destroy it. We are aware of the effects that this has on the Earth's radiation balance and also on the world climate. If we want to retain certain of our habits, without restraint and without regard to these factors, then we must be prepared for irrevocable climatic changes, whether it be the melting of the Antarctic ice-cap or radical shifts in the earth's climatic zones which will directly affect our food production.

The views of scientists in Europe range from predictions of an imminent new ice age to the possible emergence of subtropical conditions. For myself, the very variety of these predictions would imply that at present we can give no definite answer to questions of this kind. All that is clear is that we have more questions than answers to them. In its explanatory statement to the proposal for a research programme in the field of climatology, the Commission tells us that the

climate is known to be essentially changeable but that we do not know the precise causes of these changes. We know that climatic changes may take place at any time; we also know that man can play a part in them, but we do not know when or where they may occur. We know that even relatively small changes may have far-reaching effects, but we do not know the quantitative relations between climatic changes and those variables which are important for human life and welfare. We must therefore concentrate our efforts on clearing up as many as possible of our present uncertainties so as to avoid as many as possible of the dangers that climatic changes bring with them. For me, as one of the younger Members of this Parliament, it is depressing to find that, after many years' work, including work in the European Parliament, we know, for once, far too little and that, moreover, other problems and interests have obviously taken the upper hand.

There is, unfortunately, a gigantic race for armaments and for advanced technological improvements culminating in an ability to destroy human life. Of this one can only say that it bears constant and resounding testimony to our intelligence, while reason remains sadly neglected. Reason will now have a better chance to hold its own with this attempt by the European Community to devote greater attention to the problems of climatology on account of their own special implications for human life as a whole. That is the purpose we shall be serving when we, thanks to this Community research programme, have more knowledge at our disposal and are in a position to comprehend the workings of the climate and establish the causes of its variations and, as a secondary aim, to greater detail possible effects of climatic variations on the soil, water, the air, vegetation or the weather and the part played in this by man. In the fields for research which the Commission proposes as priorities — the reconstruction of past climates and the construction of climate models — the chances of successfully predicting climatic changes can only be improved by studying these changes and their effects on soil productivity and water supplies, also climatic disasters and their effects on energy requirements, consumption and production.

We are all aware of the threat to the atmosphere and the climate which comes from chemical pollution of the atmosphere and from the release of energy. During its discussions of the subject, the Committee on Energy and Research therefore gave this Commission project its unreserved support. It should be added that the Commission proposes to incorporate in this programme two further specific spheres of activity — namely, the establishment of an inter-disciplinary working-group for the study of climatic impacts and making the necessary preparations for the inventORIZATION, coordination and enrichment of European climatic data-sets. In the main, the programme is to

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be carried out by contract, as an item of indirect action, and supplemented by concerted actions in order to improve the knowledge of scientists not directly engaged in this contractual research. It is to be launched in 1979 and continued until 1983, and 8 million EUA are to be appropriated for this purpose in the budget. This is to be regarded as a maximum sum so far as the European Community is concerned.

The Committee on Energy and Research unreservedly welcomes the aims of this research programme — among other reasons, because climatic conditions make it clear that in Europe cooperation must extend beyond national frontiers and embrace European countries outside the Community. The committee therefore supports the programme as a whole and recommends the Parliament to adopt this report by Mr Holst.

I now turn to the report submitted by myself on behalf of the Committee on Energy and Research. To put it briefly, the programme on the recycling of urban, industrial and agricultural waste (secondary raw materials) is to cover the following research topics: (1) recovery of materials and energy from household waste; (2) thermal treatment of waste; (3) fermentation and hydrolysis of organic agricultural, industrial and household waste; and (4) recovery of rubber waste. The funds required for this four-year programme are estimated at 13 million EUA.

Mr President, ladies and gentlemen, one of the characteristic features of human development in the twentieth century is the growth in the population. This general increase — though within the European Community the population is actually falling — and rising standards of living have led to a tremendous increase in the demand for raw materials, and we must be clear in our minds that the closed system of the world's raw materials means that these materials are bound to become scarce. The presence of mineral raw materials, their availability and their cost have been causes of political conflict between the industrial countries and the countries of the third world, and these political conflicts must also be taken into account when dealing with a programme of the kind we have here. The prospect of supply bottlenecks in the coming decades and of exhausted stocks inevitably means, for all those concerned, that greater care will have to be taken in the use of raw materials. In the various Member States of the Community, as in all industrialized countries, an effort must be made to prevent the complete exhaustion of raw materials supplies, to recycle more waste and to use this waste to an increasing degree for the production of energy.

There is no need for me to give you detailed figures to show the tremendous scale on which waste occurs daily in the European Community. I will give only one example: in 1976 alone, the Community produced no less than 1 500 million tonnes of waste, or 4.2 million tonnes a day.

The Committee of Energy and Research has devoted much study to this Commission proposal, to two problems in particular which, so it seemed to us, had not received adequate treatment in the Commission document. One of these is the sorting of waste at source, for which a particular attitude of mind on the public's part is required if it is to cooperate actively. This problem has already been tackled on a number of occasions, but many of the attempts to do so have, in our view, been too short-sighted.

The question concerns the degree to which waste is immediately exploitable and the appropriate attitude on the part of the public. More particularly we are concerned with the relation between the techniques used in collecting waste and the extent of the public's cooperation, a matter on which, it seems to us, the evidence available is not yet sufficiently conclusive; secondly, the effects of changes in collection techniques on the quality of the material collected; thirdly, the possibility of reducing the cost of collection at source; and finally, the development of collection and transport systems which are economical. Discussions during visits to research centres concerned with these problems have shown that the type of residential area plays a part and that success is greatest in areas where houses occupied by single families predominate. In the document we are debating, there is no mention of the question how waste-collecting systems can be adapted to areas where blocks of flats predominate.

Another point on which we are critical of the Commission's research coverage concerns the sorting of mixed domestic waste, where we feel it might be sensible to extend the programme to include a closer study of the economic angle. It is not enough to note that the recycling of a particular product, for example glass or non-ferrous metals, appears uneconomical because the costs of collection, transport and reprocessing are too high: we should take a much broader view of these things and consider them from the viewpoint of environmental pollution; we should, that is, try to decide whether these measures are economical in the light of the burden on the environment which is caused by the manufacture of new products.

At its last meeting, the Committee on Energy and Research examined this programme in some detail. We should have liked to pursue this study further, but since the programme is to come into force on 1 January 1979, we recommend that the Parliament give it its approval.

The committee also wanted to make the following points. Enhancing self-sufficiency in raw materials by reducing the large scale of waste in various branches of the economy serves to protect the natural environment and by virtue of this fact alone deserves greater consideration. Further, there should be the greatest

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possible coordination with other important research and development activities in the Community and the possibility of cooperation with third countries should be examined with a view to incorporating important developments in the United States or other countries in the Community's own joint research.

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

Mr Brown. — I would say to Mr Ibrügger how excellent it was to hear his presentation of both those reports, not only his own, but also that of my colleague, Mr Holst. He outlined, I think, many of the things which, in fact, are a problem to us. If I can take Mr Holst's report first, I am bound to say that it is fascinating to see why we should really want the long range forecasts because when we get them now, nobody actually believes them and I am not so sure that if we get the long-range forecast by the methods proposed in the working document, we should believe them, either. For instance, as I was informed that it was going to be cold in Luxembourg this week. I, of course, came in my greatcoat. And, of course, when I arrived the temperatures were sweltering. We cannot even get it right just for three days, let alone for the thirty days in advance. But I think it is important for us to understand the weather a bit more.

The only thing that I was concerned about in the Commission's proposals is that there is no idea of using satellites. I have been a great believer in the use of regional satellites, certainly for meteorological work, and the World Weather Watch was a great concept for the world understanding of the climate. Therefore I am a bit nonplussed as to why no reference is made to it in the document, because it seems to me that much basic information for reconstructing models of past climate and for constructing future models and making predictions would come from this source. So I do hope the Commission will be able to comment on that. How in the proposals before us do we see the role of the World Weather Watch, how do we see the use of satellites? And I hope it will be possible to persuade Europe someday to go back to what I was arguing for 15 years ago, that we would have a regional satellite working for us in this area, as well as a second satellite for educational purposes. The report now before us offers me the opportunity of at least flying my little kite as to whether there is a possibility that we in the Community could use a satellite for these purposes.

To come now to Mr Ibrügger's report, as always, he did go into great detail here and I got great value from his presentations in our committee. But there is one area about which I am a little concerned: paragraph 6 of the report says that the programme is based on four studies.

The one material, it seems to me, that particularly needs to be recycled, is, of course, plastics. This is

causing great concern in all our countries. We are an almost 'plastic' society now, everything we touch is made of plastics. What worries me most as regards plastics, is, of course, polyurethane foam. I have drawn the attention of the House many times to the danger of this particular material. It has a very high combustion rate, it also gives off heavy toxic fumes, and if it catches fire in one's home, it is almost impossible to escape.

Now it does seem to me there are two reasons why we should look at plastics, and polyurethane foam in particular. Firstly, how do you recycle it? Second, how do you dispose of it? In the old days it was easy to get rid of old furniture, for example. The ordinary form of fillings for furniture was horsehair and the like. It was easy to dump it onto a fire, or a bonfire, and burn it. But if you dump present-day furniture, filled with polyurethane foam, onto a bonfire, anybody in close proximity is likely to have irreparable damage done to his lungs, because of the toxic fumes that are given off from the burning polyurethane foam. Therefore one cannot dispose of it that way. And we do not seem to be thinking of how to dispose of this material. Therefore I do hope the Commission will find it possible, under heading of recovery of rubber waste, to look at plastics, and polyurethane foam in particular, to see whether it was possible either to make it harmless in some way, treat it to make it at least less dangerous, and, secondly, to find out whether there is any recycling process that will be useful for recovering some of the petrochemicals from which polyurethane foam is derived.

I do wish to congratulate my colleague. He has prepared an excellent report. I hope, in adding my few words to it, that it will be possible for us to have a look at this additional scheme, but I do recommend his report to the house.

And on Mr Krieg's report, once again, he has prepared an excellent report which our chairman very kindly presented for him. I think it is a useful piece of work and one that will help us to understand a bit more about metrology.

On behalf of the Socialist Group, therefore, Mr President, I wish to say that we support all three reports wholeheartedly.

President. — I call Mr Fuchs to speak on behalf of the Christian-Democratic Group (EPP).

Mr Fuchs. — (D) Mr President, ladies and gentlemen, the Commission deserves our gratitude for submitting these three research programmes, because in my view they may well encourage us to shape our future in more humane and sensible fashion in the midst of a highly technicized and industrialized world. They are also, I think, an indication that in this sphere of Community research the Community is

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really acting as a Community: we may not stand to gain so much from the political standpoint, but it is acting. They also, I think, provide evidence that Parliament, Commission and Council are devoting themselves wholeheartedly to these specific questions which we are debating today: the problem of raw materials, of recycling, of protecting the environment and removing obstacles to trade. The result is that these research programmes reveal a truly Community dimension, and to the doubters I should like to say that their doubts are not justified. Some people say: energy research — all right, but research in other fields is not a job for the Community. In my view, this argument is completely refuted by the explanatory statements attached to all three documents, and as spokesman for the Christian-Democratic Group I can say that we support these programmes without qualification.

One or two brief remarks on points of detail, first of all on Mr Krieg's report. I should like to thank him and Mrs Walz for making clear to us the importance of this subject, which at first sight seems so specialized; I should like to thank them for making it clear that here a contribution is really being made to the flexibility of economic relationships within the Community. A glance at the second programme, the one on reference materials, shows that the tasks involved are very necessary. The table, for example, shows that a considerable number of operations begun under the first programme must now be continued, that 30 new individual research projects must be carried out in the important field of non-ferrous metals, that there really is an urgent need to be met.

I am particularly interested in the explanations that are given in each particular case. We are told, for example, that the aim is to promote public health, protection of the environment, protection of the consumer, the implementation of Community directives or of commercial transactions both within and beyond the Community's boundaries. It is also to be welcomed that this programme is now to be extended to metrology in order to enhance the precision of measurements. These are all fields of importance for the Community as a whole, and it would be foolish to pursue them at the national level and so run the risk of failing to win acknowledgement in other countries.

Similar considerations of a general nature also apply to the Holst report on the multiannual research programme in the field of climatology. I wish to thank not only Mr Holst but also his deputy, Mr Ibrügger, for introducing the report. They have shown us that this, at first sight somewhat theoretical-sounding research project has practical importance and also a genuine Community dimension, since the climate does not stop at our national frontiers, particularly in Europe, small as it is.

In order to ensure, however, that this climatological research produces something more than just theory, it

is particularly important to press ahead with the study of short-term changes in the climate, also as Mr Ibrügger pointed out, the question of the mutual relation between man and the climate, the effects of chemical pollution of the atmosphere, the question of heat losses and the release of energy, the consequences for soil and water resources, the effects on energy requirements, consumption and production.

These things are of essential importance and are to be welcomed from the practical point of view. They are also given clear and ample justification, in my view, in the Commission proposal. What we are after — and this is the common aim of all research — is the long-term protection of resources, the assurance of a competitive economy on the international plane, the improvement of living and working conditions and the protection of nature and the environment.

As regards climatology, one may be a little sceptical about the immediate progress that can be achieved towards these ends, but the third programme, the research programme on the recycling of industrial, agricultural and domestic waste, displays, I think, an immediate and practical connection with the aims I have just outlined. Mr Ibrügger has made this abundantly clear, both in his written report and in his oral introduction, and I wish to offer him my sincere thanks.

I think it was right, on the committee's part, to widen the subject somewhat and to state that the public should be given a bigger part to play and that we also ought to look beyond the frontiers of our Community. We also welcome the proposal that the programme committee should extend its coverage to the programme we approved at the beginning of this year the programme on the recycling of paper and board — in order to make possible a meaningful concentration of effort.

That should suffice to justify our positive attitude. I think these measures should be reconsidered when the proper time comes and that of course, when this is done, Parliament must be allowed to express its opinion and, if necessary, propose a new and better line of activity.

On behalf of the Christian-Democratic Group, therefore, I recommend that these three research programmes be adopted. Finally, I wish to press home the urgent wish that the Council give its approval as soon as possible — if possible, this year — for we were asked to regard these subjects as being of urgent importance and we are therefore entitled to expect similar treatment from the Council. We are persuaded that these programmes will bring about genuine improvements. Above all, they should come into force on 1 January 1979, as envisaged in the Commission's proposals. I hope that the appropriate decision will be made by the Council.

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

Mr De Clercq. — (NL) Mr President, may I begin by congratulating our three fellow Members on their reports. I shall confine my remarks to the report by Mr Ibrügger.

I am particularly pleased by this report, because I feel sure there is a great need for it in this society of ours — a society of throw-away products, disposable goods, a society that is polluting its own environment.

The programme is intended to deal with this. If it were implemented it would lead to a fall in the consumption of primary products, a fall in energy consumption, and better protection of the environment. It could also help to improve the trade balance of the Community countries and create new jobs.

Judging by what this programme seems capable of achieving, it is in fact very impressive indeed.

But it is nevertheless doubtful whether projects of the kind it is hoped to carry out in this field are in fact economically viable.

Experience has shown that recycling can often be uneconomical. Though what is not economical in the short term may well prove to be so in the longer term, when primary products have become scarcer and prices have risen.

I feel that a programme of this kind is as important as the search for new energy sources. We are already prospecting for energy sources that cannot be said to be economical at present. But prospecting should nevertheless continue, because the new resources could well prove invaluable at a later stage.

The Liberal Group is in favour of this programme. When we have acquired sufficient experience, when we have hit on a systematic approach, when we have managed to rationalize the projects and improve the recycling process, we shall probably find that the programme can be made economical much more quickly than we expected.

The Liberal Group thus approves of this kind of programme because it stands for protection of the world we live in and in one way of ensuring that we can hand down an inhabitable environment to coming generations.

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

Mr Veronesi. — (I) Mr President, colleagues, I wish to say just a few words in support of the unanimous approval of the three interesting reports and the Commission's initiatives. There is scarcely any need for me to say more, since those before me have amply illustrated the merit of the initiatives. I shall therefore confine myself to a few comments which will highlight the general agreement.

Here too, Mr Brunner, I can see the Commission's plan being put into operation. I fully acknowledge that the Commission has its own plan, and my criticisms were levelled at the Council. The programme for the disposal of solid urban waste follows the one which we approved on the treatment of sludge: they are mutually supplementary and show that the Commission has an overall view of the problems of our society and of life in urban areas.

I consider the issue of treating solid urban waste to be extremely important. I had to deal with this problem over a long period of time as municipal administrator of a large Italian city, and I had great difficulty in finding economical and hygienically acceptable solutions. The possible solutions are endless, and none of them is really new. In the United States, machines have been installed in the houses to grind suitable products, which are then discharged through drains, but this is not very economical in view of the amount of water which has to be used. We tried practically all known solutions except recovery, which is being considered today. Some of my colleagues will know that this is not a new solution; as a youth, I remember seeing equipment for this kind of operation in Paris before the world war, but it involved working in unhygienic conditions and I would not recommend recovery with such equipment. The research proposed is in fact aimed not only at the recovery of useful raw materials but also at the protection of those engaged in the operation.

During the past few decades, the composition of solid urban waste has changed considerably: it weighs less; synthetic chemical products predominate; 'disposable' wrapping has added many plastic materials, and while this may be convenient for disposal by burning, it is questionable from the health point of view, since it appears that some combustion products (dioxane) are carcinogenic. In view of all this, I feel that this study is extremely worthwhile. With regard to the economic aspect of the initiatives — and I refer to the observations made by Mr De Clercq — all factors directly or indirectly affecting the cost must be assessed. It is important to see what guarantees are provided for the health of the citizens and of those operating the equipment.

There is thus great scope for research and it deserves support.

Regarding the Krieg report, I think there is no need to comment on the economic importance of the issue

Veronesi:

for trade, since this is perfectly clear. Although it concerns a highly technical and delicate issue, the programme is extremely important and deserves enthusiastic support.

With regard to the third report, it was time for the Commission to deal with the problem of climatology. I am well aware that solutions will not be found for many decades. This five-year programme is only a beginning: I asked that the resolution should mention that this is a first step in a programme which should extend over a long period in view of the need to collect both new and historical data — over and above the new devices for assessing atmospheric phenomena at the time they occur — which might lead to satisfactory solutions.

Having said this, I should like to add that I know many people interested in these problems who are awaiting approval of the Community programme in order to initiate research plans. Our group therefore pledges its full solidarity and support for these initiatives.

Mr President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (*D*) In view of the advanced hour, I shall be brief, and I should like to back this up with a quotation by the present Pope, who said at the end of his enthronement ceremony, 'We must now go and eat'. I am very grateful to you debating these subjects and in particular to the chairman of the Committee of Energy and Research, Mrs Walz, for taking the trouble to present them herself and for coming here to do so in spite of many difficulties. I wish to thank the rapporteurs, Mr Krieg, Mr Holst and Mr Ibrügger, in particular the latter for his very useful and detailed observations. He took it on himself to present a colleague's report as well as his own, and for this deserves our especial thanks.

With all these three projects we are breaking fresh country. As you rightly pointed out, Mr Veronesi, they are part of an all-embracing plan and should help us to make progress. The project on reference materials will bring us a big step forward, into the field of metrology. Mr Fuchs pointed out how important this is for the free movement of goods within the Community. We have already developed 35 reference materials, and under this programme we shall reach the figure of 100. The financial increase shows that we are making a big step forward, for we are moving from 2.5 million u.a. to 11.3 million u.a. and this is a very considerable advance. Our ideas in this field have been described at length by Mr Fuchs. Where common standards and common references provide an ever-growing basis for efficient trading within the Community, more must be done for research, and what we have already done shows that we are on the right path.

The other two subjects were dealt with exhaustively by Mr Ibrügger. On the question of the climate, it must be said that with this first project we have made a big step forward. We want — and here I come to Mr Brown's questions — to work with international organizations and make use of the satellite techniques which they employ. Mr. Brown may rest assured that we shall avoid all duplication of work and shall employ the latest methods.

We are pursuing a dual aim: first, we want to come to understand the climate and for this purpose we intend to make use of data from the past; second, we want to extend research to the reciprocal effects of the climate and human activities and to climatic disturbances which are caused by these activities. Here I think we are on the way towards doing something that may be of great importance to the citizens of Europe, whether they live in conurbations or in rural areas.

Finally, I come to the projects for research into waste and its exploitation. For many years we have treated these things as purely environmental problems, but now we are coming to realize — and probably the oil crisis has had something to do with this — that here we have an opportunity to recover raw materials. We intend to pursue this research energetically and to do so in a way that will be profitable to humanity. Here we intend to go into the question, raised by Mr Brown, of recycling artificial fibres and products made from them. If we bear in mind the amount of waste occurring in the Community, then we shall see how tremendously important this is. Industry alone produces 115 million tonnes of waste a year, while domestic waste amounts to 90 million tonnes a year. Altogether, in the course of one year we produce in the Community over 1 000 million tonnes of waste, of which the greater part, of course, is accounted for by agriculture.

We have therefore, to tackle these problems. At first we shall do so only on a modest scale, for only 13 million u.a. are envisaged for this purpose. Nevertheless, I think it is a promising step. Together with the Parliament, we shall assess the results of this multiannual programme at its conclusion and discuss its first results with you half-way through its course. For the rest, I accept all the proposed amendments.

President. — I note that there are no further requests to speak. The motions for resolution as they stand will be put to the vote tomorrow at voting time.

The debate is closed.

18. Urgent procedure

President. — I have received from Mr Vernaschi and others a motion for a resolution on Tunisian attacks on Italian fishing vessels (Doc. 515/78) with request

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for urgent debate pursuant to Rule 14 of the Rules of Procedure.

The reason given for the request is that it is essential for Parliament to vote on the matter as quickly as possible in order to prevent deterioration in relations between the Community and Tunisia.

I shall consult the House on this request for urgent debate at the beginning of tomorrow's sitting.

19. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 12 December 1978 at 10 a.m. and 3 p.m. with the following agenda :

- Decision on the urgency of two motions for resolutions.
- Bangemann report on the general budget for 1979
- Ripamonti supplementary report on Annex I to Section II of the 1979 general budget
- Ripamonti supplementary report on Section V of the 1979 general budget
- Cointat report on the implementation of the 1976 budget of the Communities
- Schreiber report on the ECSC levies
- 3 p.m.: Question Time
- 3.45 p.m.: Voting-time

The sitting is closed.

(The sitting was closed at 8 p.m.)

ANNEX*Commission action on opinions adopted by the European Parliament at the November 1978 part-Session*

1. At its November part-Session the European Parliament adopted 31 opinions on Commission proposals to the Council. In 24 cases the Parliament approved the Commission proposals. The list of these opinions is given in the Parliament paper PE 56, 146.
2. The European Parliament proposed amendments to the Commission proposals in 7 cases. During discussion the Commission explained why it wanted to keep its proposal *for a regulation making provision for aid for degerming maize*, which was the subject of a report by Mr Howell which proposed rejection by the Parliament.
3. The Commission accepted the parliamentary amendments contained in 6 reports :
 - (a) *Mrs Squarzialupi's report on the protection of groundwater against pollution from certain dangerous substances*
The internal procedure for the amendment of the proposal for a directive is under way. As promised by Mr Natali, all the amendments are being incorporated.
 - (b) *Mr Lezzi's report on the communication concerning food aid management*
An amended proposal in line with the undertakings given by Mr Cheysson at the plenary session is being prepared and will be submitted for Commission approval during the course of the week.
 - (c) *Mr Veronesi's report on the research programme on safety in thermal water reactors*
An amended proposal in line with parliamentary desires has been prepared and sent to the Council.
 - (d) *Mr Ney's report on medical research*
An amended proposal in line with parliamentary desires has been prepared and sent to the Council.
 - (e) *Mrs Cassanmagnago-Cerretti's report on research and development in the environment field*
An amended proposal in line with parliamentary desires has been prepared and sent to the Council.
 - (f) *Mr Inchauspé's report on a regulation concerning temporary admission arrangements*
An amended proposal in line with the undertakings given by Mr Burke at the plenary session is being prepared and will be submitted for Commission approval during the course of the week.
4. All amended proposals are sent to the Parliament at the same time as to the Council.

SITTING OF TUESDAY, 12 DECEMBER 1978

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IN THE CHAIR: MR COLOMBO

President

(the sitting opened at 10.10 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.

Are there any objections?

The minutes of the proceedings are approved.

2. *Deadline for tabling amendments*

President. — I call Mr Cointat on a point of order.

Mr Cointat. — (F) Mr President, Mr Pisoni's report on wine has not yet been distributed and yet we are supposed to table amendments by six o'clock this evening. I am wondering how we can do this if we do not have the report. I make the point in the hope that you will be able to postpone the deadline for tabling amendments.

President. — I do not see any difficulty about prolonging the deadline for tabling amendments until 12 noon tomorrow, in the hope that the report will have been completed meanwhile.

Are there any objections?

That is agreed.

3. *Statement by the President*

President. — Yesterday Mr Brown made a statement concerning the procedure without report during the part-session in November.

I confirm that Mr Brown has indeed requested in writing permission to speak, pursuant to Rule 27A (6) of the Rules of Procedure, with a view to obtaining the reference back to committee of the two proposals contained in Doc. 274/78.

The President of the sitting and consequently Parliament were not informed of this request.

However, since Mr Brown's request has been confirmed, the two proposals are referred to the Committee on Energy and Research.

The Council and Commission will be immediately informed of this decision.

4. *Decisions on urgency*

President. — I consult Parliament on the adoption of urgent procedure for the motion for a resolution tabled by Mr Bayerl, Mr Calewaert, Mr Pisani, Mr Dondelinger, Mr Albertini, Mr Holst and Lord Ardwick on behalf of the Socialist Group, and Mr Sieglerschmidt, Mr Bangemann on behalf of the Liberal and Democratic Group, on the accession of the European Community to the European Convention on Human Rights (Doc. 509/78).

I call Mr Rippon to speak on behalf of the European Conservative Group.

Mr Rippon. — Mr President, before the vote I should like to say on behalf of my own group that although we recognize that this is a matter of importance, we do not feel it can be regarded as a matter of urgency. We would reiterate what we have said on previous occasions, that we think the House ought to be careful about granting requests of this kind. I would have thought it more appropriate that this should be referred to the Political Affairs Committee with the request that they should deal with it as quickly as possible.

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

Mr Sieglerschmidt. — (D) Mr President, this motion for a resolution deals not only with the European Community's accession to the Human Rights Convention but also with the follow-up to be given to our own resolutions of 1977 and April 1978 and with the continuation of the work begun by the Florence Round-Table Conference which was called by this Parliament in October 1978. Now of course we could simply let the matter drift its slow and gradual course through the committees until the end of the present Parliament and leave it for the new Parliament to take up again. We could certainly do that. But I do not believe that this is the right thing to do if we really

want to be able to present at least the broad outlines of our proposals for a Citizen's Charter before the direct-election campaign gets under way. The details could be sketched in later. My point is, Mr President, that time is running out and we must do something about it and do it quickly. That is why we have brought it forward as a matter of urgency and are asking Parliament to support the request.

President. — I put the request for urgent procedure to the vote.

Urgent procedure is rejected.

Pursuant to Rule 25 of the Rules of Procedure, the motion for a resolution is referred to the appropriate committee, in this case the Political Affairs Committee.

I now consult Parliament on the adoption of urgent procedure, requested by the Council, for the report drawn up by Mr Inchauspé on textile imports from third countries (Doc. 467/78).

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, this poses certain problems. Speaking on behalf of the Committee on External Economic Relations, I can understand the importance of this particular report for all those areas where textiles are manufactured. However the problem from the Committee's point of view is that — as I have been informed — Mr Inchauspé will not be able to be here except on Thursday and the group is apparently unable to appoint another rapporteur.

There is a further point, which I must stress. As I pointed out last night, we had a Bureau meeting on 30 November. This item was not brought forward as a matter of urgency by the Council; if it had been, there would have been no problem in entering it on the agenda in its proper place, and we could have considered it then. The Council, however, decided not to bring it forward as a matter of urgency, although they received it from the Committee on 24 November, and therefore had six days to decide, together with the Commission, as to whether or not it was important. They decided it was not important. Now, on 8 December suddenly, the Council and the Commission decide that it is important. I think that this is a regrettable procedure, though with reluctance I am speaking in favour of this report being debated by urgent procedure. The debate must be held on Thursday evening as that is the only time our rapporteur will be able to present it. But I deeply regret the way the Council and the Commission have handled the matter. I think it is regrettable and should not be repeated.

President. — You are in favour of urgent procedure, subject to a decision on the day on which the motion for a resolution should be debated, which is another problem.

President

I call Mr Vandewiele to speak on behalf of the Christian Democratic Group (EPP).

Mr Vandewiele. — Mr President, we have to deliver an opinion on provisions which are to enter into force on 1 January but the subject is so important and the Legal Affairs Committee has had to give it such detailed attention without having enough time at its disposal that we must protest against this state of affairs and refuse to give our opinion at this stage. We would like the debate to be held in January.

President. — I put the request for urgent procedure to the vote.

Urgent procedure is rejected.

I call Mr Lahnstein.

Mr Lahnstein, President-in-Office of the Council. — (D) Mr President, that poses a difficult legal problem and I must say that it is also perhaps a rather strange procedure.

I cannot accept Mr Scott-Hopkins' rebuke since, in the Council's view, there was no point in embarking on a debate as no Member of Parliament had spoken against the motion. It was reasonable for the Council to assume, therefore, that, whatever the criticisms that had been levelled at its conduct, the motion would in the end be carried, since no one here had spoken against it. I could not interpret the procedural debate any differently.

I must make the point, incidentally, that the Council did in fact include the subject of the present debate in its list of priority matters on 30 November. However, it must be admitted that the Council did perhaps fail to lay sufficient stress on the urgency and to that extent the Council may have been guilty of a procedural error. I would have made this admission in an earlier stage of the debate but no one here had opposed the motion.

We are now in a most unfortunate position because what the vote we have just had means is that as from 1 January we shall have a legal vacuum. And that, Mr President, is something I deplore.

I should like to make another point. Yesterday there was a discussion in this House on the eighth VAT directive. At the request of the Council, the Bureau had put this point on the agenda, but Parliament decided to remove it again. This, too, has legal implications in that the Council will not now be able to discuss Parliament's opinion until February. This is not quite so serious in its consequences as the vote we have just had, which — and I cannot emphasize this too strongly — puts us in an extremely difficult situation. What I cannot understand is how a motion can be rejected when nobody has previously spoken out against it.

President. — I take note of your statements. Nevertheless Parliament has already voted. However, Parliament will take your observations into consideration in future voting on this subject.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Following on from what the President-in-Office has just said concerning the earlier matter, do I understand that in point of fact the secretariat of the Bureau did receive a list of priority documents required by the Council? If this was so, we did not receive it in the Bureau, sir, and I was wondering why this kind of lack of communication, or mistake, can happen, because according to the President-in-Office this particular Inchauspé report on textiles was on the list of priority matters the Council wanted, and yet we were never informed about this in the Bureau.

President. — All this can be ascertained, and will be discussed at the Bureau meeting tomorrow.

I now consult Parliament on the adoption of urgent procedure for the motion for a resolution (Doc. 515/78) tabled by Mr Vernaschi, Mr Amadei, Mr Martinelli, Mr Lezzi, Mr Ligios, Mr Scelba, Mr Pisoni, Mr Bersani, Mr Fioret, Mr Ripamonti, Mr Granelli and Mr Covelli on Tunisian attacks on Italian fishing vessels.

I put the adoption of urgent procedure to the vote.

Urgent procedure is adopted.

I propose to place this motion for a resolution on the agenda for Thursday, December, as the last item.

Are there any objections?

That is agreed.

5. General budget of the European Communities for 1979

President. — The next item is the report (Doc. 503/78) drawn up by Mr Bangemann on behalf of the Committee on Budgets on:

- the draft general budget of the European Communities for 1979 (Section III — Commission) as amended by the Council and Parliament and on the adoption of the budget (Doc. 472/78),

and the supplementary reports (Docs. 505/78 and 506/78) drawn up by Mr Ripamonti on behalf of the Committee on Budgets:

- following the Council's deliberations on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Annex I to Section II 'Council': *Economic and Social Committee*, and
- following the Council's decisions on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Section V: *Court of Auditors*.

I would point out that in this final phase of consideration of the general budget, Parliament can only express an opinion on the modifications made by the Council to the draft amendments which we approved during the first phase. The amendments tabled to these modifications will have to be discussed during the forthcoming consideration of the report.

President

These will be put to the vote on Thursday and in view of the fact that, in order to be adopted, these amendments must obtain the votes of a majority of the Members of Parliament and three-fifths of the votes cast, I strongly urge all the political groups to do their utmost to see that a sufficient number of Members of Parliament will be in their seats for the final vote to permit the necessary quorum to be achieved.

I call Mr Bangemann.

Mr Bangemann, general rapporteur. — (D) Mr President, I should first of all like to take a brief look at the situation that has arisen in the light of the Council's decisions of 20 November 1978 and the proposals drawn up by the Committee on Budgets at its last meeting of 4 December 1978, which have been put before the House.

In response to the figures we adopted at the first reading on 25 October 1978, the Council, on 20 November 1978, made some slight changes to its original draft. In the case of commitment appropriations these changes amount to 625 million and in the case of payment appropriations to 315 million. In comparison with the figures we adopted at the first reading, namely an increase of 2 200 000 in commitment appropriations and 842 million in payment appropriations, this did not of course amount to much. The Committee on Budgets therefore proposes to the House that we go beyond the amounts agreed by the Council and vote an additional 483 million in commitment appropriations and 315 million in payment appropriations.

Even if we do this, Mr President, we shall reach only about 50 % of the increases in commitment appropriations that we adopted at the first reading, and 80 % in the case of payment appropriations. The proposals of the Committee on Budgets can therefore be regarded, and should be regarded, as an attempt to arrive at a compromise solution. In this connection, as rapporteur of the Committee on Budgets. I have tried in a series of informal talks to find a compromise with the Council, giving that institution to understand that the positions we have adopted need not be regarded as final, and that it might be possible to move closer together.

As far as payment appropriations are concerned, this would seem to create no difficulties. In this connection I should mention one of the few positive aspects, namely that there is scarcely likely to be any controversy over the increases of 315 million in payment appropriations. If we think in terms of figures, then the difficulty undoubtedly lies with commitment appropriations, and not so much in regard to the additional 483 million that we are still proposing as the 480 million in commitment appropriations for the Regional Fund, which the Council has accepted.

It is here, Mr President, that I come to the first of the basic difficulties that I must cover in my report to the House on the present position. As you will recall, at

the first reading we increased both the payment and the commitment appropriations earmarked for the Regional Fund. We put the commitment appropriations up to 1 000 million, on the premise that we must do more to deal with the imbalances existing in the Community. We were moreover aware — and this was confirmed by the Commission — that a certain amount in commitment appropriations is needed if we are to be sure that appropriations will actually be spent in subsequent financial years. The Commission has always explained that one can only count on one third of the appropriations being used in the first year, the remainder being spread over the next two years. This means that if we are in fact to utilize payment appropriations in 1979 and the following years at the rate decided upon by the European Council, then we have to set the commitment appropriations at 1 000 million.

Now, when the Council came to consider the relevant Parliament amendment at its meeting of 20 November, it failed to obtain the majority necessary to reject it. This was in fact confirmed in a letter from the Council to you, Mr President, and in reply to a question at a meeting of the Committee on Budgets the President of the Council confirmed yet again that that was the way it happened. The resulting legal position, which in my view is completely clear and unassailable, is as follows. The Treaty lays down precise voting procedures and majorities which apply to the individual Community institutions. For example, to adopt a draft amendment or proposed modification at the first reading Parliament must produce a majority of 100 votes or more. You will recall, Mr President, that in the case of a number of headings, some of which concerned Parliament itself, we failed to obtain this majority, and of course we refrained from forwarding the relevant amendments to the Council, since we stick to the Treaties and to the laws. I have always assumed that the Council likewise wants to stick to the Treaties and the laws. If that is the case, it means that this Parliament amendment, not having been rejected by the Council by a qualified majority, was accepted. In the table which you will find at the end of my report we have accordingly included both amounts, the commitments as well as the payments, in the totals produced by the Council's meeting of 20 November 1978. However, the Council now says that all this is very well, but by this decision we exceeded the maximum rate of increase announced by the Commission on 1 May, so that before this decision can be legally implemented another decision has to be taken on a new maximum rate, which again requires a qualified majority in the Council and which must then be fixed by agreement with Parliament. The Committee on Budgets agrees with this view to the extent that we have always said that we do have to go through these two stages. We have a first stage in which the Council looks at Parliament's proposed modifications and draft amendments and we have a second stage in those cases where the maximum rate

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of increase is exceeded as a result of the Council's decisions. In that event the Council must decide by a qualified majority on a new rate of increase.

However, Mr President, there is of course a connection between these two decisions. It is surely quite unthinkable that the Council should accept Parliament's draft amendments and then go on with another qualified majority to decide on a maximum rate that does not cover this first decision. Such a course would be self-contradictory, and I cannot believe that this is what the Council would want. Nevertheless, Mr President, my view is not shared by the Council. The Commission, on the basis of the answers it gave to questions last night, seems to go along with the Council in this matter or at any rate to have a similar view of the legal position. That being so, our negotiations on this point are getting nowhere, for what is at issue here is not merely figures or the political significance of the Regional Fund, but a question of principle: Do we want to apply the text which, by the Luxembourg Treaty, we introduced into the Treaty of Rome, I am referring here to Article 203, in such a way that the individual institutions concerned must adopt legal positions that make a compromise possible, or do we want to go back to a position worse than the one established in Luxembourg? This is the point now at issue.

I should like to draw the attention of my honourable friends, particularly those who, for understandable reasons, have espoused the cause of the Regional Fund and its extension, to the fact that there are two aspects to the decision. In the first place Parliament is clearly resolved to do more under the Regional Fund, but at the same time it is no less clearly resolved to hold on to the budgetary powers that it has acquired. If, Mr President, we accept any compromise that the Council might be offering us on this point, then we shall be putting our successor, the directly elected Parliament, in a worse position than the one we find ourselves in today. That is something that no one can ask us to do. It just cannot be right that the Council should take a decision and then want to hear no more about it. If we want this Community to move forward, Mr President, then one thing must be certain: It must defend the legal structure that it has carved out for itself, in fact all the Community institutions must be prepared to defend it. And that means the Council, the Commission and Parliament. I note with regret that on this issue the Council has adopted a position which, in my view, does not measure up to the legal necessities. I will not say that it is doing so deliberately. Having taken the decision it would like to run away from it, but it is doing so in a way that threatens the legal structure of the Community. We cannot allow this to happen. We must also call on the Commission to range itself behind Parliament and its legal stance. The situation to which we shall now have to find a solution is as follows: If a compromise cannot be found on this issue, Parliament must by its decision on Thursday adopt a position that is clearly

in accord with the Treaties and the Luxembourg provisions, and that can only mean that we are entering into open conflict with the Council. This, Mr President, is an inter-institutional controversy, in which Parliament and Council must defend their rights. I repeat once again that Parliament has never sought to interfere in the Council's right in the legislative field. However, we expect the Council not to interfere in those rights which this Parliament has acquired after many years of struggle. This position must be plain, and recognized also by the Council. We expect the Commission, too, to come to the defence of Parliament's position, to the attainment of which it has contributed. We are grateful to the Commission for that help, but now it must join in defending our position. To all this must be added the three horizontal problems outstanding, for which there seems to us to be no reasonable basis for agreement. The Council is putting off the question of loans. We have of course agreed that we shall have to talk about the budgetization of loans in the course of the conciliation procedure on a new Financial Regulation.

But, Mr President, we have never agreed that this procedure should be used to keep on putting off this problem and its solution. We have worked on the assumption that the Council would make efforts to find a solution, even if it be only an interim one, that will have some effect already on the 1979 budget. The matter is all the more urgent as we are now confronted by the European Council's decision to set up a European Monetary System.

May I point out, Mr President, that part B of this decision provides for measures in favour of the less prosperous countries, which are to take the form partly of loans and partly of interest rate subsidies, which will have to be budgetized.

In its decision, the European Council starts off on the same assumption, since at one point it requests the Community institutions to take the necessary steps. These steps take the form first of all, of a Commission proposal, but this has to be followed by a decision from the budgetary authority. The budgetary authority consists of course of two branches, namely the Council and Parliament. I spell that out so as to ensure that it is crystal clear to everyone. This Parliament cannot treat the question posed in connection with the European Monetary System in isolation from the general problem of the budgetization of loans. If, therefore, we are to find agreement on this question — and after the decisions that have already been taken in Italy or are likely to be taken within the next few hours, and also in the light of the moves being made in Ireland, this may in the next few months become a question of the utmost importance for the European Community — then the Council must realize that it cannot keep on putting off the search for a solution to this general problem of the budgetization of loans. The Council is therefore in a position in which it must act, and we can only restate once again what we have already said on this matter.

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On the second horizontal question, the implementation of the budget, there is still no movement on the part of the Council, although the Commission has for years been implementing expenditure that is not necessarily covered by a duly adopted regulation. It is only common sense that this should be so, for we cannot expect every minor item of expenditure to be covered by a Council regulation. The Council itself certainly realizes this. However, one often has the feeling that one is talking with the deaf and dumb, or with people who are in theory perfectly capable of recognizing something, but who are quite unwilling to accept the practical implications. I shall not go into the definition that a psychiatrist might apply to such an attitude.

And now to the third problem, concerning the nomenclature. May I take this opportunity to express my warm gratitude to the President of the Council and President of the Council of Budgets Ministers, for his collaboration. If I now have to criticize the Council, this criticism is in no way addressed personally to yourself. Even though no progress was made, I want to say that at a personal level, our collaboration was most satisfactory and highly encouraging.

The third budgetary problem then, Mr President, is that of the nomenclature. We had supposed that it would be possible to find a solution in the case of the policy on the sea, one of the important new problems that have arisen in connection with the nomenclature. However, here again it was impossible to arrive at a solution because the Council insisted that the nomenclature came under the authority of the institution responsible for the particular category of expenditure concerned, namely compulsory or non-compulsory. The Council claims that in the case of compulsory measures it must have the authority over the nomenclature. In other words, the Council decides on nomenclature in the case of compulsory expenditure and Parliament in the case of non-compulsory expenditure.

I do not want to go into that question now. It is in fact one on which one can argue. However, if one starts off on that basis then we are faced with the difficulty that the Council wants agricultural structural expenditure to be extracted from expenditure on the policy on the sea, since it regards such expenditure as compulsory. This leads us again to a dispute on a matter of principle, since Parliament has always held that agricultural structural expenditure is not compulsory, and that only expenditure under the Guarantee Section, that is prices expenditure, is compulsory. So here again we have had no agreement. I am therefore unable, Mr President, to report to you as to what will be possible on Thursday. The amendments before you permit Parliament's position to be reinstated, although we have made a substantial move towards the Coun-

cil's standpoint on the figures. In the case of commitment appropriations we have entered only half of the appropriations proposed at the first reading. In the case of payment appropriations, there is, as I have said, no major problem.

At the present moment I see no possibility of reaching agreement on these fundamental questions. Unless such a possibility emerges by Thursday, I can only recommend to Parliament that it take decisions plainly reflecting its legal position, even if this should mean that we come into conflict with the Council. We do not want a conflict, we have always tried to avoid a conflict. We have done everything that might have served to prevent such a conflict. At this late hour we are still prepared to be flexible and reduce our figures. One thing we cannot do, Mr President, and that is to give up legal positions which involve at the same time Parliament's own position and a political opportunity and also an opportunity to safeguard the Community's existence. That is what is at stake. If we yield in our legal position in connection with the Regional Fund then we shall not only cede Parliament's rights, but also condone an assault on the very foundations of the Community. If this Community can no longer rely on all the institutions observing the Treaties and legal principles that have been laid down, then this Community is finished. We are living in a difficult period. We have political difficulties in all the Member States. We should not add to these difficulties by creating uncertainty as to the legal framework, the basis that is to support our existence. Therefore, Mr President, I request Parliament to lend its full support to the Committee on Budgets, on whose behalf this report is submitted. If we yield on this issue we shall be endangering not only Parliament, but also the Community, and this can serve no one's interest. And in conclusion I put a request to the Council. Despite all the political difficulties existing in the Member States, play your part in ensuring that this Community survives these difficult times and flourishes in the years ahead. It is farcical to talk of enlarging the Community by three new Member States if the present Nine cannot agree on what legal basis its decisions are taken.

That, sadly, is how this tragic situation appears to be developing. I hope that by Thursday something may yet change, although I am not too optimistic. I shall continue to make every effort, together with my colleagues on the Committee on Budgets. If these hopes should prove to be vain, Mr President, we shall fight. For now it is up to this Parliament. This is no longer a decision for budgetary experts, it is a decision for the whole of Parliament, and that decision will have a profound effect on the Community's future.

(Loud applause)

President. — I call Mr Lahnstein.

Mr Lahnstein, *President-in-Office of the Council.* — (D) Mr President, ladies and gentlemen, we are embarking today upon the last stage of the procedure for the adoption of the 1979 budget of the European Communities. You are aware — and Mr Bangemann has made this very plain — that we are at the moment still confronted with a number of problems which divide our two institutions. If we want the procedure to be concluded before the end of this week with the final adoption of the Community budget for 1979, then we are duty-bound to seek a solution to these problems in a spirit of constructive cooperation.

Having spoken just now of constructive cooperation, Mr President, may I say that the Council is prepared to play its part. In fact, looking at recent relations between our two institutions soberly and eschewing all dramatization, I would say that they provide a good example of collaboration. I will add only what I said yesterday to the Committee on Budgets. The Council is prepared to seek a compromise solution with the European Parliament to the problem of a new maximum rate of increase, a solution that should and can permit the 1979 Community budget to be finally adopted. The Council hopes that the European Parliament, for its part, is likewise prepared to seek a solution to this problem. As you know, the Council considered on 20 November the draft amendments and proposed modifications adopted by Parliament to the draft budget. The package submitted to the Council by Parliament on 20 November created some very difficult problems for us. At the risk of being accused yet again of purveying a mass of statistics, may I remind you that that package, which no longer corresponds to the position adopted by the Committee on Budgets in the past few days, came to about 2 300 million EUA in commitment appropriations and 847 million EUA in payment appropriations. I now propose to confine my attention to the non-compulsory parts of this package, since it is they which must be of particular interest to us here.

The outcome of our deliberations on 20 November is known to you, and the papers before you show the figures. I therefore do not intend to refer to all the draft amendments which the Council has modified or not modified. But to avoid concentrating our attention exclusively on one subject, allow me just to mention one or two other matters. In the first place, the Social Fund. I do think that in this connection the Council had made a really serious effort to respond to the arguments put forward by the Commission and Parliament. You will recall that in its preliminary draft the Commission earmarked for the Social Fund 850 million EUA in commitment appropriations and 780 million EUA in payment appropriations. At our second reading we said that we would be willing to go up to 778 out of the 850 million originally requested, and to enter an amount of 531 million EUA in payment appropriations. Calm examination of the situation shows that this is an appropriation that will meet the Social Fund's requirements for 1979. The

payment appropriations, in particular, are very adequate, not only in the Council's view but also, if I remember correctly, in that of the Commission.

Let me go on to another sector, namely aid to non-associated countries. The Council discussed this draft amendment at particular length, in the light of the debates that had taken place on the subject in this House. We accepted your draft amendment, thus reinstating the Commission's preliminary draft on this politically important point.

I mention these two examples because I cannot allow that there is any truth in the accusation levelled against the Council that it had displayed an uncooperative attitude, that it had failed to give sufficient notice to the debates in Parliament, and that it had been motivated by a desire to manipulate legal positions unilaterally in favour of one institution. That is quite untrue. But I will return to this point in a moment.

I want to turn now to two draft amendments which the Council also regards as the crucial problem in our debate. By its draft amendments No 12 and No 17, Parliament had proposed that the commitment appropriations for the Regional Fund be increased by 480 million EUA and the payment appropriations by 235 million EUA. After very lengthy discussions on these two draft amendments, the Council failed to muster the majority needed to reject them. I can therefore only confirm what we said in our letter to Parliament of 22 November. As President of an institution that deliberates behind closed doors I cannot of course go into the background of the discussion and our ultimate decision on this specific point.

As you know — and that too I explained in our letter to Parliament of 22 November — the Council was also unable to adopt a position that would have made it possible to fix a new maximum rate of increase for non-compulsory expenditure. Our assessment of the relationship between these two facts was set out in very clear terms in the annex to the letter, in a way that we, at any rate, regarded as appropriate. Now it may be that there are those who do not find this to be elegant or who take a different view of the legal position. Be sure of one thing, however, namely that we did not proceed in this way in an attempt to circumvent budgetary provisions or else to strengthen our legal position at Parliament's expense. What we have tried to do is to find a carefully considered solution to a rather difficult situation — and one that is by no means as clear-cut as the rapporteur made out — arising from Article 203.

We resumed our work on the Community budget immediately the European Council meeting had finished. Now is not the time to talk about the monetary system, for this is on tomorrow's agenda. I shall merely refer, as did the rapporteur, to the fact that the European Council has in mind a new financing instrument for the economically and financially weaker Member States taking part in the European Monetary System. It is worth bearing in mind the figures involved, since they are by no means irrelevant to the

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central issue of our debate. The instrument consists in the introduction of interest rate subsidies of 3 % on loans up to 1 000 million per year. The European Council's intention is to set aside for these interest rate subsidies a total of 1 000 million EUA over a period of five years, which, if you apportion it equally over the five years, means 200 million EUA annually, including 1979.

These funds are to be used primarily to finance selected infrastructure projects and programmes. The objectives here, if you look at the matter soberly and avoid introducing issues of principle, are thus very similar to those of Regional Fund activities. The Commission is to submit a proposal in January of next year. It cannot do so earlier, since the proposal is technically rather complex. The Council will then take a decision on the proposal in time for the measures in question to come into force not later than 1 April 1979. Logically, this will have implications even before 1 April which will affect budgetary provisions, and hence the budgetary authority. On the other hand, the European Council took no new decision to increase the Regional Fund, thus indirectly confirming its own decision of December 1977. Accordingly, the Budgets Council felt unable on 5 December to approve an increase in the maximum rate such as would have been necessitated by the adoption of the amendments to the Regional Fund proposed by Parliament. May I point out once again that the Council is prepared for some increase in the maximum rate so as to enable a compromise to be reached, and I should just like to set out three principles underlining our position.

Firstly, the Council is prepared, as soon as the legal basis exists, to get together with you in order to agree on a new and significant increase in the appropriations for regional activities. For that is what the European Council's decision of 5 September amounts to. And the resources allocated to the Regional Fund are in fact rising substantially. In 1977 we had 400 million units of account and in this year 580 million. Next year, if we add the 200 million, we would have no less than 820 million to play with. It is therefore in the Council's view not really a matter of principle. It certainly does not see it as the kind of issue of principle depicted by the rapporteur. It is true that there will be some slight delay, but we regard this as acceptable, seeing that we can resort to the supplementary budget procedure. Fundamentally, the objectives are much the same as those on which Parliament's draft amendment was based.

Secondly, in the joint efforts to fix a new maximum rate for non-compulsory expenditure, the Council is prepared to look at some limited additional spending, perhaps concentrated in the social sector, where our approach is flexible. For the Council, the basis is quite plainly the maximum rate of increase announced by the Commission in May and fixed under the provisions of Article 203 (8). This means that the starting

point for further consideration is the 'old' rate of 11.4 %.

Thirdly, in adopting this approach the Council has no intention whatsoever — and I emphasize this — of encroaching on Parliament's rights. What we have to do, what we have a duty to do, is to analyse a legal situation that is admittedly highly complex and to arrive at a solution which undermines neither rights nor principles. We see things differently from the rapporteur, in particular as far as his closing remarks are concerned. What we want is not to alter the budgetary provisions, but to apply them in a meticulous and politically sound manner. The draft amendments adopted by this House in October and rejected by the Council include some — Mr Bangemann has referred to them — which the Committee on Budgets asks you to reinstate. I have to take up two or three of them, since they pose considerable problems for the Council. I refer in particular to a series of draft amendments concerning appropriations that so far, at any rate, have been accepted as relating to compulsory expenditure. I think it important to remind you once more of the Council's attitude on this. The Council takes the view that the nomenclature and remarks are accessory to the nature of the expenditure, and that the European Parliament has the last word on non-compulsory expenditure and the Council on compulsory expenditure. In particular, I would like in this connection to call your attention to amendment No 54, which provides for an increase of 120 million EUA in the commitment appropriations for Article 800 'Improvement of agricultural structures'. I should like to stress the fact that, since the introduction of the distinction between compulsory and non-compulsory expenditure into the Community budget, the European Parliament has never increased EAGGF expenditure on second reading. Mr Bangemann has just, if I understood him correctly, set out the legal view of the Committee on Budgets, and incidentally this indicates that in all these financial provisions it is by no means so crystal clear exactly where the truth lies. In this connection I regret that, owing to that other issue of principle, it has not so far been possible to adopt a proposal for a new nomenclature for the policy on the sea, a proposal that would inherently be acceptable also to Parliament. Yesterday I put a proposal on this subject to the Committee on Budgets and I still maintain that proposal; unfortunately I cannot keep the proposal in force beyond today's meeting of the Budgets Council.

I should just like to add a few words on the horizontal problems, firstly concerning the budgetization of loans, and secondly on the implementation of certain budget lines. As you all know, the budgetization of loans creates considerable problems, including political ones, for the Council. Discussions on this matter in the Council will be continued. Nevertheless, I must quite frankly say that it is unlikely that they can be concluded before the end of December. In this

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connection, also, I cannot entirely go along with the rapporteur's interpretation of point 3.1 of part B of the European Council's resolution, although it may be that our positions are not that far apart. One thing I do regret, however. The question of the budgetization of loans was, together with other horizontal problems, discussed at a meeting between Parliament and Council. With some of these other horizontal problems we are fully agreed as to the substance. Yesterday the Committee on Budgets felt unable to give its blessing to those horizontal problems, fearing that, if they were accepted, the outstanding controversial questions might be shelved. It may be that distrust between institutions can be quite healthy, but I really cannot understand why uncontroversial points should not be settled, especially as — and I must say this quite frankly — the technical departments will be confronted with an extremely great and totally unnecessary workload, particularly in connection with the booking of research appropriations, this workload having to be dealt with over the Christmas holiday period.

As regards the problem of the implementation of the budget, I only wish to say that the Council attaches no legal significance to the wording of the remarks against individual budget lines which are intended to authorize the Commission to implement the budget. The wording of such remarks cannot alter an institution's powers as laid down in the Treaties.

Mr President, at the beginning of my statement I made it plain that a special effort on both sides would be needed if we are to arrive at a compromise. For the Council's part, I have sought to set out the basis for such a compromise. The great importance that we attach to this effort is reflected in the fact that the Budgets Council is meeting here in Luxembourg this afternoon, possibly after the first or second round of the debate. This will enable me, ladies and gentlemen, to report on the latest developments and to try again to reach a compromise. The Council is ready to negotiate. The negotiations could take place this evening or even on Thursday before the final vote takes place. Yesterday we were unfortunately not able in view of the great divergence of the positions of principle, to embark on such a negotiation. For the same reason I reserve the right, Mr President, to ask you for a further opportunity to address the House, if necessary, after the end of the Budgets Council meeting.

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — Mr President, I do not think that anybody who heard Mr Bangemann's extremely clear speech a little while ago could have been in any doubt at all that we face a very serious situation. There is quite clearly now a very real possibility that the two arms of the budgetary authority are going to clash, and there is a very real possibility that the Community budget will therefore either fail to be passed, or be passed in a form which

one or other of the members of the Budgetary Authority finds itself unable to accept. This is clearly, a serious moment.

What is also quite clear, is that there are issues of principle that people feel very strongly about. Now I think it is right to say at the outset that where issues of principle are at stake, casualties do sometimes occur. There are occasions when principles do have to take priority over other matters, and it would certainly not be right for somebody who is not part of the institution concerned to seek to advise those who are, on how they should act when they feel that their principles are being attacked. But I think it is also true to say that those of us who are part of other Community institutions have a duty to give our interpretations of the legal texts which are the source of the controversy, and we certainly also have a duty to draw attention both to possible ways out of the dilemma, and to dangers that it may be possible to avoid, if one can find a way of doing so. It is in that spirit, Mr President, that I am approaching the speech which I have to make today.

Last night in the Committee on Budgets I was rebuked, by one distinguished member of it, for saying that it would be a serious matter if the budget was not passed in the normal way this year, and I was told that this is something which the Commission says each year. I was rather ... well, as I say, for having made the point. But, in fact, Mr President, the old tunes are often true and I do feel that it is very important to remind the House — because I feel quite sure that the House is aware of these matters — of the situation that would arise if indeed the budget was not passed and we had to revert to the 'douzième provisoire'.

What it means, in a nutshell, is that the sum of money that was available in this year's budget would be available next year on a one-twelfth basis. One twelfth in January, second twelfth in February, and so on. Quite apart from the inconvenience that this system imposes — it can, in fact, be mitigated to some degree with goodwill on all sides — it is quite clear that none of the increases on which both Parliament and the Council are at present agreed would come into effect, that none of the new actions which the Commission and the Parliament and the Council are all looking forward to next year would be applicable. We would be operating on this year's budget on a one-twelfth basis. The new actions, the new ideas, some of them very important, some of them directly connected with direct elections, would not be introduced for as long as that system lasts. This is something which, quite clearly, is a matter of great concern to us, because much of what is in the budget — indeed, nearly everything that is in the budget — in one way or another originated from us. And all these the Regional Fund and everything else as well are matters on which we feel extremely strongly. That is one point that I would like to make.

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I would also like to emphasize to the House that we in the Commission do feel very strongly about the budget as a whole, about the non-Regional Development Fund items which are in it, as well as about the Regional Fund items. I know that the House does as well, and I was encouraged, from what the President-in-Office said, to believe that, certainly, the Council shares much of that view. But I think that before I get on to the Regional Fund, and to some of the legal texts that are relevant to it, I should say a word about some of the non-Regional Fund items in the budget, and I should like to urge the House, if I may, to take up the suggestion made by the President-in-Office and to try to get as much as possible out of him and his colleagues on other matters, as well as concerning itself with the Regional Fund.

One of the aspects of the budget, apart from the Regional Fund, that has caused us some disappointment during the course of the last year has, of course, been energy. In the energy field there have been a great many reductions in our original proposals, and one in particular, which I would like to commend to the House at this late stage, concerns uranium prospecting within the Community. This is something which seems to us not only to be of great strategic importance, in the sense that it meets a long-term need of the Community, but it is exactly the kind of effort where Community bodies operating through Community institutions are trying to reduce, or should be trying to reduce, our dependence on external sources of energy. In the field of research, the physical protection of the JRC is something else that certainly matters very much to us, and on which I believe that, after the recent Court rulings, action certainly needs to be taken. We favour very much the ideas initiated and put forward by your rapporteur, Mr Bangemann, for transport infrastructure. We also attach great importance to the Social Fund, where a great deal of what we proposed has been accepted. We thank Parliament for its efforts on our behalf. We know that they have been very helpful in getting a far more favourable result out of the Council in this area than in some others.

I now come, Mr President, to the Regional Fund itself. I have said a great deal on the Regional Fund in the past and I stand by everything that I have said, and everything that the Commission has put forward. We put forward our proposals, last year as well as this year, in the belief that they were in the best interests of the Community. We put forward our proposals because we believed that they were proposals designed to tackle the most outstanding problems that face the Community in third area. We are pleased that the proposals which we put forward secured such a wide measure of support within Parliament and we regret very much that they did not secure a wider measure of support within the Council. So let there be no doubt about it: we have a pride of parenthood in the ideas

that originated from the Commission, and we stand by the ideas that we have put forward in the past.

But let me also say this, that what we are concerned to do is to see action taken as early as possible to try to alleviate some of the difficulties that face the less prosperous regions of the Community. We believe that the ideas we initially put forward would be best, but we do not dismiss other ideas merely because they did not originate from us, or merely because they do not fit in exactly with the blueprint and the programme which we put forward. It is tackling the problem itself which is of absolutely crucial importance, and all the means that are available should be used for that purpose. One may regret that some means which one believes would be better are not at present available, but that would not be an argument for discarding or ignoring the possibility of using those means that can in fact be used.

Here there is, I think, an element of common ground between the Parliament and the Council. The ideas which the President-in-Office was talking about a few moments ago in his speech are certainly designed to tackle some of the problems that are most crucial in the less-prosperous regions, and I hope very much that, when considering how best to secure the objectives which it has set itself, Parliament will give due weight to the propositions which have emerged from the European Council and which in our view could, and indeed should, play a useful part in securing some progress towards those objectives. This must, of course, be within the overall targets that have been set.

As I said earlier, it is a matter of trying to get as far as one can as fast as one can, and even if one cannot go the whole way all at once, do not let us overlook any means of achieving that degree of progress which is attainable.

This brings me to the legal point. That clearly is a matter on which feelings run very deep and where I think it is very important for us all to be as careful as possible.

I have given you my political approach to the matter in hand. I would now like to take a moment to speak as coolly and as calmly as I can about the legal approach. First of all, I said in earlier passages of the budget debate, that I thought it would be very unwise for rigid positions to be taken up over Article 203, because in practice Article 203 has not, in the past, been observed in the letter by any of us.

(Protests from the left)

The running commentary from the honourable gentleman opposite quite reminds me of the House of Commons, but if we are to get to the bottom of these legal texts I think it would be easier if I were listened to with the seriousness that the subject demands. One of the problems about these legal texts is that some of those who speak most often and most frequently would do better if they studied them with the care that the rapporteur has put into the matter.

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Now, Mr President, as I said earlier, I think that there are difficulties about Article 203, because Article 203 has not been observed to the letter by any of us, any of the three institutions, in the past. The Commission's preliminary draft budget, to start with ourselves, has in past years been drawn up beyond the maximum rate. We have, of course, drawn attention to this fact, but nonetheless we have put forward proposals which have gone beyond the maximum rate. The Council, in its turn, when it drew up its draft budget in July, did not include all the expenditure which could then be forecast, and thus in its second reading included points which should have been on its margin of manoeuvre rather than being put onto the Parliament's margin of manoeuvre. One of the functions that the Council should fulfill when it draws up its draft budget is to ensure that those items on which it knows expenditure is going to take place are included within it, and the Council has not in the past observed this letter of the law as precisely as perhaps it should have. Then, of course, the Parliament itself, at its first reading in October, did not specify which of its amendments were within and which of them were outside the margin of manoeuvre.

This brings us, then, to the crucial case of the Regional Fund amendment. Here I fear, as I made clear to the Committee on Budgets last night, we have a particular view on how this part of the Treaty should be interpreted. I would like to emphasize, Mr President, that we believe that our interpretation of the Treaty is not only correct — obviously we wouldn't put it forward otherwise — but is also one that is best calculated to preserve and to maintain Parliament's own vital interests in the matter. I entirely agreed with the rapporteur when he said earlier that Parliament should look to the Commission for support and encouragement and that Parliament has indeed received support and encouragement from the Commission in the past. The same is true in reverse, as the respective treatment of our amendments in this House and in the Council goes to show. So I would ask the House to recognize that the interpretation which I am now going to put forward is in our view not only correct but is the one which serves the interests of Parliament best as well.

Now the texts, Mr President, are quite explicit here. Two separate decisions are required, and since the increase in the maximum rate has to be negotiated between both parts of the Budgetary Authority it must be considered as more important and as having primacy over an act by one part of the Budgetary Authority alone. The fixing of the maximum rate, in other words, which is something which involves both arms of the Budgetary Authority, on our reading of the Treaty takes primacy over an act by one part of the Budgetary Authority or indeed by the other. If one adopted the thesis put forward by the rapporteur, Mr

Bangemann, this would allow the Council in effect to choose between Parliament's amendments in such a way that the Council would be able to take over the right of independence choice so as to predetermine which of Parliament's amendments should be accepted and which of Parliament's amendments should be rejected. The Council would be in a position to say, we will take this one and this one — however many it chose and up to whatever sum it wanted.

It would be engrossing on its own say-so, the powers that ought to be shared. And I do not believe that it would be in Parliament's interests to hand over that right to the Council, and as the future of Parliament is of very great importance to us, this is a point which I am very anxious to make as clear as possible. If on the other hand one accepts that the establishment of the maximum rate is something which has to be done after each of the amendments has been looked at individually, then it seems to me that the policy of the two arms of the budgetary authority are in that way much better protected.

Now, it is never easy to put forward ideas that run counter to those of the majority of people to whom one is speaking, but I would ask Parliament to consider very seriously indeed this legal interpretation, and certainly we stand ready to explain and support the proposal we have put forward. I think it is right and appropriate that the Council should have come to Luxembourg, the seat of the Parliament, during the meeting of the Parliament in order to be on hand for this particular debate.

Mr President, this is the situation in which we find ourselves. It is a situation in which there is a real possibility that the budget will not be passed. There is a real possibility that sums of money which were inadequate this year will be even more inadequate next year. We find ourselves in a situation where there are number of amendments that we feel strongly about, that Parliament feels strongly about, and on which it is quite clear from what the President-in-Office has just said that there is a chance that the Council may yield some more and there is a chance of improving on the budget which we already have.

We also have the Regional Fund where the Parliament has made it absolutely clear that it attaches the highest priority to tackling the serious imbalances. The Commission for its part has made it clear that it supports the full effort which the Parliament wishes to make. We have also made it clear that we believe that even if that full effort cannot be made on this occasion it is still right to make as much effort as is in fact possible, as much effort as can be secured, and we believe that the proposals put forward by the Council in this regard — though they do not go as far as we would like — are a useful and sensible contribution which should be looked at in the context of the

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overall picture that Parliament has set out. If we can secure more in one way, certainly it may mean that less needs to be done in another. Certainly, we should aim at achieving everything, but let us at least try to do as much as we can with the means that are at present available.

(Applause)

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

Mr Dankert. — Mr President, since the spring of this year Parliament has, to my mind rightly, maintained that the budgetary policy proposed by the Commission and subsequently considered by the Council, was marred by certain shortcomings. The conferences of Heads of State or Government and also the Bonn summit in effect formulated a similar view without, however, making specific reference to the Community budget. At the same time, by fixing specific amounts for the Regional Fund, the European Council overrode the statutory procedures relating to the budget and tried to curtail one of the few instruments available to the Community for the transfer of resources. It was therefore only to be expected that the amendments to the Regional Fund adopted by Parliament in October and then not rejected by the Council on 20 November would create substantial problems.

It has now been said that the attitude of Parliament and the Council has created serious difficulties in respect of the margin for increases in the budget open to the two institutions. Those problems do of course exist but I doubt whether they are the heart of the matter. If it were really only a matter of the margin a solution could probably be found. I think that the problem goes further and is more deeply rooted. There is a fundamental political problem. A solution can always be found when it is simply a matter of the margin; I think the rapporteur made that clear in his excellent introduction. We are faced then with a political problem which, given the Council decision of 20 November, is not a problem between the Parliament and Council but an internal problem for the Council itself and it seems to me that it must remain at that level.

The conflict in the Council concerns the Regional Fund which is designed to reduce differences in prosperity within the Community. My group finds it a great pity that such a conflict should arise in Europe over the very instrument which is intended to promote further integration; in other words there is not enough solidarity in the Community on this point. As Mr Bangemann explained so clearly, this is liable to lead to disintegration. Therefore I see this as an essentially political problem. It is far more than a mere question of margins. It is not acceptable to suggest, as the President of the Council did just now, that the European Council of 4 and 5 December took

a decision which in effect solved part of this regional problem, part of this problem of solidarity. I do not believe that the 5 000 million by way of credits to support European monetary cooperation can perform the same function as the Regional Fund. There is of course some transfer of resources in that interest subsidies will be granted — that is of course true. But in essence this is a different instrument, in both its aims and its extent. As to its extent the only relevant factor is the interest subsidy provision. This is a proposal, a project which will accrue to the benefit of specific Member States but it is not specifically intended for regions of Member States which are relatively poor even though the country as a whole is better placed in terms of gross national product and balance of payments. Only a small number of Member States are concerned by this proposal — namely those countries which have balance of payments and similar difficulties, but the issue of poverty does not arise.

A further fundamental aspect is that the Regional Fund forms part of the Community budget and can be controlled; to some extent it is even administered by Parliament. That is where the real problem lies at present.

The loans proposed by the European Council lie outside the province of the European Parliament and from the difficulties which we have had in respect of the addition of a new Part II to the budget, it is abundantly clear that the Council is unable to reach agreement with us; it is unable to do so for political reasons — a fact which the President of the Council omitted to mention. In other words the conflict is in fact a conflict over the existing powers of Parliament which the Council is at present trying to undermine. There is no question of increasing our powers; an attempt is being made to undermine the powers we already have. That is made abundantly clear when the Regional Fund issue is linked with the question of the loans proposed by the Council. That is the problem facing us today.

I find this development depressing, especially in a year when we must try to make it clear to the people of the Community Member States that it is worth the trouble to hold Community-wide elections for a directly elected Parliament. I am afraid that this present trend will harm the cause of European democracy. I therefore believe that Parliament must insist on respect for the promises made about the Regional Fund, including the promises made by the Council. A compromise is possible in many areas. A compromise can be reached on all the points which still have to be decided by Parliament on Thursday of this part-session — but to my mind no compromise whatever is possible on the Regional Fund, a matter which has already been settled — please note this, Mr Tugendhat — by the Council and Parliament as the two arms of

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the budgetary authority. Failure to reject amounts in fact to a decision and when I look at the procedures followed in Parliament in dealing with the budget I note that the situation in our institution is often no different from that in the Council, given the complexity of the quorum requirements.

Mr President, I find it a pity that the Commission should adopt the attitude outlined in this situation by Mr Tugendhat.

I have already referred on occasion to the Commission's lack of courage. We have had a discussion on this with the Commissioner and Mr Tugendhat protested with great vigour. But I have the impression that the Commission is again showing the same failing today. I am not concerned with the juridical interpretation: a juridical interpretation often follows political reasoning. One interpretation is contained in the political arguments put forward by Mr Bange-mann and the other in the political arguments of the Council. The Commission's political arguments seem to follow those of the Council very closely. Perhaps the lawyers will later decide that one interpretation is the best, but it seems to us that the Treaty offers sufficient latitude for an interpretation which enables the Commission to support the Parliament in its struggle over the Regional Fund. I am very sorry to hear the Commission say 'But look at the provision for uranium prospecting and look at the provision for transport infrastructure,' and I don't know what else besides. Those provisions are not in themselves without merit. But they are of no relevance whatever to the issue in hand. That is why I am so disappointed by the Commission's attitude. My group's view is that the Regional Fund has already been decided — and that is that.

Mr President, a word now on other aspects of the budgetary problem. I have already pointed out that the loans policy is increasingly — and to a frightening extent — becoming an instrument of European policy.

But it is still not an instrument of Community policy. It still does not operate within the budget. We have seen how powerless this Parliament is to gain any form of control over the development of that policy. I remember the disappointing turn of events over the Ortoli facility.

It is a pity that we should now be facing the same situation over the new 5 000 million which are in some measure also an Ortoli facility. I am also sorry to see that increasing use is to be made of the loan instrument, in other words of expenditure which Parliament cannot control, to provide financing for enlargement. In other words I am disturbed about the powers of this Parliament.

To return in conclusion to the budgetary proposals now before us. I have already said that my group is willing if possible to arrive at a compromise on the additional 483 million in payment appropriations. But

the compromise can extend no further — it cannot include the Regional Fund.

(Applause)

IN THE CHAIR : MR BERKHOUWER

Vice-President

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

Mr Aigner. — *(D)* Mr President, a moment ago Mr Tugendhat told us that we are in a serious situation. Well, serious it may be, but certainly not hopeless. Personally, I think it is in fact a very interesting situation, since it brings into play positions of principle on budgetary law held by two institutions in connection with the major event of the parliamentary calendar, namely the adoption of the budget. Mr Tugendhat also told us that we must be flexible. Mr Tugendhat, if Parliament were not zealously to guard its rights it would inevitably forfeit them. There is no room for flexibility where legal issues are concerned, there is room only for a clear definition of the legal position. Granted, the legal position is open to interpretation. If there is one thing that is not open to discussion it is that Parliament will not have its budgetary powers cut back to the position preceding the Luxembourg Treaty.

In all our discussions on the budget we have made clear to the Council that we are prepared to compromise on all controversial issues, to the very limits of political acceptability. There is no question therefore of Parliament being intractable, what we are concerned with is the interpretation of Parliament's legal position.

I wanted to say to the President of the Council — and I am sorry he is not here — that this is by no means a private dispute between the rapporteur and the Council, because in fact the rapporteur's statement of the legal position is endorsed by probably all the Members of this House. At any rate, I have not yet heard a single dissenting voice on the subject of our legal position from any group or indeed any Member.

In other words, what Mr Bange-mann said is what Parliament thinks, and so the Council must realize that the conflict is really one between the two institutions. What Mr Tugendhat had to say was no doubt prompted by his fear of having to resort to the 'provisional twelfths'. Mr Tugendhat, the Commission doesn't find it an agreeable prospect and it is certainly not an eventuality that we would welcome. What we want I can tell you in two sentences. Our attitude was that we should adopt the budget and give the Council the opportunity to obtain a ruling on the legal position from the Court of Justice if it was still in any doubt.

Aigner

We want the Council to have the possibility of obtaining an authoritative interpretation of the Treaties. That is our political will.

I have to say that we have had a great deal of work to get through in recent weeks and months and I would like to express my sincere thanks to the rapporteur for his work and also to the President of the Council. I am quite sure that the members of the Council were as anxious as we were to arrive at a favourable outcome. That much I wanted to say to the President of the Council. Nevertheless, I am particularly sorry that it has to be this Presidency which has become the spokesman for a minority view of the legal position. He might at least have intimated that he was merely restating the Council's views and that the particular difficulties within the Council did not allow him to say anything else. He might himself have been more willing to acknowledge not only that our legal position is strong, but that it will in all probability be vindicated in the end.

After all, with the first direct elections in Europe coming up all the States without exception have expressed their desire for strict adherence to the Treaties. You just cannot adopt a stance like that and then, precisely on a matter of decisive importance, decide to disregard Parliament's legal position. Let me just very quickly go over the text of Article 203 again.

Ladies and gentlemen, many of my colleagues here, including Georges Spénale, an old friend even though not a political ally, helped to thrash out Article 203 in year-long discussions with the Council and many others. Mr Spénale, I remember our discussions at the Quai d'Orsay and at the Foreign Office in Bonn. We really had to fight hard to push through the substance of Article 203, and nobody now has the right simply to shrug off our interpretation of the legal position and say they are not interested in it. We know very well what Article 203 stood for and just what this political turning point meant.

The way I see it is as follows. Firstly, and on this we are all agreed, we have two institutions, the European Parliament and the Council, which together make up the budgetary authority. Now the whole Treaty is affected by Article 203. If you have two institutions, you must allow from the outset that their views will not always coincide. You must therefore assume that conflict may arise. And Article 203 is, in fact, based on that assumption and accordingly provides for conciliation. Now conciliation means that the Council and Parliament must reach agreement. But the Treaty goes on to say, since it must assume that it will not always be possible to resolve the conflict and reach agreement, that Parliament shall have the last word on non-compulsory expenditure and the Council on compulsory expenditure. On that point, too, there is no dispute. As you know, the qualified majority we need

before passing amendments on to the Council is so high that in the case of many headings we failed to achieve it. This happened, for instance, in the case of the appropriations for information. Just because we failed to obtain the necessary majority, would it occur to any of us to say that what was needed now was a new conciliation procedure? The conflict in this case arose out of the fact that one side failed to obtain the prescribed majority. Specifically, with non-compulsory expenditure the Council must get together at least 41 of the 58 possible votes if it is to defeat our amendment, and this it failed to do. At this point there is not more room for interpretation, for the Treaty states quite plainly that, in the case of non-compulsory expenditure, if the Council fails to obtain the qualified majority required, then that is as good as accepted, since even a passive attitude, an inability to act, is expressly deemed to represent an action. On that point there is no longer any question of interpretation, and the maximum rate procedure has absolutely nothing to do with this; it is a totally different matter. My group also goes along with Mr Bangemann in his assessment of the legal situation, and we do not share the view that we can now fix a new maximum rate without the Council's agreement. Who, then, takes that view? In actual fact, no one; but we say that at a certain level in the conciliation we have achieved agreement. Actively or passively.

We have reached agreement on the Regional Fund, and we have also reached agreement on other items of non-compulsory expenditure where the Council has accepted our amendments. So far so good, everything is clear. But now we want to bring the procedure to a conclusion. So it is here that we have to find a solution to the conflict. Now what we say is simply this: If we do not reach an agreement with the Council, then the solution to the conflict can be found only in the provision that within the statistical maximum rate of increase Parliament has the last word. After all, the Treaty states that the budget is adopted by Parliament, in the person of its President. This provision is so clear-cut that I can only say that the Council should be grateful if we enable it, after adopting the budget, to go before the Court and establish whether our interpretation is legally correct. More than that we really cannot do.

It would be quite impossible for us to say that, because there is no agreement between Council and Parliament, then there is no solution to the conflict. Mr President of the Council, that would indeed be a very bad Article 203, if it failed to provide a solution for the obvious case where two institutions fail to agree. Article 203 in fact does provide a solution where the two cannot agree. Naturally, that solution applies only for the part on which it was impossible to achieve agreement, and I therefore believe that we should very clearly and precisely take up the final position and when the time comes declare the budget to

Aigner

be adopted. Even on this point there is no dispute between the parties concerned. Today we are still faced with a difference between the Council's view on non-compulsory expenditure and our own of 483 million in the case of commitment appropriations and 315 million in the case of payment appropriations. That is a difference.

The conflict must be resolved. If there is no other way, if we cannot get anywhere with the Council either today or tomorrow, then I suggest that we go for the only possible solution left to us, namely to trim our expenditure to the statistical maximum rate allowed us by the Treaty. In other words we shall have to trim our political ideas, and cut back commitment appropriations from 400 to 200 million and payment appropriations from 300 to 200 million. If we do that, then we remain within the maximum rate and we adopt the budget. I see no other possibility, since we cannot allow the Community to run the risk of having no budget, nor can we allow the agreement that has already been reached to be called into question.

Mr President of the Council, all the political groups in this House have an absolutely clear view of the legal situation and you will get nowhere by trying to force us into a strait-jacket.

A final word of warning to the Council. It should beware of seeking to drive a wedge between Parliament and its President. The President of Parliament will respect an opinion of this Parliament delivered by a 90 % majority of its members. If the outstanding controversial issues, for example lending policy, budgetization, all the horizontal budgetary problems which we have discussed fully enough, the classification of non-compulsory expenditure — I am thinking for example not of the Guarantee Section but of the Guidance Section — all these are settled as far as we are concerned, and that is the standpoint that the Council will have to contend with. It remains to be seen whether the Council will be happy to find itself in that situation.

(Applause)

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

Mr Meintz. — *(F)* As long as I have been taking part in the debates on the draft general budget of the European Communities, every year we have found ourselves confronted with matters of principle and fundamental problems and every year we have had the feeling that these problems were more serious than in any previous financial year. This, I believe, shows clearly the two arms of the budgetary authority. And today, on the eve of European direct elections, we are keeping to what has already become a tradition, if I may put it that way. In fact, the budgetary procedure for the 1979 financial year has led all the speakers without exception to make a number of observations

that are fundamental to Parliament as a whole, and I shall do the same myself on behalf of the Liberal and Democratic Group.

To begin with I would lay stress on the character of the inter-institutional dialogue, and in that respect we fully support the motion for a resolution tabled by Mr Bangemann on behalf of the Committee on Budgets. During the first reading of the budget I had occasion to emphasize the importance of the strict application of the budgetary powers assigned to each institution and we supported the position of the rapporteur, who deplored the tendency of the Commission to determine non-compulsory expenditure in advance, by setting ceilings on appropriations in some of the regulations. Unfortunately we have today to return to this question, but you will not be surprised that on this occasion we are not directing our remarks at the Commission.

Above all I wish to say that genuine parliamentary control should be sought not by strengthening Parliament's powers, but rather by making fuller use of its existing powers. This does not mean that we should aim at confrontation with the Council. We should look instead for a better understanding between the parties concerned and in this connection the conciliation procedure must clearly play an essential role. But let there be no misunderstanding — and all the speakers agree on this — Parliament must not be allowed to appear weak. The Treaties have given our Assembly the function of a budgetary authority, which it shares with the Council, and Mr Aigner has just told us exactly what that implies. It is up to us, therefore, to see to it that these provisions are fully respected, which means that Parliament must not overstep its budgetary powers, but it means also that it must make full use of the powers that it does have. Now we find that there are at present those who would curtail or at any rate disregard Parliament's budgetary powers, and this, as I say, on the eve of direct elections. In this connection I will just briefly mention the Regional Fund appropriations, since Mr Cifarelli will have more to say on this subject. I would like, however, to highlight one or two paradoxes.

Is it not paradoxical that since December 1977, in other words since well before the beginning of the 1979 budgetary procedure, the Regional Fund appropriations were already supposed to have been irrevocably fixed? That the political authority should provide us with a framework we can accept, but what we cannot accept is a situation in which we are prevented from making any kind of changes in the figures previously proposed. If that is the way things are, let no one preach to us about mutual understanding, about the need for compromise, and about conciliation.

Then again, is it not surprising that numerous attempts should be made to question the validity of Parliament's amendments concerning the Regional

Meintz

Fund, even though they have not been rejected by the Council? What we have here is an attempt to associate two things that should be kept separate, namely the decision on the increase in the maximum rate — which, as is pointed out in the motion for a resolution, can only be taken at the end of the dialogue between the two arms of the budgetary authority — and the decision on the amendments.

Mr President, we might as well acknowledge that we are being subjected here to very great moral pressures. But we are resolved to stand firm and I would like to draw attention to the single-mindedness and unanimity of the Committee of Budgets. But, here again, we must avoid being intransigent, otherwise what is the use of conciliation? However, there are rules on which we cannot compromise, for, if we did, we would be resigning ourselves to the loss of something we had fought hard to win.

I would like also to mention another matter which comes under the 'horizontal' problems, as our rapporteur called them, and which also concerns Parliament's powers in budgetary matters. I am referring to the budgetization of loans. We all know the importance of this budgetization and of entering these loans under a Part II of Section III, which corresponds better to the special and complex nature of the transactions in question. Budgetization would enable the budgetary authority to obtain the true picture it needs of repayments of loans and payments of interest charges. However, budgetization of loans for investment obviously cannot happen until the Council has taken a decision on the revision of the Financial Regulation. This decision, as the Council itself admits, is not yet in sight. If it is not to see the powers of the budgetary authority eroded, and in particular those of Parliament as defined in the Treaties, our Assembly must — as the Committee on Budgets has suggested — press ahead with this budgetization.

Mr Bangemann has already given an indication of what our attitude should be to the measures contained in Part B, point 3.1, of the resolution adopted by the European Council in Brussels, and to the way in which they by-pass genuine parliamentary control at European level. Here again we should not seek confrontation, but, as I say, any hesitation on our part could be construed as weakness and could jeopardize the powers granted to us.

If we look at the overall size of the budget and the appropriations for sectoral expenditure it is as well to make plain we are not proposing to enter in the budget figures that are unrealistic and appropriations that have little chance of being utilized in the coming financial year. We must be clear in our minds when setting our priorities and I believe that Parliament was faithful to this principle at the first reading of the budget. The amendments tabled related to necessary measures and, for the most part, to Commission initiatives

The Committee on Budgets is again putting forward a fair number of amendments which were not accepted or which were substantially modified by the Council. It confirmed this decision last night in full awareness of what the adoption of these amendments by Parliament would mean, since no compromise was reached with the Council on an increase in the maximum rate.

In our opinion there is no sense in trying to force the hand of the Council, as I have already said. We should rather seek to engage in a dialogue and to make the best possible use of the conciliation procedure. On the other hand we must realize that this cannot be allowed in any way to diminish our budgetary powers as laid down in the Treaties.

In conclusion, Mr President, I would like very briefly to outline some of my group's priorities, in terms of sectoral expenditure.

Apart from the social and energy fields I would like first to mention education. This week Parliament will be asked to vote on a resolution which I shall have the honour of presenting on behalf of the Committee on Social Affairs, Employment and Education and which concerns the adjournment *sine die* of the meeting of the Council of Education Ministers. It will come as no surprise to you that I personally regard as particularly important the allocation of substantial appropriations in this field, which covers such important sectors as language teaching and the exchange of pupils and teachers within the Community, all of which have an important part to play in building the Europe of tomorrow.

Unless we are prepared to regard the budget as nothing more than an accounting instrument and to accept that the budgetary authority cannot therefore effectively prejudice decisions relating to Community actions of the future, we must follow the Committee on Budgets, which again proposes reinstatement of appropriations in this field.

So that Mr Cifarelli may have enough time to speak about the Regional Fund, I will just very briefly list a few of the other priorities:

- Transport infrastructure. Here we have an example of something which can very definitely be implemented with Community financial support,
- Common policy on the sea. We support the rapporteur in his efforts towards the creation of a new chapter to cover this common policy;
- Finally, the special 'enlargement' reserve also deserves our support, since we do not think, contrary to what the Council has said, that this reserve is premature. The addition under Chapter 101 of a payment appropriation of 20 million EUA and of a commitment appropriation of 150 million EUA would help to close the gap between the Community and those countries seeking to join by providing the means for financing public and private infrastructure investments.

Meintz

In conclusion, Mr President, I wish to say that the Liberal and Democratic Group fully supports the rapporteur for the Committee on Budgets. We believe, in fact, that, in the vote on Thursday, Parliament should adopt a position that conforms with the Treaty of Rome. However, we are still looking for a compromise with the Council since we do not wish to start a conflict with them. We hope to reach an agreement between now and Thursday. But we repeat that we will not allow the Council to interfere with the rights of Parliament, rights which, as Mr Bangemann said a moment ago, were won after several years of struggle.

(Applause)

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

Mr Shaw. — Mr President, we are, I hope, reaching the end of our budget deliberations for this year and so perhaps I could start on a friendly note first of all by very sincerely thanking our rapporteur, on behalf of my group, for the tremendous amount of work that he has put in, in what has probably been one of the most difficult procedures that we have endured, certainly since my period in this Parliament. At the same time, I should like personally, to thank the President-in-Office, although clearly one must regret the differences of opinion that still remain, and about which I must talk later in my speech. I think the goodwill is there, if I may say so to him, but I realize that he has difficulties, and I am afraid that we must be firm even though we accept the goodwill that flows from him. Finally, too, it is not easy to voice opinions that are, as Mr Tugendhat has said, clearly not in favour with one's audience. Nonetheless I do think it very important that we know what the Commission's view on the legal position is, because it may well be that we shall in the end have to look at the legal position, and it may indeed have to be the deciding factor in the matter. So we might as well know what expert views are on this matter as soon as we can.

If I might go straight into the problems that we face today. Mr President, for the second year Parliament and Council are, as the joint Budgetary Authority, reaching the end of their budgetary procedure. May I remind the House of my words last year on 13 December, page 53. I said then :

Together Parliament and Council now 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. Now this must mean on our part the exercise of a critical moderation and a willingness to understand the problems of our budgetary partners. And equally, of course, it means that the Council must accept those same conditions.

Well, that was what I felt last year and that is what I am equally convinced of this year. Now last year, we as a Parliament completely and honourably fulfilled our part of that joint responsibility. We recognize that the Council had a special problem and could not go as far as we wished in Regional Fund expenditure for that year. However, we also recognized that the Council had made a real effort to meet us in other fields, notably the Social Fund. We accepted the Council's decision on the Regional Fund for that year. We accepted the Council's substantial movement towards us in other matters and as a result at the end of the day we approved the budget.

This year the main thrust of Parliament's efforts has been to increase the amounts available in the Regional Fund. The arguments in favour of this policy and its purpose in spreading economic progress to all parts of the Community belong the past, because the policy has been accepted — although in reality we have not been seeking so much to improve it as to ensure that it maintains its value in a period of inflation. Now the Council, through its own proper budgetary procedure, has allowed our Regional Fund amendments to remain in the budget. And to that extent — I repeat — our main purpose has been achieved. However, we are aware — none more so than our rapporteur — that this has caused great stresses within the Council. Now that being the case, Mr President, and since our main priority regarding the Regional Fund has been accepted, our rapporteur has been responsibly seeking ways and means of modifying our position on the other amendments to try and reach an overall agreement with the Council.

Last night, as he told us, the Committee on Budgets endorsed, and in my view very rightly praised, all the efforts that he has been making to reach an agreement. I am sorry to say that through no fault of his, the Council does not appear as yet to have moved towards us in any real way.

I am conscious, from my experience of last year, of how discussions can go on right up until the night before we actually vote, in an effort to reach an honourable last minute agreement.

I am sure that our rapporteur will continue to pursue the search for agreement right up to the last moment, and that is why I think we should say during this debate what our position is, even if we are only reiterating what we said before. It is right that we should say it clearly, fairly and unambiguously. On behalf of the European Conservative Group, I say quite clearly that we believe that having established our amendments to the Regional Fund in the budget we should acknowledge the stresses within the Council and, in an effort to seek agreement, we should regard all other amendments as negotiable. That is the position we have always held, which we now hold and which I believe we should continue to hold.

Shaw

But I am bound to say, while supporting so much of what has already been said, that this debate is the last opportunity we have to express views which can be taken into account by the Committee on Budgets when it meets tomorrow night for the last time. I therefore think it is right that I should say something about a possibility that is now looming rather larger than I like, namely that we shall not have agreed on a budget by the end of the year. There are two courses open to us if that should arise. If, in other words, there is no sign that agreement can be reached before we vote on Thursday, we can either say to ourselves that there is clearly going to be no agreement, and that it would, therefore, be unwise of us to make any concessions by cutting back our amendments, since we would be conceding much and gaining nothing, and since, when the time comes for further negotiations we shall have give away much of our position. That, in normal industrial, commercial negotiations, would be the view that I would take. But this is not an ordinary industrial and commercial negotiation. It is a political negotiation and we have to face up to the fact that, should we unhappily be unable to reach agreement at the end of our discussion, the whole of the Community will know about it and will discuss it and positions will be taken and reasons stated as to why there was no agreement. Therefore, I believe that if we are to honourably fulfill our duty as a joint partner in the budgetary authority, we should follow the second course and in view of the fact that the Regional Fund amendments have now gone through, review our amendments with a view to bringing them down to an absolute minimum, realizing, as we should, the difficulties facing the Council.

Then, if we pass what we regard as the absolute minimum acceptable we shall be in the position to say to the Community and to the world at large that we have done our best to reach agreement with the Council. Then if there is failure to agree, it is on the Council's head and not on ours, and we shall feel that we have then done our utmost.

Should, the failure to agree be confirmed then, of course, all bets are off, because we must start again. But I believe that we should at this stage go as far as we can and then leave it to the Council to make the final decision whether to agree or not. It will be on their heads if they fail to agree with what we have done. I am sorry to speak in such a way — it is harsh, it is definite — but I believe that we are in danger of being forced into having to make that decision.

And if I could close on one other firm note, Mr President, it is this, and I very much regret to say it: the more I look at it, the decision-making in Council seems to me the weakest and most haphazard in the Community institutions. If we are to make progress as a Community, I believe that the mechanisms by which the Council work have got to be changed. And that is essentially a matter for them to decide, and not

for us. But I do not want them to be under any illusion about what, at any rate, I feel about the matter.

(Applause)

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

Mr Vitale. — *(I)* Mr President, I must first place on record that our Group's severely critical attitude to the Commission's preliminary draft budget was based more on general political considerations than on any points of detail — even fine legal points — such as have been discussed here today. And we have this to say: at a time when we should be preparing to meet the three great challenges before us — namely the European Monetary System, which for mysterious reasons that escape me the President of the Council says we should not discuss, enlargement of the Community and the elections to the new European Parliament — the Commission, in yet another display of weakness, presented a budget that had no relevance to the problems of building Europe. Despite rising inflation, the overall rate of increase — which I believe came to about 12% — was lower this year than in previous years by some seven or eight points, which is no small matter.

We were — and remain — even more critical of the draft forwarded by the Council to Parliament following the earlier Bremen Summit, which seemed to some of us to express a political will to make some progress in the work of building a new Europe.

The budget — and I hope you will forgive me if I say that the discussion here rather tends to reflect this limitation — seems to us more than ever to be an accounting exercise totally divorced from the general situation and the ambitious of the Community. In the first place, at a time when we are talking about the enlargement of the Community the Council deletes without explanation — as Mr Bangemann rightly pointed out — the special reserve set aside for dealing with the problems associated with enlargement. Secondly, at a time when we are suffering a deterioration in the employment situation and when we are stepping up industrial restructuring, the money allocated to the Social Fund is cut back. Thirdly, at a time when it is recognized that loans — particularly loans for investment — are becoming an increasingly important instrument of European policy this heading is deleted from the budget because Parliament could control the use of these resources or at least have an overall picture of the processes of economic development on which it is required to deliver its opinion. Fourthly, at a time when, not least in connection with the new European Monetary System, we so urgently need to review our common agricultural policy — and this was also mentioned at the last meeting in Brussels — we see the deletion of a remark requested by the European Parliament against the heading relating to the EAGGF Guarantee Section, requiring the

Vitale

Commission and the Community institutions to review the common agricultural policy so as to adapt it to changed conditions and needs.

Much more than just the Regional Fund is involved. However, the question of the Regional Fund exists — and is central. And here, too, the contradiction is self-evident: If you expect countries with different rates of inflation and with different economic structures to commit themselves to an exchange agreement which requires the various countries to accept varying degrees of sacrifice, then, clearly, a Regional Fund which transfers real resources to weaker countries becomes a central issue, an issue that sorts out the true Europeans from the cynics. By increasing the Regional Fund to 1 000 million Parliament has shown — and that is to its credit — that a substantial body of European political opinion refuses to tolerate indefinitely the idea of a 'two-tier Europe'; that whatever prospects there may be of a united Europe inevitably depend on a joint regional policy effort, that is to say on an acceptance of the common responsibility for the transfer of real resources to benefit the economic structure of the weaker countries and to redress the accumulated imbalances that might be aggravated by the new European Monetary System. Unless such a policy is pursued, the monetary arrangements are bound — irrespective of the commitments entered into — to fail as miserably as they have in the past. Joining and leaving the 'snake' by some countries became for a time an everyday fact of Community life and I believe it to be inappropriate to the extraordinary situation that we are experiencing that the Council should attempt to cling to a legal interpretation that is inconsistent with the Treaty of 1975, which was ratified by all the European parliaments, a legal quibble to which even the Commission — if Mr Tugendhat will forgive me for saying so — has given an extremely weak reply. To re-open the debate on a decision by Parliament which the Council was not able to reject would mean today, on the eve of European direct elections, calling into question Parliament's existing powers, as Mr Bangemann quite rightly pointed out.

Whatever may be the interpretation on the problem of the maximum rate, a formal decision to change this rate could still be taken by approving the increase which Parliament has — because it voted for it in substance by supporting these amendments — agreed jointly with the Council — which did not reject the amendments. And, if we accepted the Commission's opinion, we should be undermining the new Parliament at a moment when we are proclaiming that a new chapter is beginning in the history of Europe with the coming of direct elections. We would be turning back the pages of history leaving our successors with less political influence than we have succeeded in winning for ourselves over these last few years.

For all these reasons, Mr President, we believe that maintenance of the appropriation for the Regional

Fund represents a vital political and institutional issue. After all, although the figure of 1 000 million EUA may seem large it is not large when you consider the problems that we have to deal with. Mr Lahnstein, there are two decisive questions that must be answered: Firstly, is Europe to become a club of rich countries which will reluctantly drag the poorer countries along behind them? Secondly, are we in the next few years to have a Parliament that is capable of coping with the changed circumstances or a body that is subordinate to the decisions of individual governments?

Whilst we call on all the political groups represented in this Parliament to reflect carefully on the issues which, behind the budget figures, are at stake today, we state here and now that we shall decide on our overall position on the budget itself by reference to the maintenance of the decisions and of the dignity of Parliament on the points mentioned above, and in particular on the question of the Regional Fund.

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

Mr Cointat. — (F) We are now embarking on the fifth round of discussions on the 1979 budget, and I hope, Mr President, that it will be the last.

The position of the European Progressive Democrats has not changed over the months. In the spring, in the debate on the budget guidelines, we expressed our wish for a dynamic budget, a budget that would include a number of new measures — a common transport policy, a common energy policy, a more effective research policy — in order to bring the budget more into line with the repeated declarations of the governments. Well, it is quite clear to us that our wishes have been totally ignored.

The Commission's preliminary draft was a total disappointment. It was a recipe for stagnation, it was pedestrian, an accountant's budget, just sufficient to keep the Community ticking over and all this because the Commission was being over-cautious. And so we put all our hopes in the Council to restore the funds needed for a constructive policy. And here again our pleas fell on deaf ears. The Council showed itself to be a genuine Scrooge by reducing the appropriations and by doing away with those few new projects that had timidly been embarked on. One can quite understand, therefore, the disarray in the European Parliament during the first reading: Without a coherent draft, or guiding thread, or firm policy direction, the Assembly in an atmosphere of uncertainty adopted all the measures which seemed to it to be justified. It was the easy way out.

At that time we warned our colleagues not to adopt an unreasonable attitude. The Council could not approve such a considerable increase in expenditure. Choices had to be made, however painful. Once again our

Cointat

pleas fell on deaf ears and the outcome was predictable. We now find ourselves at an impasse. In spite of a certain effort on its part — I readily acknowledge it, Mr Lahnstein — the Council was unable to meet Parliament's demands, and what is more, being unable to reject or approve the additional appropriations for the Regional Fund, it raised a matter of principle which cast doubts on the rights or powers conferred on the Assembly in the Treaties. The result, as Mr Tugendhat said, is serious. The dilemma in which we find ourselves is that we have to choose between conflict and compromise and neither alternative is attractive.

The members of the European Progressive Democratic Group are, as indeed they have been since the spring, in favour of a reasonable solution, which I believe to be not only coherent, but also to coincide exactly with the view expressed a moment ago by Mr Michael Shaw, that the amendments tabled by the European Parliament fall into two categories, those that call for additional appropriations and those that pertain to budgetary policy. In regard to the amendments relating to budgetary policy — nomenclature, budgetization and so on — we stand firm and we urge the Council, if not to accept them, then at least to accept the principle so that budgetary policy can be clearly defined before the elections to Parliament by universal suffrage and to avoid any misunderstanding.

We are left with the amendments concerning the appropriations themselves. On the Regional Fund you must all the same acknowledge, Mr Lahnstein, that by the deadline laid down, namely 23 November, the Council did not reject Parliament's request for an increase of 480 million EUA in commitments and of 223 million EUA in payments. Accordingly — and I am trying to look at it as objectively as possible — under the terms of Article 203 of the Treaty these appropriations are approved. As far as we are concerned the matter is closed. The die was cast when the Council adopted the position it did. The decision was the Council's alone. It was not of our doing and under the Treaty we do not even have the right to discuss these appropriations at the second reading.

However, when we come to the other appropriations, there are, as we have said throughout, choices to be made between the desirable and the possible. The Council — I paid it a compliment just now — showed some movement by accepting an increase of 133 million EUA in commitments and of 315 million EUA in payments, which is quite substantial. And if we want to be serious, we must try to meet the Council and abandon all the other amendments that have been tabled in order to find a reasonable solution. Perhaps there are — if the Council agrees and it gave us to understand earlier that it would — some amendments which could be allowed to pass, but if the Regional Fund is accepted by the Council, as in fact it has been, then let us forget the other amendments.

Consequently, our group accepts the position of the Council in strict conformity with the Treaty, in other words the appropriations for the Regional Fund and practically nothing else. But every institution must bear the responsibility for its own actions. If we adopt the attitude that we will not vote through any other amendments, let the Council for its part accept its responsibility and agree to fix a maximum rate which covers the additional appropriations for the Regional Fund in conformity with its own position and following its own lack of decision.

I hope that the Assembly will accept this position, which is also that of the European Conservative Group. If the Council fixed a maximum rate commensurate with the expenditure on the Regional Fund the budget would be finally approved. But if the Council refused to fix this maximum rate then the budget could not be adopted by the President of Parliament in the time required and this would result in the application of the 'provisional twelfths' until agreement was reached. But that is up to the Council. If Parliament does not amend the appropriations for the Regional Fund the matter will be no concern of ours and we would have no alternative but to rely on the wisdom of the ministers. That is why I should like to see the Assembly accept the position stated by our groups, so that if the budget is not adopted it will be the Council of Ministers that has taken that decision and not Parliament.

(Applause)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Mr President, my group would like to join other groups in congratulating Mr Bangemann on the task he has performed, not only on behalf of the Committee on Budgets, as its rapporteur, but also on Parliament's behalf. Those that have had the privilege of working closely with him will know very well the tremendous amount of time and trouble he has devoted to his task and the extent to which he has sought every avenue to arrive at some kind of agreement with the Council.

Now, Mr President, I am afraid I am going to have to make some observations which will be highly critical, and I want to make it quite clear, before I embark upon the course which I have chosen, that my remarks apply to the Council as a collegiate body and to the Commission as a collegiate body and must not be taken as indicating anything other than the esteem in which I personally hold both Commissioner Tugendhat, who has worked hard also, and the President-in-Office, Mr Lahnstein, with whom I am very happy to be on very friendly terms. But I am afraid that the stark facts have to be faced, and Parliament and Council and the Commission have to face them.

This debate concerns a total budget of which no less than 10 000 million units of account have passed

Lord Bruce of Donington

through without any query whatsoever. Out of the total of some 14 000 million, or whatsoever. Out of the total of some 14 000 million, or whatever it may turn out to be, 10 000 million are clearly devoted to the Common Agricultural Policy, which by common consent is already creaking at the seams in any event and for the last four years has been subject to critical comment from all sections of the House. Is the Council bothered about 10 000 million? Not a bit of it! Ten thousand million are mere trivia so far as it is concerned and can pass without comment. Council's interest is only aroused when those of us that sit in the European Parliament in an unpaid capacity and give much of our valuable time to its deliberations venture to suggest to Council and Commission that perhaps they might pay some attention, however small, to the other objectives that are enshrined in the Treaty of Rome.

(Cries of bear, bear.)

Some of us feel that if only one-tenth of the time spent in considering agricultural matters were spent on the other broad vistas which are being held out to the people of Europe, then some good might come of it.

The position is well known: on the first reading of the budget, Parliament decided to move amendments to the draft budget which would have the effect of increasing commitment appropriations by over 2 000 million and payment appropriations by some 842 000 000. The Council, at its meeting on 20 November, made very considerable slashes, very considerable slashes indeed, to the tune of 1 673 million in so far as Parliament's proposals for increases in commitment appropriations were concerned. In other words, it made greater slashes in Parliament's proposals for other activities in the Community than it pays out for the storage of its food mountain. This is the degree to which Council slashes, and so they left us with the amendments that they approved — or should I say, failed to reject? The legal point is a fine one. We were left with some 625 million in commitment appropriations accepted/not rejected — you can pay your money and take your choice — and with some 315 million in payment appropriations agreed to.

Well, so far so good. I would congratulate Council on going that far. It is very kind of them to have failed to reject Parliament's regional proposals, very kind of them indeed. I hasten to congratulate them upon it, because they have a firm parliamentary amendment and that is the end of the matter.

But, Mr President, that sticks in the craw. The fact that the Council failed to reject Parliament's amendment in connection with the Regional Fund is something that they cannot possibly endure. They would like us to feel their failure to reject Parliament's regional amendment was somehow due to a momentary lapse of memory, a lapse in concentration on the Council's part, that they really did not mean to do it.

This is what they would like us to feel. And this is why, of course, they have fallen back, after having regretted what they have done, on the device of saying, Well, of course, it is not within the maximum rate. Ha, ha, ha! Well, Mr Tugendhat has exposed that nonsense for what it is. Mr Tugendhat was very frank with Parliament. He said, of course, nobody has paid very much attention to the maximum rate over the last four years. Indeed, I can refer him to the page in his own document in which he reveals the full extent to which the maximum rate has been completely ignored. And now Council takes a stand upon the law? — After having broken the law itself consistently over the last four years? What a ridiculous posture to adopt! Occasionally, in those times when the contribution from Council and Commission rose towards the mediocre, I thought that perhaps some sense would eventually emerge, but not a bit of it! They take their stand on this. They invite us to believe that they are like the Vestal Virgins, that they really do not know anything about the facts of life at all. It is to be imagined, Mr President, that when they took the decision not to reject Parliament's amendment on the Regional Fund, they were unaware that they were themselves exceeding the maximum rate for so doing? Is that the kind of idiocy they wish Parliament to believe? They knew perfectly well what they were doing at the time, and they regretted it afterwards. And so they like to put the onus on Parliament for arriving at an *impasse* on the budget.

Mr Tugendhat delivered the usual warning from the Commission, which I have heard on at least four occasions, as to the dire consequences that would emerge if Parliament failed to give in to the Council — because this is what it really amounts to — what the expenditure would be: one-twelfth of the previous year's per month. He was careful to lay emphasis — I thought, perhaps undue emphasis — on what would happen to the various sections of non-compulsory expenditure under the social and other heads. What he did *not* mention was that the one-twelfth limitation would also apply to agricultural expenditure.

(Laughter.)

I am not sure in those circumstances, Mr President, whether, acting entirely unscrupulously and as one whose devotion to the agricultural policy is not exactly conspicuous, I ought not to advise the Council to continue on their present obdurate course, when they will be bound to limit agricultural expenditure likewise. But no, Mr President, I must eschew such unworthy thoughts and get myself back to the principle that is here being enunciated today. What is the quantity? They are cavilling over some 480 million units of account which they themselves voted into the budget on the Regional Fund commitment and some 233 million units of account. Right. This is where Shylock sticks. Shylock cannot bear the 480 million extra in commitment appropriations, nor the 233 million extra in payment appropriations, in this very important field.

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Let us compare what they *are* prepared to endure. They are prepared to endure an annual expenditure of 878 million units of account merely on the storage of dairy products, which are produced largely for intervention and of which 60 % at least represent losses on realization in the dairy field alone, which themselves are scheduled at 480 million.

Now isn't that odd? It is just about the same figure as they are sticking on on the Regional Fund. They are prepared to tolerate, in the dairy field alone, losses on the realization of surplus stocks of over 400 million, but they are not prepared to stomach an amendment which masks a transfer of resources from the more prosperous to the less prosperous regions in full accordance with the whole principles governing the European Regional Fund. They are prepared to sacrifice the entire regional concept which their predecessors put forward proudly in Europe, they are prepared to sacrifice that, but they are not prepared to do anything about it at all, not even utter a word of regret concerning the losses that are realized by surplus stocks in intervention. Nor are they prepared to take effective action, either Council or Commission, to investigate those scandals of traffic in butter which take place from time to time in Europe, where there is a deliberate fraud in connection with the realization of these surpluses. This is the measure of the Europeanism of the Council and the Commission;

(Applause, Cries of 'Hear, hear!')

this is the measure of their faith in Europe as a whole. They have lost all touch with reality. Any suggestions that come from Parliament — and we, too, are serious people of all political groups who believe that there are certain valuable tasks to be performed in Europe on a Community basis in the industrial field, in the energy field, in the research field, in the educational field, in the social field and in the regional field Council have not even bothered to consider of yet; they tinker about with petty cash, and they have the impertinence by inference to come to this place as the protectors of Europe. They are not! Both Council and Commission are going to destroy Europe if they go on in the way that they are going now. They are going to bring into disrepute every high-sounding ideal to which they themselves have paid service over the years, they are going to show that the European Community, when it comes to act, is in fact a sham, except for the agricultural policy itself. If they wish to do that, that is their affair, but, Mr President, on thing they are not going to do: they are not going to lay the blame on the hard-working Members of this Parliament from all groups who come at some inconvenience to endeavour to apply their minds to furthering the whole question of European unity in fields in which fruitful cooperation can be achieved. They are not going to blame it on us. If they choose, in the next few days, to take a course of action that turns down finally the very moderate representations and the very moderate proposals that are being put

forward by a united European Parliament, they will deserve the verdict that history will pass upon them.

(Applause)

President. — I call Mr Lahnstein.

Mr Lahnstein, President-in-Office of the Council. — *(D)* Mr President, I fear that I may now be encroaching on your lunch break. I just want to put a few points to those who have gone into the legal aspects of the budget situation in such detail, in the hope that they will have an opportunity to think about them quietly during the adjournment. The Council gets the impression that some of the speakers have plunged into the subject of budgetary law if not with abandon — that would be putting it a little too strongly — then with a certain panache. May I urge all those who have gone into the matter to take a calm and careful look at Article 203(5), particularly with an eye to the difficult situation we may be facing from tomorrow onwards. Let them take a look especially at the procedure laid down for amendments and modifications, and also at the last subparagraph of paragraph 5. As regards the relationship between these problems and the fixing of a new maximum rate, our view on this, as I have pointed out to the Committee on Budgets, coincides with that of the Commission. And may I add with all possible emphasis that we arrived at our independently of the Commission and that the Commission arrived at its conclusion independently of us. As far as I personally am concerned it was not until yesterday that I heard the Commission standpoint from Mr Tugendhat. If you are accusing the Council of a lack of commitment to the provisions of European law, then at least do not level the same accusation at the Commission. This is no coincidence but the fruit of calm reflection within the two institutions and as such deserves to be taken seriously.

There is a third point which I feel bound to make. In his long and colourful speech Lord Bruce said something which I must, on behalf of the Council, absolutely reject. He referred to the 'unpaid activity' of the Members of Parliament in a way that could be construed as derogatory to the Members of the Council or Commission. If that is now the remark was intended, then it must be utterly rejected.

President. — The proceedings will now be suspended. The House will rise.

(The sitting was suspended at 1.00 p.m. and resumed at 3.00 p.m.)

IN THE CHAIR : MR COLOMBO

President

President. — The sitting is resumed.

6. Urgent debate

President. — I have received a motion for a resolution tabled by Mr Albers on behalf of the Socialist Group, with request for urgent debate pursuant to Rule 14 of the Rules of Procedure, on problems connected with the system of North-South rotations in cargo shipping (Doc. 517/78).

The authors of the motion support their request by pointing out that the European Boatmen's Organization threatens to call a European strike unless the Dutch Government agrees to transform the voluntary system of North-South rotation into legislation.

Pursuant to Rule 14(1), second paragraph, of the Rules of Procedure, the vote on this request will take place at the beginning of tomorrow's sitting.

7. Question Time

President. — The next item is the first part of Question Time (Doc. 501/78).

We begin with questions to the Commission of the European Communities.

Since its author is absent, question No. 1, by Mr Kavanagh, will receive a written answer.¹

Question No 2, by Mr Brugha :

What progress has the Commission made in formulating a policy for small and medium-sized undertakings ?

Mr Giolitti, Member of the Commission. — (I) During the sitting of 14 September 1978, my colleague Mr Vouel told Mr Brugha that the Commission had introduced a number of priority measures to help small and medium-sized undertakings on which it proposes initially to concentrate its efforts and which have to do with the simplification of administrative formalities, problems of financing — particularly in connection with the European Investment Bank — sharing in risk capital, exports and other matters.

At the beginning of 1979, that is in a few weeks' time, the Commission will be making a first assessment of its measures in this field, which it has always considered to be of the greatest importance. The findings will of course be passed on to the Committee on Economic and Monetary Affairs. The Commission is in fact very anxious to continue the constructive dialogue it has begun with the European Parliament on the measures introduced and to find a way of stimulating the activities of small and medium-sized undertakings.

Mr Brugha. — Mr President, I would like to impress on the Commissioner the need for a clearly defined policy that will assist SMU's certainly for the coming year.

Mrs Ewing. — Will the Commission bear in mind that these undertakings could alleviate unemployment, but one of the difficulties, at least in the UK is the great cost of employing even one additional employee because of the disproportionate burden, which I think is for the best of motives, but is really working against the interest of employees, many of whom would wish to be part-time? And will the Commission bear in mind the importance of such undertakings to sparsely populated areas? In Scotland, for example, there are six times as many as in most parts of the EC, and certainly in the United Kingdom, and they are vital to the survival of rural communities.

Mr Giolitti. — (I) I accept the and the point made by Mrs Ewing. However, since this matter has already been considered in the context of the Social Fund Regulation and its implementation, I feel that further consideration of it should be left to a later date.

Mr L'Estrange. — Is the Commissioner aware that we in Ireland have found that small-scale, family-type industries withstand inflation and recession much better than many of the larger industries, and very often they are quicker to adapt to change, and would he not think therefore that greater help and encouragement should be given to small and medium industries to allow them to develop further and to give more and greater employment in rural areas ?

Mr Giolitti. — (I) I quite agree with what you say and in fact the data the Commission has gathered on levels of employment make it fairly clear that small and medium-sized undertakings will have a very important role in the future.

Mr Fletcher-Cooke. — In the studies that the Commission is evidently going to pursue of the impact of the modern world on small business, will the Commission assure us that the burden of form-filling — particularly as regards VAT, a matter which the Commission is particularly interested in — should also be examined, because this burden places an unpaid duty upon small business, such that many of them have to work every weekend, Sundays included, in order to provide the necessary information for the revenue departments ?

Mr Giolitti. — (I) Certainly, when I spoke of the Commission's commitment to finding ways of simplifying administrative formalities I was also thinking of VAT.

President. — Question No 3, by Mr Nyborg :

Does the Commission intend to take steps to get rid of discriminatory national transport regulations so that goods and passenger transport by road in the Community may operate without impediment and, if so, what steps will it be taking ?

¹ See Annex.

Mr Giolitti, Member of the Commission. — (I) The Commission does have powers to take action to eliminate discrimination in the transport sector, particularly in relation to charges and conditions for the carriage of goods, in accordance with Article 79 of the EEC Treaty and Article 70 of the ECSC Treaty. Moreover, the Council has adopted two directives removing existing obstacles to the establishment of transport undertakings carrying goods and persons from one Member State to another.

Community rules concerning the free movement of workers are regularly applied to put an end to such discrimination on the basis of nationality.

The powers already mentioned give the Commission the right to investigate any case that comes to its notice and to take appropriate measures. Moreover, in the matter of bilateral systems of quota restrictions on the carriage of goods by road — to which Mr Cifarelli referred recently — the Commission has already stated that these quotas do nothing to help match the supply to the demand for transport and could in fact interfere with intra-Community trade. The Commission proposes to tackle these problems, firstly, by ensuring that Community interests are fully taken into account in any bilateral agreements and, secondly, by regularly increasing Community quotas on the basis of politically sound principles.

Mr Nyborg. — (DK) Unfortunately it is of course impossible to mention all the many cases in our member countries containing elements of distortion of competition but allow me to put a single concrete question to the Commission: does it not consider it an unacceptable practice and a distortion of competition that, for example, in Germany a charge is levied per passenger/kilometre in respect of persons who are transported by bus either in Germany or through Germany where the buses in question come from countries other than Germany.

Mr Giolitti. — (I) Obviously I am in no position to express an opinion on the specific case mentioned. However, I can assure Mr Nyborg that the Commission is taking every possible step to achieve maximum harmonization.

Mr Dalyell. — Would the Commission be prepared to have second thoughts on the 450 kilometre limit that is given to lorry divers. Is it not true that, whereas this may have been realistic ten years ago, now, with the improved motorway systems and with the improved braking power of lorries, which can travel much faster in safety, this puts up prices for peripheral areas of the Community? Perhaps the Commission would reflect on whether an extension to, say,

600 or 700 kilometres would not be realistic in present-day conditions, given the improvement of both roads and lorries?

Mr Giolitti. — (I) The Commission is looking into the possibility of changing the limit which, I should point out, was introduced mainly out of social considerations. The Commission is also currently looking into the technical and economic aspects of such transport.

Mr Müller-Hermann. — (D) Does the Commission not think that, when getting rid of the discriminatory national laws in the transport sector, consideration should also be given to the widely varying systems of taxation on personal and goods traffic within the Community, and to the fact that in some countries foreign vehicles are charged motorway tolls and in others not? Does the Commission have any plans for harmonization in this area and, if so, how far advanced are they?

Mr Giolitti. — (I) These matters do indeed come within the area in which the Commission is currently seeking to achieve a maximum degree of harmonization.

Mr Fuchs. — (D) Does the Commission intend to pursue its efforts, which have hitherto met with only limited success, to put an end to discriminatory legislation in third countries bordering on the Community that have signed non-discrimination agreements with the EEC?

Mr Giolitti. — (I) This is certainly a most delicate and complex problem, even more delicate and complex than the problems encountered in intra-Community relations. However, I can assure you that the Commission is making determined efforts in the direction already indicated.

Mr Scott-Hopkins. — The Commissioner mentioned the word 'quotas'. Will he accept that this is one of the most difficult areas, and one which is the most abused and certainly the most corrupt? Is the Commissioner going to investigate this and will he come to the House with the result of his investigations as soon as possible, with a view, I hope, to eliminating the necessity for having quotas?

Mr Giolitti. — (I) Brief though my answer may have been, it is not by chance that so much of it was taken up with the problem of quotas. We accept, in fact, that the examination of this problem is a matter of urgency since it is precisely through these quotas that the discrimination deplored by the questioner is practised.

President. — Question No 4, by Mr Fitch :

Would the Commission suspend the second directive on public supplies contracts ?

Mr Giolitti, Member of the Commission — (1) Following the Council directive to coordinate the procedures for assigning public supply contracts five Member States have already taken steps to implement the directive. The Commission does not consider it proper to propose an amendment to suspend the directive. On the contrary, it believes it should do very-thing within its powers to accelerate its implementation. It is therefore taking the necessary steps, under Article 169 of the Treaty, to deal with those Member States that are not implementing the directive. I should add, however, that the Member States concerned are in the process of adapting their legislation to the requirements laid down in the directive.

Mr Fitch. — Is the Commissioner aware — and it is obvious from his answer that he is — that for a variety of reasons a number of Member States are not implementing the directive. As the chief reason is that the necessary legislation has not been passed by their respective national parliaments would it not be better to suspend the directive until this legislation has been passed by the national parliaments so that we can have a common reintroduction date. There are, as I am sure the Commissioner will agree — I have the figures myself — a number of States which in fact are not implementing the directive.

Mr Giolitti. — (1) As I have already said, the Commission cannot help but be aware that not all the Member States have introduced the legislation necessary to implement this directive. Nevertheless, I must repeat that the Commission does not think it would be wise to suspend the directive as Mr Fitch suggests because the Commission believes that the drive to open up the markets would be delayed for a period corresponding to the period of suspension. Moreover, such action would not guarantee the full compliance of all the Member States with the provisions of the directive. It is obviously impossible to conduct simultaneously two completely contradictory policies. Finally, if the directive were to be suspended the effect would be to create a dangerous precedent that would encourage the flouting of dates laid down in other Community legislation. These are the considerations which lead the Commission to maintain its stated position.

Sir Geoffrey de Freitas. — Why has the Commission not taken the initiative of explaining to the public exactly what is happening? Judging by the

press reports there is a great deal of confusion and a great deal of ill-feeling about this matter.

Mr Giolitti. — (1) I accept that there certainly is a public relations problem. Sir Geoffrey de Freitas's remark persuades me that I should see to it that the Commission takes steps to remedy this situation.

President. — Question No 5, by Mrs Squarcialupi :

What criteria are applied in granting Community aid to newspapers of Italian immigrants in the EEC countries, and on what grounds is this aid confined entirely to publications that are members of Federeuropa

Mr Vredeling, Vice-President of the Commission — In the context of information on the Commission's social action programme and particularly in the area of measures for the benefit of migrant workers, good cooperation has been established between the Commission and the press organs of these workers. The Commission grants financial aid and technical support — without any permanent contractual basis — to press organs which are organized at European level and publish newspapers for migrants in the Community countries. This support is given in the light of the content and space accorded in these publications to general information on Europe and to specific problems of migrant workers ; a further condition for granting support is that the organs concerned must be willing to submit to a possible control by the Commission and Court of Auditors of the way in which the financial aid is used.

To turn now to the specific instance referred to by the Honourable Member : the Commission grants support according to the principles outlined by me to the press organ for migrant Italian workers, Federeuropa, to the extent that this organ meets the criteria I have just referred to. At present seven newspapers published in Europe are affiliated to Federeuropa and regularly publish articles on European questions. No other body organized at European level has as yet requested technical and financial support from the Commission. For 1978, the Commission granted Federeuropa a subsidy of 4 237.13 EUA.

Mrs Squarcialupi. — Does the Commissioner not think that the distribution of funds solely to journals belonging to Federeuropa is a form of discrimination, since other journals, for example the newspapers of migrant Italians, may well discuss European problems, regardless of whether they belong to Federeuropa?

Mr Vredeling. — The Commission grants subsidies to press bodies organized at European level and not to national press organizations. The Commission sees no discrimination here.

Mr Scott-Hopkins. — Surely, this is the most appalling waste of money. Why is it necessary to support these newspapers? They are only intended for migrant Community workers within the Community. Do not tell me that there are not sufficient papers around or sufficient publications in their native languages by the Commission, the Council and Parliament to keep all these people perfectly happy in the countries where they happen to be working. I honestly think this is the biggest waste of money I have heard of in years.

Mr Veronesi. — With the approach of European elections and in view of the restrictions placed on campaigning in certain countries, does the Commissioner not think that the Commission should review its criteria for granting aid to newspapers and extend aid for an effective presence in the pre-electoral debate to publications which are not associated within Federstampa?

Mr Vredeling. — Mr President, I did not answer Mr Scott-Hopkins' question because it was not really a question but a statement with which the Commission does not agree. In answer to the second question which has just been put to me, I would say that if we abandoned the criterion of organization of the publications at European level our conditions for granting aid would become so vague that we might find ourselves in a situation of the kind described by Mr Scott-Hopkins, although that is certainly not the case today.

Mr Cifarelli. — What certainty can the Commissioner have that the requirement to form part of a federated group does not also imply influence on the publications? In that case there would be a violation of freedom of the press and freedom of choice, which cannot be the aim of the Community.

Mr Vredeling. — The risk to which the Honourable Member has drawn attention can only be avoided if other currents of opinion, if they so wish, also form European groupings and then submit requests for subsidies. They would then be treated in exactly the same way.

Mr Masullo. — Does the Commission not think that the development of a European Community awareness, especially at this particular juncture — as other colleagues have pointed out — implies the involvement of the masses and especially of those who by their very position, as is the case with migrant workers, are the most sensitive to this problem? The application of strictly formulated criteria such as the requirement for a European form of organization, would ultimately be detrimental to the economically and politically weakest groups which, in a pluralist view, should be equally if not more entitled than others to express or discuss their own thinking?

Mr Vredeling. — Since Members are insisting on this matter, I would say that the Commission does not

only follow this policy line in respect of migrant workers' press organs but also in every other area. We do not for example subsidize national scientific institutions of the union movements but we do grant subsidies when they are grouped together at European level. The Commission grants a subsidy to the scientific institution of the European trade union secretariat. The same holds good for the farmers' organizations. As a general criterion for granting subsidies, the Commission gives preference to organizations grouped together at European level.

Mr Mascagni. — In this phase of preparation for the European elections, why does the Commission not entrust its own national services with the task of distributing material, in Italian for example, in Germany or in the other countries where there are many Italian migrants?

Mr Vredeling. — That is an entirely different subject. You are aware that the preparation of the European elections and their financing is an area in which the Commission cooperates very closely with the European Parliament. I therefore agree with the Honourable Member, but his question has nothing to do with the subject raised by Mrs Squarcialupi.

Mrs Dunwoody. — But is not the Commissioner getting himself in a very delicate position simply because this is fundamentally a very dangerous set of assumptions? If he really wants to subsidize this kind of propaganda, then I do not see why he should restrict us in the manner that he does. If he is looking for something to give money to, perhaps I could suggest to him he would like to subsidize a socialist paper throughout the whole of Europe when we would be quite happy to organize it as long as he gave us the cash.

Mr Vredeling. — (NL) If Mrs Dunwoody manages to set up such a socialist journal the Commission, or I at least, will give it our favourable consideration.

(Laughter)

President. — Question No 6, by Lord Murray of Gravesend

What progress has been made to date in the Member States towards implementing the Council Recommendation of 22 July 1975¹ on the principle of the 40-hour working week, and 4 weeks annual holiday, in view of the fact that the deadline for implementation is the end of 1978?

Mr Vredeling, Vice-President of the Commission. — The Council recommendation on the principle of the forty-hour week and four weeks annual holiday is to be fully implemented on 31 December 1978. The

¹ OJ L 199, 30 7 1975 (Recommendation No 74/457/EEC).

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principle of the forty-hour week has already been adopted practically everywhere, except in small concerns and in agriculture. Rather less progress has, however, been made so far in applying the principle of four weeks paid annual holiday in every country and in every sector. Some countries have already introduced four weeks paid holiday through statutory provisions or collective labour agreements. In others, however, a great deal remains to be done if this recommendation is to be applied by 31 december 1978. We have given information to Parliament on this matter on several occasions; we have for example answered a series of written questions by Mr Dondelinger. The Commission is keeping a close watch on progress towards application of this Council recommendation; as regards the provision of information on the development of the social situation in the Community, including annual information on the application of the recommendation, we regularly publish comparative tables of working hours in Community industries. In our last summary we indicated the position as of April 1977 and next year when the Commission has all the new data on the forty-hour week and four weeks holiday we shall publish a new summary for 1978.

Lord Murray of Gravesend. — Will the Commissioner tell us how much further pressure is going to be put on those Member States who have not implemented the four weeks' holiday, whether he is aware that there is now pressure to reduce the working week to 35 hours and what the Commission is going to do about this? Further to that, does he not agree that a reduction in the working week and an increase in annual holidays will go some way to relieving the very serious unemployment situation in the Community at the present time?

Mr Vredeling. — Mr President, it seems to me that the Honourable Member's question is closely related to the next question by Mr Cifarelli and, with your permission, I shall answer the two together.

President. — I therefore call Question No 7, by Mr Cifarelli, conjointly:

Does the Commission consider that the reduction of working hours would be an effective means of preventing further unemployment?

Mr Vredeling, Vice-President of the Commission. (NL) — In the past year the Commission has repeatedly made its position clear on the matter referred to by Mr Cifarelli and also by the previous speaker. I would draw your attention in particular to the working document prepared by the Commission on the redistribution of available work. That document has been forwarded to the Standing Committee on Employment Market Questions. It contains analytical and statistical annexes showing the situation in the

Member States. The matter was also considered in the paper that was only recently discussed by the Tripartite Conference. There was broad agreement in the Standing Committee on Employment between the governments and the social partners that measures for the redistribution of available work could contribute to a reduction in unemployment. The Commission which shares this view put down its opinion in the communication to the Tripartite Conference, laying considerable stress on this matter.

A reduction in working hours is obviously not in itself a panacea for unemployment. The Commission fully recognizes that fact. But it can be a very useful complementary measure in the struggle against unemployment and in the Commission's view a reduction in working hours can only be successfully applied as part of an overall strategy for employment policy; the main aspects of that policy are set down in the document presented to the Tripartite Conference. I shall recapitulate them briefly here: firstly a restoration of economic growth by powerful stimulation of investment, continued structural adaptation in certain sectors and regions accompanied by a social policy to maintain jobs and, where the loss of jobs is inevitable, accompanying measures to assist the workers affected. Secondly, the development of additional employment possibilities in the public and private services sector, and thirdly an active employment market policy with improved working conditions and an equitable distribution of available work between all those who wish to work. That in brief is the Commission's position on the Honourable Member's question.

Mr Cifarelli. — I should very much like the document to which Commissioner Vredeling referred to be made available to Members of this Parliament. We should be very glad to receive it, preferably translated into all the into all the Community languages.

Has the Commission also looked into the problem of the consequences of these measures to reduce working hours, including their overall cost and its impact on production costs, as well as the problem of an increase in 'black work' in other words of second jobs in addition to the principal employment which effectively reduce employment openings especially for young people?

Mr Vredeling. — My answer to the first question can be very brief Parliament already has the documents of the Standing Committee on Employment; those documents have also been translated into Italian.

The second question concerns the consequences of these measures in terms of productions costs. We explained briefly in the document for the tripartite conference that the three parties concerned must share the costs. Firstly the employers, secondly the workers, who must also bear part of the costs, and thirdly the public authorities, including the Commu-

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nity, since the reduction in working hours will lead to the payment of unemployment benefit to fewer persons. The three parties must share the costs resulting from a reduction in working hours.

That brings me to the question of a possible increase in black work as a result of this measure. The answer is that the leisure time available should be used for more positive purposes, rather than for further work, or black work as the Honourable Member calls it. This is of course a problem that must be dealt with in the context of the general social policy of the Member States and of the Community. But this phenomenon is not so important as to diminish the value of the effort to reduce working hours.

Mr Ellis. — In view of the fact that everybody, I think, would welcome a reduction in the working week, whether for its amenity value or as a means of reducing unemployment, and indeed, as some political parties, I understand have a commitment to a 35-hour working week in their electoral platforms, would the Commissioner not agree that, if this measure is to be adopted as a means of reducing unemployment, it would best be done on a planned basis, which implies, amongst other things, a planned incomes policy? Does he not feel that in the list of criteria he read out from the Tripartite Conference, that the great lacuna was any reference to the crucial matter of incomes policy?

Mr Vredeling. — Coordination of the introduction of shorter working hours will be essential at European level. That was one reason why the subject was placed on the agenda — at the Council's request — of the Tripartite Conference. As you know, the European Council last week requested the Commission and the Member States to continue their activities in this area.

As to the question of incomes policy, there is as yet no such policy in the Community and we cannot therefore consider it in this context. The Honourable Member will probably recall that the Commission draw attention last year in connexion with the report on Economic and Monetary Union to the desirability of establishing an incomes policy at Community level.

Mr Porcu. — In dealing with the matter of a reduction in working hours, Commissioner, you unfortunately remain at the level of good intentions: measures which I can only describe as propaganda to appease the emotion of the workers. On the other hand, when it comes to the second aspect, for whose implementation your colleague, Mr Davignon, is responsible, namely the closure of undertakings and the destruction of production apparatus with the tragic consequence of a massive loss of jobs, action is taken immediately: there is no delay whatever. Coordination is easily achieved between the capitalist

companies and the governments directly concerned, as is illustrated by the present announcement of the loss of 20 000 jobs in the French steel industry. When will you take the necessary steps to ensure that the social measures precede the economic restructuring — in other words that premature retirement and reductions in working hours are arranged well before mass dismissals are effected from the undertakings?

Mr Vredeling. — Mr Porcu has always been a determined opponent of my colleague, Mr Davignon; my answer to him is that we have been trying to do exactly what he wants with our proposal to the Council and we have received a favourable opinion from the consultative body. Implementation must take place in the context of the restructuring of the steel industry which has not really even begun yet; it must take place in exactly the way he suggests — simultaneously with the measures in the area of sector steel policy which will shortly be discussed in the Council.

Mrs Squarcialupi. — I too feel it necessary to stress the danger of being satisfied with certain 'adjustments' proposed by the Commission in a hypothetical struggle against unemployment. These measures may distract us from the great innovations that have become essential in Community policy, by which I mean planning — planning which also allows for the needs of the developing countries — a new investment policy and industrial conversion. We should not like to see the Commission's proposals wasting time and above all contributing to an increase in unemployment since we consider these measures ineffective.

Mr Vredeling. — In the first place I made it quite clear that the Commission views a reduction in working hours as an ancillary measure and not as a central measure in the fight against unemployment, and I have already explained the broad outline of the Commission's strategy in this matter.

President. — I declare the first part of question time closed.

8. Votes

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

I put to the vote the motion for a resolution contained in the report (Doc. 473/78) by Flämig: The commissioning of nuclear power plants.

The resolution is adopted.

I put to the vote the motion for a resolution contained in the report (Doc. 493/78) by Mr Veronesi: *Research programme on codes and standards for fast breeder reactors.*

President

The resolution is adopted.

I put to the vote the motion for a resolution contained in the report (Doc. 477/78) by Mr Krieg: *Research programme in the field of reference materials and methods and applied metrology*.

The resolution is adopted.

I put to the vote the motion for a resolution contained in the report (Doc. 478/78) by Mr Holst: *Research programme in the field of climatology*.

The resolution is adopted.

I put to the vote the motion for a resolution contained in the report (Doc. 494/78) by Mr Ibrugger: *Research programme in the field of recycling of urban and industrial waste*.

The resolution is adopted.

9. *General budget of the European Communities for 1979 (resumption)*

President. — We shall now resume the debate on the general budget for 1979.

I call Mr Ripamonti.

Mr Rippamonti, rapporteur. — Mr President, as regards Annex I to Section II 'Council', i.e. the budget of the Economic and Social Committee, Parliament adopted two amendments on 25 October, proposed by the Committee on Budgets, to the establishment plan of the ESC. The first amendment involved the addition to the establishment plan of one A/4 post to allow an official to be transferred from the former Audit Board of the Community. A second amendment was to create, in addition to the nine posts granted by the Council, eight further posts requested by the Committee to enable it to pursue the activities stipulated for it in the Treaties with greater continuity, vigour and consistency and also to provide a more balanced establishment for the institution which deals with the economic and social sectors in the Community.

The Council accepted the first amendment but not the second which the Committee on Budgets has unanimously decided to table again with a recommendation that Parliament should approve it.

As regards Section V — Court of Auditors — Parliament unanimously approved on 25 October an amendment tabled by the Committee on Budgets with a view to granting the Court 38 posts in addition to the 35 already accepted by the Council of Ministers; this enabled the establishment to be increased to 73 posts (out of the 86 requested). In approving this amendment, the Assembly also provided for the 38 posts to be frozen for subsequent release by agreement between the Court and the Committee on Budgets as the Court's programme of organization progressed. The Council partially accepted Parliament's amend-

ment, i.e. in respect of 15 of the 38 posts. The Committee on Budgets unanimously decided to retable its original amendment so as to add the other 23 posts to the Court's establishment plan — giving a total of 73 posts which will remain frozen until their utilization is decided by agreement between the Court of Auditors and the Committee on Budgets. Since the Council did not clarify in its decision the level of the 15 posts approved by it, the Committee on Budgets has retabled the amendment for all 38 (23 of which could be additional posts) in order to define their allocation and grades.

The Committee on Budgets adopted this amendment unanimously and invites Parliament to approve it.

IN THE CHAIR: MR SCOTT-HOPKINS

Vice-President

President. — I call Mr Notenboom.

Mr Notenboom. — Mr President, the speakers this morning in the debate on the 1979 budget concentrated on the main point of contention with the Council: the Regional fund, and the maximum rate of increase; this is the principal problem facing us this week but I shall not be dealing with it now, especially as my colleague, Mr Aigner, gave what I felt was an impressive interpretation of the precise intention of Article 203 — of Parliament's own wishes in the matter, the Council's actions and the provisions which were finally embodied in the Treaties. There are not many people here today who participated in the procedure at that time. This historical record is particularly important today.

I would add that in my view Parliament's firm attitude is not a mere 'hobby': the powers of our Parliament are not an end in themselves. No, this struggle for powers is so important precisely because the underlying issue is progress in Europe. Without the powers of Parliament there will be no further integration in Europe, no economic and monetary union and no political union. That is the real issue, Mr President. None of these aims can be attained without a strong Parliament and I therefore support the views of various speakers on this point in our debate this morning.

I also support some of the points made by Lord Bruce on our agricultural policy, although I do not endorse the tone of his remarks and his ultimate intentions. I cannot attack the agricultural policy as he has done, and I find such attacks inequitable. However, I agree that some aspects of agricultural policy must change. Structural policy must acquire some of the importance which has hitherto been reserved for guarantee policy. I should now like to turn to three subjects which have not, I think, received sufficient attention up to now

Notenboom

I wish to comment firstly on paragraph 8 of the motion for a resolution in the Bangemann report, secondly on points 3.1 and 3.2 of the decisions of the European Council in Brussels and thirdly on the Community's own resources.

I strongly endorse the view set down in paragraph 8 of Mr Bangemann's motion. It deals with Parliament's 'doctrine' and indicates that implementation of the budget cannot be blocked if the budgetary authority considers that a supplementary legislative decision is unnecessary. It therefore relates to the formula included by Parliament in a number of amendments and subsequently deleted by the Council; Mr Bangemann is now proposing that we should reinstate our original wording.

This has an important bearing on the powers of our Parliament. Parliament must not say that no further implementing provisions from the Council are needed in respect of most items of non-compulsory expenditure. It would be wrong to say that and Parliament is not doing so. But neither must the Council maintain that a Council decision is still necessary in respect of all the items regularly entered in the budget before the Commission can effect the corresponding expenditure. The Council must not maintain that view!

In the past things were not always done in this way. It has happened on several occasions that expenditure entered in the budget was effected by the Commission without waiting for an implementing decision by the Council.

I readily understand the Council's position that detailed regulations are necessary on a number of points before the corresponding expenditure can be effected. Perhaps Parliament will itself have to concede a number of points. But if the Council views this as a matter of principle and not as a question of pragmatism certain rights are being removed from the budgetary authority, i.e. from the Council and Parliament.

The explanatory memorandum belongs to the budget and is a legal text. The explanatory memorandum forms an integral part of the budget. If Mr Lahnstein now says that the officially adopted explanatory memorandum has no legal value for the Council because the competence of the institutions cannot be changed, then he is also encroaching on the powers of the Council of Finance Ministers. Because the Council forms the budgetary authority in conjunction with the Parliament. The Council of Ministers responsible for the budget established the explanatory memorandum jointly with Parliament. If Mr Lahnstein now says that the Council, the other Council, must still take an implementing decision he is in effect undermining the decisions of the budgetary Council. He is implying that the budgetary Council is no more than a book-keeping committee which sets figures to the decisions taken by the other Councils. On the other

hand the Council denies that the budgetary Council is anything of the kind!

Mr President, I felt it important to make this point. I do not want to polarize the issue. We must be ready to make concessions on various matters but the Council must be willing to abandon its view that this is a matter of principle. I think then that we could make progress. However, if the Council does view it as a matter of principle we shall have taken a step back from the rights acquired by Parliament in recent years.

The second point with which I wished to deal concerns paragraphs 3.1 and 3.2 of the Brussels decisions. We might have raised the subject tomorrow but Mr Lahnstein already touched on it this morning. Paragraph 3.2 refers to 200 millions to be entered in the 1979 budget — 200 million EUA in interest subsidies. However, I can see no mathematical link between the 1 thousand million in annual credits and the 200 million annual interest subsidies if the interest is to be reduced by 3%. But that is what we are told. Even by making a cumulative calculation I still do not arrive at 200 million per year. I want to understand the calculation in a normal way. There must be no room for misunderstanding. It has happened on more than one occasion that the European Council has itself made calculations which subsequently proved wrong, with all due respect to our leading politicians. I have in mind the financial correction mechanism worked out by the European Council in Dublin. On that occasion too the gentlemen of the European Council made a fundamental error of arithmetic. I should therefore like an explanation to remove all uncertainty.

Finally a word about own resources in which I have taken a special interest for several years, sometimes in my capacity as rapporteur. The situation regarding own resources does not seem all that unfavourable. If I am not mistaken, only the Federal Republic of Germany and the Grand Duchy of Luxembourg will not be able to embody the sixth VAT directive in their legislation by 1 January next. That is of course a great pity — I shall be returning to this point — but it is still satisfying to note that progress has been made in several countries at the end of 1978. After rejection of a bill in the French National Assembly, the French Government was still able to amend the legislation — although it did so in a manner which I find somewhat surprising. Mr Cointat assured me this morning that the relevant bill has now been adopted by the National Assembly and is now before the Senate. In the Netherlands the matter is under consideration by the First Chamber and in Ireland by the Senate. In Italy the legislation will in all probability be adopted before the end of the year. Things have been left very late but it is nevertheless satisfactory to note that not more Member States will still be in default on 1 January. I am particularly sorry that the Federal Repu-

Notenboom

blic will be unable, as has been officially reported, to embody the directive in its legislation in time. That is a great pity because failure to adopt the directive will bring a certain financial advantage to the Federal Republic. I am not saying that this is intentional. I willingly accept that there are certain juridical and fiscal problems in the revenue committee. But it is important to avoid giving a misleading impression. I do not imagine that the German members present in this Chamber are the opponents of the bill. But, be that as it may, the Federal Republic must avoid giving the impression of delaying this matter to gain a financial advantage. Particularly as in recent months the Federal Republic has shown itself willing to make generous concessions to enable the European monetary system to see the light of day — for which it deserves all credit.

In the letter of rectification No 2 the Commission has announced that it will consider applying the procedure provided for in Article 169 of the Treaty to the defaulting countries. That is all to the good. We had ourselves asked it to do so. It is also satisfactory to note that the legal process will take its due course. But what can the Court of Justice do?

What can it do other than note the fact that one or two Member States are in default? Mr President, in my country something far more effective has been done and I have every reason to make it public here. The facts are generally known in my country in any case. The sixth directive is directly applicable not only in respect of the government but also to the taxpayer. In my country certain taxpayers have appealed to the government by reason of this direct applicability and the sixth directive gave them a right of exemption which was not yet possible under current national legislation. What action did the government take? It honoured the taxpayers' claim and made resources available from national funds; it granted exemptions which were permitted under the sixth directive but not under national statutory provisions. Perhaps this is an idea that might be followed by other Member States or taxpayers. If the Court of Justice does not have sufficient powers, defaulting countries could thus be compelled to take at long last the action they had undertaken to carry out when they approved the sixth directive in the Council of Ministers.

President. — I call Mr Cifarelli.

Mr Cifarelli. — Mr President, ladies and gentlemen, as Mr Meintz pointed out this morning my intervention in this debate will be complementary to his, and I shall concentrate on certain points which he reserved for me; I shall then draw a number of conclusions.

To begin with, I want to stress the importance of the position taken up by our Parliament on the following

three points. We approved an amendment seeking to introduce an appropriation for infrastructural projects of particular importance to intra-community transport. The Council has now adopted a negative position on this; but we must stress the importance of this issue once again so as to avoid contradictions which have an adverse effect on the idea which public opinion forms of the Community. Only recently the Commission Vice-President, Mr Ortoli, made a reference in contacts with the Italian public to what have become known as the Ortoli facilities and said that these facilities could be used for major projects of this kind: the Montecroce Carnico tunnel, the bridge across the Straits of Messina, the resumption of work on the major project between France and Great Britain — the Channel tunnel. We would stress that this was the precise intention of Parliament and the attitude taken by the Council seems all the more incomprehensible.

Similarly, we voted in favour of budgetary appropriations to be entered in a new chapter reserved for the common policy on the sea. On this point too the Council adopted a negative position. I intend not only to stress the importance of this decision of Parliament and the incomprehensible rejection of its amendments by the Council, but also to point out that this policy on the sea should be extended to the Mediterranean. The situation in that Community sea is becoming desperate. Nothing is being done to protect the rights of the Community or to create a better situation in the future. I do not wish to anticipate at this time a future debate but we must remember that there has even been bloodshed: a worker of the sea has died in a deplorable encounter in the Sicilian Channel; I have also noted that many of my Italian colleagues have put down a question asking for the subject of relations with the riparian states of the Mediterranean in the area of fishing rights to be brought under the aegis of a convention in which the Community must speak with a single voice and take the initiative.

We had also spoken out in favour of the creation of a budgetary reserve for enlargement. Here too we are surprised by the negative attitude of the Council of Ministers especially as in the case of Greece — and I do not share the views of those who favour globalization of negotiations to cover all three countries which have applied to join the Community — enlargement is a prospect which is anything but remote. Be that as it may, Mr President, the problem of the Regional Fund is still the issue which gives us the greatest grounds for concern. I have noted the arguments put forward by Mr Cointat who said that our decision was now an established fact in the Community since the Council failed to gain the majority necessary to reject it. I can do no more than state once again how astonished we have been by the indirect attempts of the Council of Ministers which, despite everything, does not want to change the margin for manoeuvre.

Cifarelli

In this particular context we noted with great disappointment the references made to the decision of the European Council. Well, this is an extremely delicate point and I think it is essential to state categorically that the European Council — which enjoys enormous political prestige as a periodic summit meeting in the Community and has an important function of initiative or in finding solutions to problems where the progress of Community integration is blocked — has no existence in the Treaties of Rome and no institutional authority either over the budget or in respect of the margin for manoeuvre. I make this point specifically for the attention of those governments and members of the public who are constantly calling for compliance with the treaties. There is an extremely vociferous and praiseworthy body of public opinion in one great Community country, France, which formulates the problem with extreme rigour: the Treaties and nothing but the Treaties. Well then, we have a perfect right to say that there is no provision for a decision by the European Council in the Treaties and that the Council of Ministers does have the necessary powers.

What is the real importance of this problem of the Regional Fund? I do not wish to confuse the issue. In my own country there is a full debate in Parliament on the introduction of the European monetary system following the Government's decision after a delay for further reflection in a full awareness of the significance of its decision, of its responsibilities and of the problems that would arise for the economy of our country.

Obviously in taking this decision and in presenting it to the verdict of Parliament, of the political forces in the Italian coalition government, Prime Minister Andreotti must have given particular consideration to the fourth point of the final section of the Brussels declaration. In the list of measures intended to strengthen the economies of the less prosperous members of the European monetary system a special position is given — as we heard a few minutes ago in the Committee on Economic and Monetary Affairs — to the Community instruments, and in particular to the funds intended to lessen structural imbalances. I do not have the honour and pleasure to be speaking in the presence of the President-in-Office of the Council of Ministers but I hope that his authoritative deputy here in the Chamber will note that we are merely referring to the decisions taken in Brussels. How can a genuine reference be made to these funds if at the same time an effort is made to see to it that the Regional Fund has an inadequate endowment and if there is a return to the bad habits of the past which we have so broadly criticized here?

I warmly applauded the speech by Lord Bruce during our sitting this morning. He said in vigorous and bold words something that we are all thinking: we are becoming the slaves of the EAGGF, of a common agricultural policy which has come in for such far-reaching criticism and which is the victim of

entrenched sectoral interests. We cannot continue to accept a situation where there is no ceiling on the funds made available to the Guarantee Section of the EAGGF while an advance ceiling is placed on the Regional Fund. This is a fundamental contradiction which is liable to be fatal to the orderly and improved progress of the Community. I do not intend to go into details now because I think I can draw briefly conclusions. Mr President, we maintain that the monetary system and the whole development of the Community must tend towards the lessening of regional imbalances: the Brussels document in fact speaks of national imbalances and I criticize that expression because I see Italy as the Italian-speaking region of a future European Union. But it is intolerable that while we are speaking here of regional policy others are standing out against such a policy. Allow me then to say here that the mere fact that I speak Italian does not make me an ally of the Italian Parliament or Government — and that goes for all of us. As we move towards direct elections I observe — not so much in Italy as in other countries — a kind of rejection, a turning away from the Community with concessions being made to ill-informed or hesitant sectors of the public and tribute being paid to the old taboos. One of those taboos is the rejection of a regional policy as though it were a way of squandering Community funds. I have always been a federalist and I would say to those who maintain that an increase in regional policy expenditure is tantamount to an uncontrolled transfer of wealth from one country of the Community to another, that for this very reason the powers of the European Parliament must be increased. To reduce the resources available for regional policy amounts in fact to a concession to egoism, waste, sectoralism, corporatism, weakness, protectionism and nationalism. To avoid these harmful effects we must strengthen the collegial and federal spirit and above all the powers of the European Parliament.

Clearly we cannot set ourselves up as arbiters or judges because we do not have the authority to do so, but everything which happens in Europe falls within our terms of reference. I feel bound to say that we are greatly disturbed by recent events in the matter of the Regional Fund, by certain positions that have been adopted and by the desire to close the door after the horse has bolted (in the sense of holding down the margin for manoeuvre).

We have listened to the various juridical arguments. Mr Notenboom referred to them with his habitual acuity. I agree with points 4 and 5 of Mr Bangemann's motion for a resolution and that is how I shall respond to the persuasive but by no means convincing arguments of the Commission. Mr Tugendhat asked us to hold our fire on the margin for manoeuvre and not to take final decisions because in that case the margin would have to be changed and the Council would be given the power to accept or reject certain policies in the budget adopted by Parliament.

Cifarelli

May I point out that this is mere sophistry since Article 203 provides for conciliation on the margin for manoeuvre. We cannot challenge the texts as they stand. It would be tantamount to a strange indirect diminution of the powers of this Parliament to give up trying to do what we think right for the Community simply because the Council has a particular weapon at its disposal.

In conclusion, allow me to stress — as my colleague, Mr Meintz, pointed out this morning — that we do not want a conflict with the Council of Ministers. I find it a pity that there should sometimes be a state of mind of the kind shown by the President-in-Office when he indulged in polemics on a few words perhaps spoken in passing (I personally had paid no attention to them) by a Member of this Assembly.

The fact is that we must do our duty to the end; we have adopted certain specific positions and we are not dismayed by the fact — let me say this clearly to the Commission — that the system of provisional twelfths will have to be used if the budget is not adopted. We are not dismayed either by the fact that certain innovations already accepted by the Council will become impossible to implement without the new budgetary instrument. We maintain that our positions, which are the result of careful thought, are entirely realistic and must be taken account of by the Council. The Council must realize that we are critically aware of the strange situation in which the ministers adopt one position in their own national governments and another at Community level. There is a schizophrenic split between the national policies and the policies of the Council of Ministers. That is perfectly apparent. We intend to say to the Council, which is our institutional counterpart, that in a spirit of mutual respect and in the interests of the Community, the Parliament will take the action which it considers appropriate: between a deadlocked budget and a humiliated Parliament there can really be no choice.

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — Mr President, I would like to congratulate Mr Bangemann on the very hard work he has put in and, as a member of the Committee on Regional Planning, Regional Policy and Transport, thank him for backing us the whole way in the proposals we put forward.

My group is delighted that the Council, owing to what today's *Financial Times* describes as 'a technical hitch', did not turn down the amendment put forward by the Regional Policy Committee, of which I had the Honour to be rapporteur, to increase the amount available to the Regional Fund, which decision the President-in-Office again confirmed this morning.

Now my group has two very firm principles. First, it believes that very clear priorities should be established in Community expenditure and these will, of course,

vary from year to year; and secondly, it believes that Parliament should not give a blank cheque to the Commission to spend sums for which they have not made out a very clear case. This year my Group has no hesitation in deciding that with the very serious economic and unemployment situation in the Community, the widening gap between the richer and poorer regions, which has now reached the horrifying ratio of 6 : 1, and the imminent entry of 52 million new Community citizens, 34 million of whom have a standard of living equal only to the very poorest members of the present Community, the Community's priority this year must be the Regional Fund.

Now it was decided as far back as 1973 that something must be done to alleviate the problems of the underdeveloped regions and the Regional Fund was set up, but from the very beginning it was hopelessly under-financed.

The Commission's request for 433m EUA for 1974 was slashed by the Council to 255m EUA for 1975 — a year late and barely half of what had been asked for despite the inflation meanwhile, and this sorry story of cheese-paring on the part of the Council has continued throughout the history of the Regional Fund. Year after year, the Commission has put forward well-drawn-up plans to help the weaker regions, and year after year the Council has decimated those plans. In their triennial proposals which accompanied the 1978 draft budget, the Commission asked for 1 000m EUA for 1979, and we, frankly, assumed that they would put this figure in their preliminary draft budget. Now, even this figure was 280m EUA less than the original proposal for 1976 if you index it for inflation. But then, of course, there was the Copenhagen Summit, which put forward only 620m EUA for the Regional Fund for 1979 and the Commission — I believe, quite mistakenly — considered themselves bound by this decision and asked for only 620 million in their preliminary draft budget. Now this was less than half what they asked for in 1976 if you index for it inflation, and when one considers the appalling deterioration in the Community's situation during that time, it is an astonishing state of affairs. For the first time, Parliament found itself not, as in previous years, defending the Commission's proposals, but fighting for the sum which the Commission had put forward in their triennial estimates but failed to put forward in the preliminary draft budget. However, we did know that the Budget Commissioner's heart was with us. Indeed, Mr Tugendhat made this enormously clear in his speech on October 2 this year, when he admitted that the Commission had reluctantly accepted the Euro-Council framework but then went on:

This is much less than is really needed to correct regional imbalances, which have now become an imperative necessity. If the Parliament's authority can achieve a higher figure, the Commission will be delighted especially since the structure of the amendment this year is technically acceptable.

Kellett-Bowman

My group is very happy that this is precisely what Parliament has achieved, and what we have achieved, Mr President, is completely in accord with the sentiments expressed at Bremen and Bonn, where the importance of improving the position of the weaker regions was stressed.

But, as every report of the Regional Fund has pointed out, this is not just a question of reducing the gap between the standards of living of the richer and poorer regions but actually preventing it from rapidly increasing. In 1974, the gap was 4 to 1. The following year it was 5 to 1. Now it is 6 to 1. And this is something which, if allowed to go on, would tear the Community apart. But my group believes that if the Community provides the funds, the national governments must use them wisely and fairly. Unfortunately this is not at present the case. For example, in the United Kingdom the Regional Fund money goes straight into the bottomless pit of the budget deficit, and local authorities are actually forbidden to undertake any additional project because they have received Regional Fund assistance, which is contrary to the spirit of the fund and must be changed. Moreover the money goes not to those who need it most but to politically sensitive areas, such as for example the North-East, with the ludicrous result that every unemployed person in the North-East receives six times as much money from the Regional Fund as an unemployed person in the North-West. An incredibly unfair position. This is why my group was particularly pleased that the Council accepted a new Chapter 56 establishing a non-quota section of the Regional Fund, something my group had suggested in our policy document three years ago. This, we hope, will involve local and regional authorities much more closely than is the case at present. This year, Mr President, Parliament has chosen the Regional Fund as its clear priority, a priority with which my group entirely agrees. In order to justify this action of Parliament, it is up to national governments so to organize their regional policy as to justify the European Parliament's confidence. Only if they do so will we have a chance in future years of making out a case in the budget for a continuation and increase of this help for those who need it most and thus of contributing substantially to the stability of the Community which we all seek to serve.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, there was, of course, considerable general regret at the relative failure to agree on an EMS project at the Summit last week. But surely the most disconcerting aspect of this meeting was the blank refusal of certain Member States to allow any extension of the Regional Fund. Political attitudes, it seems, had been allowed to prevail over the clearly established need to take action for the preven-

tion of a further widening of the gap between the richer and poorer regions of the EEC. Since its inception in 1975, the Regional Fund has been a constant reminder of the real weaknesses of the Community.

The Fund was created as an extremely belated effort to carry out the intentions of the Rome Treaty, that is, that there should be a progressive harmonization of living standards throughout the EEC. And yet the resources made available to the Fund have never been anywhere near adequate for the carrying out of the tasks allotted to it. The Community's regional policy has never, I think, been more than a symbol. It has served, perhaps, to convey an impression of activity to suggest that something was being done to raise living standards in the less-developed regions of the Community. But the actual amount made available for the Regional Fund has never in any single year been more than around one twentieth of the per cent of the total national budgets of the nine Member States. It is hardly surprising in these circumstances that as Mrs Kellett-Bowman has reminded us, during the past five years or so, the gap has widened — and widened quite rapidly — between the richer and the poorer regions. To reverse this adverse trend would require the provision of a very much larger Fund; to bring about an actual narrowing of the gap, would entail the provision of an even greater volume of resources. What is one to say, therefore, Mr President, when the Summit of last summer laid down a three-year programme of expenditure on regional aid, that was no more than barely sufficient to enable the same inadequate volume of work to be carried out as in the previous three years? What is one to say when the Summit of last week found itself unable to make any proposals whatever for an extension of the resources of the Fund?

The truth of the matter is that, all along, the planning of the Regional Fund has been bedevilled by narrow national attitudes, and there has never been that sort of genuine European commitment to the concept of regional policy that would be needed in order for such a policy to succeed.

It has perhaps been this lack of real commitment that has led to the long-sustained efforts to prevent this European Parliament from having any influence on the financing of the Regional Fund. We had the initial insistence on the fixing of the fund's resources over a three-year period; and the claim, made against all the legal realities, that regional expenditure was a compulsory item in the budget, and therefore beyond the scope of parliamentary amendment. As a result of our insistence at this Parliament, it has now been admitted that regional expenditure is in fact not compulsory.

But the summit procedure, one — it must be remembered — that has no basis in the treaties, has again been used this year to fix the total expenditure over

Yeats

three-year period in an effort to curb the budgetary powers of Parliament. And we have, of course, the arrangements made for this new Fund: the non-quota section, the activities laid down for the Fund Committee, and so on in all cases deliberately taken out of the ambit of Parliamentary control or supervision. And we have the total lack of any effort in the conciliation process on the side of the Council to compromise in any way with our desire to attain that parliamentary control.

Now it seems, Mr President, that there is considerable indignation amongst certain Heads of State and of Government, that we should, last October, have added to the resources provided in the draft budget for the Regional Fund, and that, last month the Council was not able to delete our amendment. There will be no comparable indignation amongst the peoples of Europe. So far as they are concerned, the European Parliament with respect to the Regional Fund has insisted, and rightly insisted, that the principles laid down by the founding fathers in the Rome Treaty should be put into practice, and not left to languish as forgotten shibboleths.

We at this European Parliament must continue to insist that token measures are useless in the field of regional policy. What is wanted is a genuine commitment to action, and in our actions on this present budget, we are fulfilling this commitment. We are entitled to ask the Council to follow us in this step forward towards a genuine Regional Fund.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, we are now nearing the end of the 1979 budgetary procedure although, because there remains a doubt as to whether Council can accept what we will do on Thursday, there is a prospect that the whole procedure will be prolonged into 1979, which leads me to my first comment.

We really must now accept that this whole procedure is too long and too cumbersome. The institutions begin their internal reflection in the first three months of the year. Parliament debates its general approach in May. It comes back to the plenary in July with the presentation of the preliminary draft budget. In our Committee work is dominated by the budget. In the September plenary we have another full debate on the budget. In October, we have a full plenary devoted to the budget. In November and December we have this intensive last round of budgetary discussions and once again, in the December part session, we are at it again. If this is to continue beyond the beginning of the financial year, we must seriously begin to ask ourselves whether there is not some more rational alternative. At the moment, we are perhaps making too much of a meal out of it all, particularly in view of the fact that the gap between the institutions at any stage is probably no greater than £ 300 — £ 400 million — i. e. less than 5 % of the total.

I think that the best legacy this Parliament could give to its directly elected successor would be to work out, at the beginning of 1979, some proposals for simplifying Parliament's scrutiny of the budget so that a more rational presentation of the choices can be achieved. With 198 members, this Parliament — with everyone having the dual mandate — is now achieving approximately 400 amendments in the October budgetary session: many of them as we in the Committee on Budgets know, repeating each other. Just imagine the opportunities for the directly elected member — 410 of them — full time. If we maintain the present system, we shall be extremely lucky to escape with less than 1 000 amendments and I think that this will pose such a strain on our administrative apparatus that the whole thing will collapse, thus inviting ridicule for the institution.

The prospect of the non-adoption of the budget for 1978 is not a matter for rejoicing. Bot Institutions that make up the Budgetary Authority have got themselves into a cleft stick. The Council, at its moment of decision, could not obtain the necessary degree of unanimity which the stringent Treaty conditions impose upon it.

Parliament cannot compromise on the Regional Fund, for largely technical reasons, even if it wished to. I think the Council severely under-estimated the strength of feeling on the Regional Fund within Parliament and we shall now have to live with the effects of that miscalculation.

I fear that some of the amendments put forward by the Committee on Budgets in the last round are difficult for me, as a member of that committee to support, as they seem less than realistic. The idea of putting an inflated reserve in the budget for enlargement seems to be premature when we have no idea whether negotiations with Greece will be successfully concluded.

Whilst I have always been a strong supporter of the Social Fund, I feel that adding 170 million units of account in payments for the Fund may well be vastly over-optimistic as regards the Commission's capacity to spend the money quickly.

As regards some of our research and energy spending, I maintain my view that the Commission, has a tendency to spend to diversely, which limits the effectiveness of expenditure.

Finally, on staff, whilst I am tempted to support the proposal from Mr Bangemann for the extra staff heads, since I do not believe that the Commission is over-staffed, I nonetheless feel that the Commission should take more seriously the recommendations on staff policy put forward by this Parliament, a matter on which my colleague, Mrs Dunwoody, is going to raise some very important point. We are always

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arguing for greater mobility within the institutions, between them and in and out of the Community service, and yet we see no practical measures resulting. We have argued the case for common recruitment policies. Again, and for largely bureaucratic, reasons, there seems to be very little progress on this. There really is a problem that the same official is doing the same job for ten years, and in some cases quite considerably more. There is bound to be an element of staleness creeping in, which must harm his efficiency. So personally, I shall make my support of Mr Bange-mann's amendment on this issue conditional on the Commission doing something positive on staff policy. I would like some comment from Mr Giolitti when he winds up the debate on staff policy. I also hope that he will answer Mrs Dunwoody.

In general, I hope that when we come to the votes on Thursday, members will remember that when they come here they should not take an attitude to public spending which they would never dare to adopt in their national parliaments. Nothing can do this Parliament's image more harm than for us to develop a reputation for extravagance when it come to authorizing new expenditure. All our governments are in a very tight situation on public spending and we should recognize their difficulties as honestly as we ask them to make some move towards our position on the Regional Fund.

Finally, Mr President, although I realize that Mr Giolitti cannot give a definitive answer, I would nonetheless ask him if he would care to state whether some thought is being given to simplifying the budgetary procedure. Speaking with 3 1/2 years of experience in the Committee on Budgets, I feel that to leave that legacy to our directly elected successors would clearly be a dereliction of duty on our part.

President. — I call Mr Ryan.

Mr Ryan. — The huge difference between the income levels of people in different regions of Europe represents a betrayal of the hopes of millions of Europeans that the EEC would raise the living standards and the future prospects of all European people, irrespective of nationality, age or sex. In the wealthy industrial centre of Europe, which has enjoyed immense benefits as a result of the EEC opening up to it a free market of 260 million people, there is not a sufficient appreciation of the deep disappointment felt in the outer poorer areas that the European rich are reluctant to help the European poor.

The contempt — I use the word advisedly, and after due consideration, Mr President — the contempt in which, to judge by their actions and inactions, the Commission and the Council of Ministers hold the Parliament is largely responsible for this situation. Not only the parliaments of Europe, but most of the people of Europe are unimpressed by the conflicts, real or dramatized annually, between the institutions

of the Community. All that the ordinary person understands is that the hopes which the creators of Europe put before them are falling far short of the dream. Those at the centre of the wealthy regions are content to accept the economic benefits, without understanding that there is a price to pay for what they have gained by membership of the Community. And that price is: to be more generous to the poorer regions. The losers, the poor of Europe, are unimpressed by the unreality of the phoney contest, and I deliberately call it a phoney contest, between the Commission, the Council of national government ministers (and that is what they are, although they occasionally meet under a Community hat), the selfish, individual national governments, and the European Parliament. All that is apparent, is that while all, and I repeat, all European citizens are better off as a result of the European Economic Community, the richer are moving forward much faster than the poorer regions. The gap between the rich and poor is widening, and this is obviously a dangerous base upon which to attempt to establish a united contented people.

When next June the people of Europe by popular ballot elect 410 Member of the European Parliament, only 15 of the 410 will come from Ireland, the poorest region of the whole Community. Now I want to pose this question to my colleagues: How many of the other 395 individual Members of the directly-elected Parliament will be ready to persuade their individual constituents that they have a duty to contribute, and a real self-interest in contributing, towards the cost of equalizing the living standards and opportunities of all European people, irrespective of their nationality?

I fully support all that Members have said in condemnation of the Commission and of the Council of Ministers for their lack of European solidarity, but the real test will be the readiness of individual Members of this Parliament to convince their own constituents that they have to share some of their wealth amongst the less privileged members of the European Community. And before Members of this Parliaments chastize the Council and the Commission as the Council and the Commission deserve to be chastised, let them individually undertake the obligation to convince their voters of the need to match action with words.

If there is, Mr President, an unease, and there is, about the overall situation, the blame lies with the Commission. I believe the Commission in the first instance betrayed a certain lack of urgency in regard to the Regional Fund. Last year, the European Council in December 1977 allocated no more than 1 850 million units of account for the Regional Fund for the years 1978-80. Parliament at this time last year expressed its unhappiness about these figures and, when adopting the 1978 budget in December 1977, added, as the only protest open to it, 1 million units of account. At that time the President of the Council, and here I

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address my words to the Council particularly, the President-in-Office of the Council, Mr Eyskens, said that for 1979 and 1980, despite the European Council's decisions, contacts, negotiations and amendments will always be possible, and notwithstanding that declaration to this Parliament, the Commission began this year's draft budget by saying that it relied upon a decision of the Council which this Parliament had faulted as the opening base for the Regional Fund for 1979.

We were promised last year further discussions about the European Fund for 1978 and 1979. I ask, what discussions, if any, took place? Or was there no more than the usual silence on the part of Commission and Council, leaving it to Parliament once again to be the sole protester amongst the three European voices?

In its general introduction to the 1979 preliminary draft the Commission stated, as I already mentioned, that they were making their recommendation for 620 million units of account on the basis of a decision of the Council which, they said, 'would contribute very modestly to solving the Community's regional problems'. Surely the Commission has not faced up to its responsibilities in failing to make a worthwhile proposal which would have done more than make a modest contribution to the solution of the Community's problems.

I believe, Sir, as Mr Bangemann's report suggests, that a great deal of our present troubles originate from the quarterly meetings of Heads of State and Heads of Government, called the European Council. There are risks and dangerous consequences flowing from summit meetings where exhortations are made by important people, on these great occasions attracting massive publicity, which, later on, are not matched with action in their home states to achieve the objectives that they set out in public. In fact, in many cases, there is now, not only in the Council, evidence that some of the Heads of State deliberately obstruct the achievement of the objectives which they publicly, pledge at Summit meetings to achieve.

When the Committee on Budgets rightly condemns the sterile proceedings at meetings between the European Parliament delegations and the Council of Ministers, at which, on occasions, there has been no Ministers present, and no person authorized to speak on behalf of Ministers, I believe they have correctly identified the real problem between Parliament and the other Institutions.

For goodness' sake, let us be honest with ourselves and with others. The burden of work and the importance of decisions which have to be made by Ministers of Finance and the Economy in several areas of national responsibility are so immense, that even with total goodwill they are unable to devote serious attention to the budget of the European Community which represents for us, and for them, no more than a mere 0.7% of the gross European domestic product and

only 2 1/2% of the combined national budgets of Community Member States. I believe, Sir, that the time has come for the Council of Ministers of Finance and the Economy to formally appoint, on an annual basis, a ministerial spokesman to handle on a continuing basis the Community budget and the consultation process with Parliament. Otherwise, the European Community will have only the shadows and the shadow-boxing of consultation, and none of the substance. If we want to achieve what so many speakers have identified as their objective, real consultation and less conflict between the European Institutions, we can only achieve it if the Council of Finance Ministers appoints a minister with responsibility on an annual basis for sensible and worthwhile and constructive consultation with Parliament.

President. — I call Lord Bessborough.

Lord Bessborough. — Mr President, I will use the last two minutes merely to move, on behalf of my group, two amendments which I consider to be important and which have the support of the Commission and of the rapporteur, Mr Bangemann and I think of the chairman of the Committee on Energy and Research as well. They are Amendments Nos 82 and 83 to the Council's modifications to Parliament's Amendments Nos 2011712 and 2023169 regarding uranium supplies and stocks.

Mr President, recent experience has shown that political and commercial conditions imposed by uranium producing countries can be difficult for the Community to accept. The year-long embargo by Canada and the embargo by the United-States which was only just avoided this year are examples. It is therefore important to diversify our sources, not only by continuing to prospect inside the Community, where Community aid has already stimulated work in areas never before explored, for example in Ireland, and trebled the reasonably assured resources in Greenland.

To diversify our sources of supply, prospecting outside the Community is desirable. However, many Community enterprises are reluctant to extend their present effort in this direction unless they can diminish the political risk of uncompensated expropriation or excessive taxation. The Commission is working up a proposal whereby framework agreements between a host country and the Community would help to ensure a balance of mutual interest and code of good conduct on both sides. I have had many favourable reactions to these ideas from mining companies of the Community. Moreover, possible host countries which are already linked to the Community through the ACP or through other arrangements are greatly attracted to this idea. There may be an element of financial aid in such agreements and for this reason, we would like to retain the token entry so that there might be an actual budget provision in 1980. But it is purely a token entry.

Lord Bessborough

Likewise, the Commission is devising a system of security stocks under Article 72 of the EURATOM Treaty and this, together with material held by Community users could give enhanced assurance against shortage due to any unforeseen circumstances. For the same reason, the retention of a token entry is desirable and I therefore move these two amendments to be voted on tomorrow.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — Mr President, if any institution of the Community is to be regarded as being a respectable institution, it must in fact honour its contracts, and some of the amendments which are being moved to the budget in this debate will concern the whole question of staff. What I have to say will not take very long, but it is to me very important. It is a question of the honour of the Community and above all of the institutions of the Community. I will not pretend that I am not frequently horrified at the labour relations which exist within many of the institutions: the subcontracting, the non-union labour, the in-house printing, the in-house filming. But if there is one thing which has truly thrown me into a considerable fit of despair, it is the attitude which has been taken by the Commission towards its own officers and particularly the officers of this Parliament.

When it was decided some time ago that the system of accounting should be changed to a new unit of account, one of the English Commissioners came to this Parliament and gave a number of exceedingly fulsome speeches about the change, saying that of course in no way would the interests of the officers concerned be damaged. In the actual motion for a resolution that was passed it was said:

whereas the sole purpose of the Commission's proposals is to express in European units of account those values hitherto expressed in Belgian francs, without affecting the rights of staff or exposing their emoluments to possible fluctuation.

and later,

whereas the Commission has given assurances that its proposals will in no way adversely affect the remunerations and other allowances of officials and other servants of the European Communities.

What, in fact, actually happened? The movement to a new system of accounting has actually meant a loss of up to 40% for members of at least three Member States who previously had served this Parliament. Indeed those already on pensions who have undergone this change have lost as much as 40% of their pension.

Now, believe me, there is no institution in the world that takes a man or a woman on under agreed terms,

gives them a contract, signs that contract in good faith and then in the middle of their service or alternatively even worse, when they have retired, says to them, 'Oh well we're terribly sorry but actually we are not very good at arithmetic, and we got it all wrong, and therefore we are going to change it now, and if that means that you are going to lose 40% of your income, well, of course it is unfortunate, but you should have taken the precaution of working for someone else, someone who could actually stick to the terms of contract under which you were originally employed'. Because that is what this means. In terms of real loss, whether they were civil servants who were British and have gone back to Britain to live, or are receiving their pension elsewhere, whether they are people who were previously receiving their calculations in Italian lire, what it means in real terms is at least a loss of 40%, and I have to say to the Commission that there is no way that one would get away with that sort of behaviour anywhere else.

Indeed if my own Parliament were even to attempt such a railroading effort they would be very rapidly reminded that there is a responsibility on employers to behave in a responsible manner in relation to their employees, and how much more so is this the responsibility of an institution which prides itself on being, indeed even calls itself, a Parliament, yet that is what has actually happened.

Now what was the reason that the European Parliament itself accepted all of this nonsense when it was put forward? Because the Committee on Budgets noted the Commission's assurances that its proposals will in no way effect the real value of payments made to officials in the form of remunerations. The Commission was asked to report as soon as possible on the application of the proposal and also on the views of the staff. Now I do not believe for one moment that there was any consultation of any kind with the staff before this move took place. I am prepared to believe that this institution is not hot on consultation. I am prepared to believe that the people who represent the interest of the staff are not very efficiently organized. But I simply do not believe that any one could happily have accepted this total change in emoluments, in standards, if they had had explained to them exactly what was involved.

All I have to say to the Commission is this: if you are going to reply to this debate, Commissioner, I hope that you will explain what you intend to do in order to make up the amounts of money that the existing retired servants of the Parliament are having to live on. And if you do not intend to do that, I hope you will explain to me how you imagine that the existing servants of the Parliament are going to continue if they know that all they have to look

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forward to is 40 % of what they had originally been told they were going to earn. And what is even more important, I would like you to say, Commissioner, how in the name of heaven, do you imagine people will take this Parliament seriously if it behaves in this arbitrary, undemocratic, dictatorial way towards those people to whom it should have the greatest responsibility.

President. — I call Mr Granelli.

Mr Granelli. — Mr President, ladies and gentlemen, may I begin by putting on record my sincere appreciation of the juridical acuity and political clarity shown by the rapporteur, Mr Bangemann, in opening the debate on this delicate issue.

Time is short, and I shall concentrate my remarks on two central issues in our debate today. The first is the significance at this time of an increase in the appropriations for the European Regional Fund and the second the institutional relationship between the Parliament, the Council of Ministers and the Commission.

On the first point, I must say that it redounds to Parliament's credit that it introduced during the budget debate a decision on an increase — a highly significant if by no means extraordinary increase — in the Regional Fund which is one of the instruments designed to restore the balance between the most prosperous countries and the less favoured countries of the Community. Having regard to the political significance of that decision, especially in the light of the negotiations on the EMS in the European Council in Brussels, we are bound to say that the hard-headed attitude of the Council of Ministers is a particularly serious development. At this time, certain countries are making a very difficult and costly effort to adhere to a system of monetary stability which would be inconceivable without harmonization of economic policies and a restoration of the balance between countries afflicted in differing degrees by inflation, unemployment and the lack of resources for their own economic development. And since it is being suggested in many quarters that these doubts and reservations are being used to some extent as pretexts — to the extent that the Council and Commission could have accepted the increase in funds for regional policy — we have a clear demonstration that it is not merely a matter of monetary stability but also one of economic harmonization. It is therefore extremely significant that Parliament should have presented the amendment increasing the Regional Fund and also that it should be maintaining that amendment today because it is an important factor in lending credibility to the efforts to achieve a zone of monetary stability in our Community. Having regard to the real issues and the political aspect, I must therefore express my

great surprise and political reservations at the statements made at the opening of the sitting this morning by the Council representative.

But the defence of an increase in the Regional Fund in the context of our budget, together with the aspects of political and economic significance, also hides a further matter which is that of the legal correctness of relationships between the Community institutions. I was stupefied by the attitude taken by the representative of the Council of Ministers on this specific point. He presented Parliament's position *vis-à-vis* the Council in an unacceptable light. In referring to the fact that the Council of Ministers failed to reach a qualified majority to reject — as is its right — an amendment tabled by Parliament, the Council representative described this decision as a mere incidental mishap — a regrettable occurrence which could be quite easily made good again.

Well now, out of respect not for Parliament but for the Council itself, let me point out that there is a clause which stipulates that certain decisions must be taken by a qualified majority of three-fifths and if that majority is not reached the Council representative must defend the decisions of the Council instead of dismissing them as non-existent factors which can be totally disregarded. It is not an abuse of Parliament's rights to maintain an amendment which we were perfectly entitled to table; the Council might have rejected that amendment but it did not do so. It failed to do so not because of an incidental mishap but because there is political disagreement in its midst, and that disagreement must not be underestimated because the position of those countries which contributed to the failure to reach the qualified majority of three-fifths also deserves to be defended.

The problem is not just one of economic policy but also of correctness in relations between the institutions. If the Parliament were now to fail to defend its own rights simply because the Council was unable to make use of the powers open to it, we should be creating a grave precedent which would throw disorder into our relations which should on the contrary be altogether clear and correct. I am very sorry that in this controversy between the Council and Parliament the Commission should have adopted the attitude of Pontius Pilate in tending to make Parliament itself responsible for any budgetary deadlock with a consequent use of the system of provisional twelfths.

We too must be perfectly clear: Parliament cannot compromise on a matter of principle and substance. If others wish to block the budget they must take the full responsibility for doing so and no-one can gain credence for the suggestion that Parliament is the guilty party by defending its rights and prerogatives. Of course reason is called for in respect of the

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sections of the budget which remain open to negotiation and agreement. I think that the other amendments — going beyond a strengthening of the European Regional Fund — are a matter on which negotiations can quite reasonably be held between Parliament and the Council in order to arrive at overall approval of our budget.

I must also state, however, that the failure by the Council to define in good time the maximum rate of increase of the budget is a further incorrect attitude by the Council which prevents Parliament from taking note at this juncture of the Council's decisions.

Mr President, ladies and gentlemen, these are the reasons for our extremely firm position on this point. We defend the decisions of Parliament and the rights of Parliament in face of the uncertainty and political ambiguity of the Council of Ministers in this matter. We are not doing so for institutional reasons; we are not defending the powers of Parliament in respect of a regional policy designed to overcome imbalances we are defending the prestige of Europe on the eve of elections and giving fresh hope to the peoples of Europe who do not wish to see us speaking idly and evading our responsibilities in the matter of an economic policy of re-equilibrium at the very time when we are witnessing the introduction of a system of monetary stability.

Our vote in steadfast support of an increase of the European Regional Fund's endowment and our support for the rights of this Parliament is not therefore a position of caprice or rejection of the powers of the other institutions; on the contrary it is a defence not so much of Parliament as of the Europe of today and tomorrow which will thus be able to gain stronger popular support.

President. — I call Mr Radoux.

Mr Radoux. — Mr President, ladies and gentlemen, though technical, today's debate is one in which feelings run high and speaking on my own behalf, I should like to go slightly beyond the purely budgetary aspects of the matter and draw the attention of the House, and particularly that of the Council, to the situation as it now stands, and as it will subsequently develop, with regard to the exercise of budgetary powers in the Community and to the major political problems to which this situation gives rise.

I shall begin by pointing to a state of affairs which has gradually come more clearly to the fore over the last five years. I refer to the fact that the European Parliament has now become a fully-fledged budgetary authority. This may seem obvious to some of our Members but those of us who have been longer in this House are undoubtedly aware of the full-scale transfor-

mation that has taken place since 1970. They will remember that before that time, Parliament was given a role on the sidelines and that the budgetary powers enshrined in the 1970 and 1975 Treaties were obtained after a hard struggle. I should therefore like to pay tribute here to the faith and perseverance of those who fought in the vanguard for without them, there would perhaps be no debate today. The finest legacy which this Parliament could leave its successor next June is undoubtedly its budgetary powers and the primary responsibility of the new Parliament will indisputably be to exercise those powers wisely and firmly so that a genuinely democratic process is employed in voting a budget whose revenue is taken direct from national resources from which the money spent will have a growing impact on the daily lives of our peoples.

However, institutional balance within the Community clearly requires that authority in budget matters should be shared between the two bodies which represent the states and the people, in other words between the Council and Parliament; together, they form the budgetary authority, making cooperation between them essential. But we must face the fact that cooperation so far has not been satisfactory and I personally feel that the Council of Ministers is chiefly to blame for the difficulties with which we are still faced today.

This has happened despite the cooperation procedures that have been introduced to make it easier for the budgetary powers to be exercised jointly: first there is the interinstitutional dialogue the purpose of which was to clarify the implementation of the rules laid down by the Treaty before the budgetary procedure began; secondly there is the conciliation procedure designed to deal with the financial implications of the most important Community regulations; thirdly, there are the meetings between the Council and a Parliament delegation in the course of the budgetary procedure proper. But all this machinery has too often failed to serve its purpose, for Parliament's opposite number — the Council of Finance Ministers — has been conspicuous by its absence. On the one hand, the numerous comments and suggestions made by Parliament in the course of the interinstitutional dialogue on the initiative of the working party set up by the Committee on Budgets have, for the most part, not been taken up. On the other hand, the delegations sent to the Council by Parliament to legislative or budgetary conciliation meetings have not succeeded in conducting genuine negotiations with the Council. The only person to address the parliamentary delegation at those meetings has been the President-in-Office and most of the time, he read out prepared statements. Attendance by the Ministers has been no more than occasional and the State Secretaries themselves are all too often replaced by the permanent representatives.

Radoux

It is even more significant that the views put forward on those occasions — the groundwork being done in the offices of the permanent representatives on the basis of compromises engineered between national officials — have very seldom been modified by the presidency of the Council, nor has the Council shown itself capable or willing to depart from them when it would have been necessary in order to bring the decision-making process to a conclusion. In those circumstances, it is scarcely surprising that it has been so difficult to raise the debate to a genuinely political level and to leave behind such questions as the level of commitment appropriations, frozen appropriations, compulsory expenditure, old or new maximum rates, which have cluttered up the debates and left both sides weary.

In addition, the Council of Finance Ministers has had decisions forced on it by the European Council in areas for which the budgetary authority alone was responsible.

The allocation for the Regional Fund is a case in point and the situation which has arisen creates serious difficulties to the point that it might affect not only our vote on the 1979 budget but also the attitude of certain Member States to the European Monetary System. This non-existent dialogue is the main reason for the atmosphere of tension, not to say crisis, which follows the annual budgetary procedure.

Faced with this situation, Parliament can do no more than endeavour to assert its rights and responsibilities, which are primarily those of the peoples it represents. This House cannot accept conditions which would curtail the hard-won budgetary powers which it intends to pass on intact to the directly elected Parliament. We must therefore make every effort to hold onto our budgetary powers in their entirety but, though convinced of this point, I should like to stress a further problem related to the exercise of the budgetary powers, and that is the problem of the relationship between the European and the national parliaments. Under the combined impact of the Community's financial autonomy, which will be complete with the introduction of Community VAT, and the election of the European Parliament by direct suffrage, the national parliaments may well find themselves even further removed from the decisions taken on Community financing, in other words those on revenue levied and on spending by the Community in the Member States.

The same financial problem arises in the case of certain tax rules adopted by the Community for harmonization purposes, the effect of which is to modify national legislation on taxation. Although the continuation of the Community enterprise makes the transfer of sovereignty a normal and essential requirement, this can be expected to arouse spontaneous and

perfectly understandable opposition in a number of national parliaments. We must therefore at all costs prevent such opposition from inducing certain national parliaments to claim the right of prior consultation before any Community decision of fairly major importance. This would be the surest way of seizing up the entire machinery of the Community. I feel that this is a particularly important problem which warrants my remarks on financial and fiscal decisions to which national parliaments are traditionally most sensitive. I therefore take the view that on the eve of direct elections, we might usefully consider ways and means of associating the national parliaments in the work of the future European Parliament as closely as possible. We already have an annual conference between the President of the European Parliament and the speakers of the national parliaments and a system for the exchange of information has been set up at secretariat level. But I do not think that this goes far enough and I believe that we must consider arrangements for closer contacts, first between the national parliamentarians in each Member State and the European parliamentarians from that Member State, secondly between the responsible authorities in the European Parliament and the national parliaments (regular meetings between the national and European Chairmen of the main committees could be considered here) and lastly, of course, between the responsible authorities of the national and European political groups.

For the reasons I have just explained, I believe that we in this Parliament should start thinking about the matter at this stage. The task could be assigned to one of our committees and then to the Bureau, the ultimate object being to draft specific proposals for the new Parliament.

Mr President, ladies and gentlemen, these remarks of mine have been prompted by the situation in which the Community institutions find themselves on the eve of direct elections. If the new Parliament finds that the system of cooperation and conciliation is not strictly and fairly applied in budgetary matters, I believe that a clash between the elected representatives and the Governments can only be a matter of time. And if the same cooperation and conciliation procedure, provisionally acceptable pending a review of the Treaties, is not gradually extended to other areas for which this Parliament is responsible, next year's Members, when they begin their term of office, will not be able to play their part in promoting the smooth operation of parliamentary democracy in Europe. It is only within a smooth-running Community that the Member States will each find the added strength to achieve economic progress and political influence throughout the world.

President. — I call Mr Jahn.

Mr Jahn. — Mr President, ladies and gentlemen, I should like, if I may, to make a few remarks on environmental policy which is so important for the Community as a whole but is often treated as a side-line issue.

The Paris Conference of Heads of State and Government held in October 1972 asserted the need for a common environmental policy and called on the Community institutions to submit an action programme complete with a detailed timetable. Article 235 of the EEC Treaty was put forward as the legal basis for this decision and here we have a typical example of the extension of responsibilities which we have so often discussed in the recent past. This is a matter in which the summit conference assigned us responsibilities. Even before the Heads of Government reached their decision, the Christian Democratic Group had made repeated calls for the harmonisation of environmental policy in the Community. It was the Group's view that the required legislation covered a broad field and called for reciprocal responsibility that transcended national frontiers. Following coordination to this end between Parliament, Commission and Council, a Community action programme on the environment was approved by the Council on 22 November 1973 and on 17 May 1977, a resolution was passed on the implementation of an updated environmental policy and the associated action programmes. Determined efforts have been made over the past few years to carry through the action programmes to which I refer. The Committee on the Environment, Public Health and Consumer Protection and Parliament as a whole strongly urged that recommendations in this sector should give way to directives and regulations introducing Community measures on the reduction of air and water pollution, noise abatement and on waste pollution. A fair measure of success was achieved in these areas but the balance in a good many others is negative.

The Christian Democratic Group in the European Parliament has always sought to give impetus to the Community's environmental policy by introducing and supporting own-initiative reports on such subjects as pollution-free inland waterways, with special reference to the Rhine, and the need for Community action to eliminate air pollution. In addition, the Group has drafted numerous opinions laying stress on the proper implementation of the environmental programmes. In its report of 8 July 1976 on the draft of a Council resolution on the development and execution of the environmental policy and the action programme of the European Communities for the protection of the environment, as well as in its report of 20 January 1978 on the first report from the Commission on the state of work on environmental protection, the Group has put forward general remarks and voiced demands calling for steps to be taken to prevent staff shortages and other restrictions from delaying the implementation of the environmental

programme; and it is here that we have reached a bottleneck which prevents us from pushing ahead with the harmonization of the environmental policy, for the Commission, as we all know, is not at present in a position to carry out all of the tasks which Parliament has assigned to it.

I should like to say a final word to the Council. The Council has held up a whole series of directives, regulations and recommendations to which Parliament had given virtually unanimous approval. The Council must stop fearing its own shadow and show greater determination when it comes to decision taking. Action is awaited on proposals forwarded by Parliament for directives and regulations in the following areas, to take but one example: health protection, SO₂ standards, quality standards for drinking water, noise emission levels of subsonic aircraft, ceramic articles unsuitable for use as foodstuffs containers etc. We take the view — and this is my concluding remark Mr President — that once we have unanimous Council decisions on environmental programmes, the Commission must be given the opportunity to carry them out and for this, it must be provided with the staff and other facilities for which funds have again this year been deleted. I believe that everyone in this House is aware of our responsibility for doing more in the cause of the environment so that our peoples can live in greater peace.

President. — I call Mrs Walz.

Mrs Walz. — Mr President, ladies and gentlemen, as Chairman of the Committee on Energy and Research, I cannot make a negative assessment of the Energy and Research Budget for 1979. For that reason I shall simply call attention to our draft amendments in the energy and research sector on which the House will be voting. I should particularly like to call for the approval of draft amendment No 20 concerning Item 3210 'Uranium Prospection'.

Uranium deposits are known to exist on Community territory; they are possibly more extensive than has been hitherto assumed. Parliament has supported Community aid for uranium prospection in the past and approved draft amendments increasing the funds entered against this item in the 1976, 1977 and 1978 budgets.

Partly as a result of support from the European Parliament, interesting uranium deposits have been discovered in Greenland and promising exploration work is being done in Ireland and Scotland. It is possible that uranium will also be found in commercially viable amounts in other areas of the Community. This is a sector which recommends itself to action at Community level. Positive results have already been achieved and at a time when security or uranium supplies from third countries does not always appear fully

Walz

guaranteed, it is vital to make the fullest possible use of our own deposits.

I shall conclude at this point, Mr President, for my speaking time is up.

President. — I call Mr Bordu.

Mr Bordu. — Mr President, today's budget is an important one as it involves, through the appropriations for the Regional Fund, the budgetary powers of this Parliament. If my understanding is correct, Parliament's adoption of a certain number of amendments at its last budgetary part-session reflected a desire to extend its budgetary powers. No matter how we look at it, this is a serious matter which goes far beyond anything related to the Community's regional policy.

I shall simply remind you in this connection of what we said last October and what was pointed out by Mr Porcu, namely that contrary to the objectives of the Rome Treaty, regional disparities have grown worse since it was signed; this is a serious matter which cannot be settled simply by voting a few hundred thousand units of account for allocation to the Regional Fund.

As the latest example of a region seriously affected by the consequences of Community policy I shall simply cite Lorraine where the announcement of thousands of further redundancies in the steel industry confirms the mess which has been made in this area. The problems involved have to do with the overall lines of Community policy. They will not be resolved by hasty measures.

But the issue here today is quite different: it concerns the desire in certain political quarters to increase the budgetary responsibilities of this Assembly.

This is a disquieting development, coming as it does at a time when highly official statements by Mr Schmidt or Mr Thorn refer to the directly elected Assembly's intention to claim further powers. We are and remain opposed to divesting our national parliaments of their budgetary powers. I would refer here to the recent debate in the French National Assembly on the problem of VAT harmonisation in the Community, in which my political friends showed how a dubious interpretation of the Treaty of Rome meant that national parliaments were divested of the power to decide on the amount and conditions of the tax. And an even more recent debate showed that some Members are reluctant to shed responsibility in the matter of Community spending in view of the preparation for direct elections.

It is true that the French Government carries a heavy share of responsibility in this matter as it has been the first to push for the adoption of the VAT directives. One question which must be asked is whether, on the pretext of distortions in competition, the entire fiscal policy of each Member State would not be removed

from the democratic powers of decision of our national parliaments. I would add that when 0.66 % of the VAT base is paid into Community coffers beginning on 1 January, the loss in revenue to the French budget will amount to roughly 4 % of the product of this tax and that this will mean tax increases in France. The Community's workers in particular must realise where this is leading: these tendencies do not work in the interests of the people but are very much against them. They reflect a desire to step up economic and political integration in the Community and this integration leads specifically to the introduction of sectoral policies for economic and social regression and to more closely coordinated policies of austerity.

We have always been against this tendency in the policy of a country like mine, for to us, it spells the decline of France; the remark, however, also applies to other countries.

We have always been against such transfers of national sovereignty as a means of integration in the exclusive interests of big business and, what is more, I should like to point out that the French law on direct elections is opposed to any extension of the Assembly's powers. We of course have done much to have this law adopted and we are not alone in this respect. There is growing opposition to integration in France as evidenced in the recent votes in the National Assembly. This opposition is based both on respect for the country's constitution and its desire for national sovereignty.

This does not mean that we are against Europe, Mr President, not in the slightest, but it is true that our idea of Europe is based on vital economic wellbeing and cooperation and not on national downgrading, economic and social crisis and the domination of the strongest. Our support therefore goes to a Europe of the workers, to a Europe in which each of its peoples remains free to take its own decisions, to a Europe of broad cooperation both within and with the rest of the world, to a Europe that is people-minded and not profit-minded, to a Europe of solidarity amongst its workers.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — Mr President, ladies and gentlemen, I would crave your indulgence for there are still a few remarks that must be made on the subject we are debating. My first point is that contrary to his original intentions, the President of the Council cannot be present for this debate to report on what the Budget Council has decided and in what way, or what it is prepared to propose as a possible basis of negotiation. The only procedure open to us is for the President of the Council to inform the President of the European Parliament and perhaps also the Chairman of the Committee on Budgets and for us to sit down

Lange

tomorrow in the Committee on Budgets and discuss the Council's views. That takes care of my first point. I see no purpose in continuing the argument with the President of the Council at this stage. From everything that has been said so far today, it would appear that there is no basis for negotiation between Council and Parliament — or shall we say between the Council's views and Parliament's views — that can lead to an agreement. I should also like to draw your attention to a few points which, either apparently or in fact, have been wrongly presented to the House.

Firstly, the Commission representative has said here that all three institutions had acted contrary to the Treaty. That is not the case. He was referring to the maximum rate and the rate of increase. For the 1976, 1977 and 1978 budgets, we were duly informed by the Commission before the spring deadline of the rate of increase and the maximum rate. We agreed unanimously that we should first take a look at the political requirements without concerning ourselves with the rate of increase and the maximum rate. We next agreed unanimously that when the whole procedure was over we should find our way back to the relevant provision of the Treaty, which means that under Article 203 (9), subparagraph 5, Commission, Council and Parliament may take the view that a different maximum rate and a different rate of increase should be applied and that Council and Parliament should then agree on this new maximum rate. This is what we have always done. To that extent, therefore, no one in the Commission can say that all three institutions infringed the Treaty. This was a somewhat loose remark by a Member of the Commission for whom I have a great deal of respect.

I come to my next point. Parliament made it clear from the outset — and this has already been referred to by the rapporteur — that it considered the Commission's position in the preliminary draft unsatisfactory in relation to the Community's requirements. Parliament was confirmed in its view by the European Council in Bremen and the Economic Summit in Bonn. During the conciliation procedure, Parliament made it clear to the Council that in its opinion, the 1979 budget would have to make allowance for actual economic and hence social requirements, in other words that it would have to be increased beyond the figures in the preliminary draft. The Council made no such increase, on the contrary it cut down on the extremely modest figures contained in the Commission's preliminary draft.

To that extent, therefore, what we are concerned with here are not so much purely legal views but more with political views, in other words with the assessment of the requirements raised by the further development of the Community. This is the real nub of the conflict between Council and Parliament. The Council takes a highly mechanistic view of the budget whereas Parliament regards it from a wholly political standpoint as a political and legitimate instrument of

policy and is simply not prepared to wait for Council decisions and then play the part of an accountant. In Parliament's opinion, this simply won't wear.

Furthermore, the impression we had from the conciliation meetings held was that — wittingly or not, it makes no difference — there was an attempt on the Council's part to relegate Parliament as budget authority to a lower position than provided for by the 1970 Luxembourg Treaty. Basically, this means a return to the 1958 zero point when the European Economic Community and Euratom came into being. This Parliament cannot accept. No one here is claiming additional responsibilities or authority; all we want is the assurance that the responsibilities and powers laid down by Treaty are left intact. This is the crucial point. The issue here, then, is not one of increased powers; it is a piece of nonsense for anyone in any of the Member States to try to canvass this idea in domestic political discussion. That is not happening, but what is really at issue here is the preservation of what has been achieved as a legacy to be handed over to the directly elected Parliament. Otherwise, a fresh start would have to be made at the point where our indirectly elected Parliament began so long ago.

All the declarations the President of the Council, or the Committee on Budgets, has made in this House have not succeeded in dispelling our anxious doubts that the Council is in fact pursuing the aim that I have just outlined. At the very least, the Council's behaviour can be construed in this way; if it now intends to go back once more on its decision on the Regional Fund, then at the very least, it is preparing to act contrary to the Treaty and at the same time to force Parliament too to act against the Treaty. We have never been inclined to act against the Treaty so far and we shall not be so inclined either in the immediate or the more distant future.

The Council must know that Parliament cannot accept the European Council's decision to earmark five thousand million over a period of five years for investment projects in the less prosperous areas of the Community, as this would be tantamount to a political intention to suspend the Regional Fund, remove it from Parliament's control and to have the responsibilities which belong in fact to the Regional Fund discharged by the Investment Bank and the Council without any parliamentary control whatsoever. Parliament cannot look on while major areas of political activity are left untouched by any form of parliamentary control. I admit that opinions may well differ from one country to another on the powers and opportunities for control accorded to parliaments.

When I think that some of them are content to have even their order of business dictated by the Government and cannot even decide what they are to discuss I find it a shameful business but it does unfortunately happen that way. But I myself cannot agree and this

Lange

Parliament too has so far not agreed with this sort of attitude; Parliament must be more a master of its own decisions; to this I am convinced there is no alternative and the Council should very much beware of presuming things of Parliament that would curtail its own responsibilities.

There are many both inside and outside the Community who believe that the European Council is a body for which the Treaties do not provide. This is not the case, for the Treaties speak only of the Council but say nothing of its membership; there is no question but that the Heads of Government can also form a Council but if they do, this Council must clearly realise that it must comply with all the provisions of the Treaties and must also submit to political and parliamentary control by this House. It must not hide behind other Councils and so find an excuse for not holding talks with us on its own decisions such as those on the Regional Fund and on aid to less prosperous countries. That would undermine first the concept of conciliation and secondly the rights of this Parliament. Anyone who still believes that the Cabinet Ministers who form the Council are subject to national parliamentary control is sadly mistaken, for all of the Members of the Council have the same simple excuse to offer to their national parliaments: we agree with you of course, but we must come to an understanding with the other eight. And such understandings always look different from what the national parliament might have wished. To this extent, there are already many things which have been removed from national parliamentary control but are still not subject to European parliamentary control. Between what has been lost by the national parliaments and what has not yet been gained by the European Parliament in the matter of control there is a gap that we find worrying.

If we want to have a democratic Community, then in my view — and I hope it is shared by all of the Members — there must be unrestricted parliamentary control in those areas where Parliament's responsibilities are guaranteed by the Treaties. We cannot diminish them nor allow them to be diminished.

I wanted to make this point perfectly clear, Mr President, so that regardless of whether the President of the Council cannot himself be present — but the Council is represented — Parliament's views are precisely known. I have attempted to sum up what has been said here today on the crucial issues. I have said that what is involved is not only legally differing interpretations of the position legally accorded to Parliament but that the other and ultimate issue lies in serious differences of political opinion between the Council and Parliament — and these can only be ironed out through political methods but, in our opinion, this requires a legally secure foundation. To this extent, we as a Parliament are to a greater degree than anyone else the guardian of the Treaties and we act on the basis and within the framework of the Treaties as I

explained at the outset. We must continue to do so in future and we expect the Council, as the other arm of the budgetary authority, to do likewise.

10. Agenda

President. — I must now tell the House that there is a problem.

I have just received a message from the President-in-Office of the Council, Mr Lahnstein, that he would like to make a statement on what has been taking place, both in the debate in the Council of Finance Ministers and in this Chamber. Since the Council meeting will go on for some time, he has asked if the House will accept his making a short statement tomorrow morning before the speech by Mr Genscher.

Are there any objections?

That is agreed.

The second question is this: Mr Tugendhat has to attend this particular Council meeting and I do not know at what time he will be free to leave that meeting in order to answer the questions which have been posed. It is therefore my proposal that we now move on to the next item, and that, should Mr Tugendhat come in before we finish our deliberations, the House should then move back to that business.

Are there any objections?

The debate is suspended.

11. Discharge on implementation of the budget of the Communities for 1976

President. — The next item is the report by Mr Cointat (Doc. 489/78), on

- I. the accounts of the European Parliament and the discharge in respect of the 1976 financial year,
- II. the discharge to be granted to the Commission on the implementation of the budget of the European Communities for the 1976 financial year and the report of the Audit Board;
- III. the discharge to be granted to the Commission in respect of the implementation of the activities of the fourth European Development Fund for the 1976 financial year,
- IV. the comments accompanying the decisions granting a discharge on the implementation of the budget of the European Communities for the 1976 financial year (Article 85 of the Financial Regulation of 21 December 1977); and
- V. the discharge to be granted to the Commission in respect of the activities of the first, second and third European Development Funds for the 1976 financial year.

I call Mr Cointat.

Mr Cointat, rapporteur. — Mr President, my report will be an extremely sober one as it concerns the discharge for the 1976 financial year covering the accounts of the European Parliament, the Commission's implementation of the Community budget and the implementation of the European Development Fund.

The accounts and discharge were first examined by the Control Subcommittee, then scrutinised by the Committee on Budgets and the result is set out in a fairly lengthy document. Several of us shared this task for if my role is to state the problem in general terms, my colleagues Mr Aigner, Mr Hansen, Mr Dalyell, Mr Notenboom, Mr Shaw and Mr Bangemann assisted me by making a study of the special reports.

Parliament is thus required to take three decisions on discharge and to approve two motions for resolutions. Taken together, those decisions run to 19 pages and I shall not, of course, present a detailed analysis of all nineteen but leave it to my colleagues who shared the assignment with me to provide additional clarification if they so wish.

I for my part simply wish to offer a few comments of a general nature. Firstly, we have reached a turning point in the discharge procedure since 1976 was the first year that followed the Treaty of 22 July 1975 conferring budgetary powers on the Assembly, which means that this House is responsible for the first time for giving a discharge in respect of the accounts. Secondly, again in accordance with the 1975 Treaty, this is the last time the Board of Auditors will be reporting since from now on, it will be the responsibility of the Court of Auditors to perform the tasks previously assigned to the Board of Auditors and the Committee on Budgets has, rightly I think, paid tribute to the work which the Board has accomplished.

I would add that on 19 September 1978, the Council of Ministers made its customary recommendation and requested that discharge be granted in respect of the 1976 accounts.

So much for the general comments I wished to make, but I should like to take this opportunity to reply, as promised, to a rather difficult question raised by our colleague Lord Bruce of Donington in the Committee on Budgets. His question was what had happened, in the course of the implementation of the budget, to the amendments that had been voted by the European Parliament and whether the additional funds so voted had actually been spent.

I should now like to give him the necessary information and explanations which I feel will be of interest to all Members.

There were eleven amendments involving 51 050 000 units of account. The exact figure was, in fact, 51 050 001 units of account because one of the amend-

ments was for one unit of account but I hasten to add that it was not spent! Of the 51 million in round figures, 49 929 000 u.a. were spent, giving a spending rate of 97 % for the eleven amendments. I would add that this figure refers to commitments and not to payments as the figure here is actually slightly lower, but I feel that the important thing at this juncture is the commitment of those funds. Two of those amendments were particularly important, one relating to the JET project and the other to the European Social Fund. We had asked for 35 million for the JET project under Article 330 but those 35 million had been frozen pending a decision by the Council. Since no decision was taken by the Council in 1976, the appropriations were cancelled and re-entered in the budgets for the following years. Finally, the payment appropriations for the Social Fund under Chapter 50 had been increased by 40 m. u. a. bringing the total to 441 m. u. a. 429 m. u. a. were carried forward automatically and 262 m. u. a. of those carryovers were cancelled. We cannot therefore say that the 40 million were not spent but we cannot say either that they were cancelled; the amount cancelled, i. e. 262 m. u. a. was in fact much higher. This, I believe, is the information which Lord Bruce of Donington asked for but if he wishes further details, chapter by chapter, I shall of course be happy to oblige.

These, Mr President, are the comments I wished to make on this subject; the Committee on Budgets requests the House to grant the discharge, to approve the three decisions relating to Parliament, the Commission's appropriations and the EDF and, at the same time, to approve the two motions for resolutions containing full observations on the 1976 financial year.

IN THE CHAIR MR MEINTZ

Vice-president

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

Mr Aigner. — Mr President, ladies and gentlemen, I feel that we should not go into too much detail in this debate, for if we did, we should have to discuss quite a few points that are viewed in different ways by the Commission, the Board of Auditors, the Court of Auditors, the various committees etc. What I should like to attempt is to put the views of my Group on the fundamental aspects of parliamentary control.

But I should first like to thank the rapporteur, Mr Cointat, most sincerely for doing what was not always the easiest of jobs. It should not be forgotten that under the present regulations, the members of the Control Subcommittee must also be members of the Committee on Budgets and this dual burden is so

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heavy that we absolutely must try to find a better arrangement, for the present one is untenable.

As this is the last time we shall be discussing a report from the Board of Auditors, I feel that the opportunity should be taken to convey to the Board, which has now quietly left the scene, our warm thanks for the many years' work that lie behind it. I am sure that I can say on behalf of the entire Committee on Budgets that the European Court of Auditors would probably have found it extremely difficult to get into its stride so quickly had it not been able to take advantage of the groundwork done by the Board of Auditors, to draw on its experience and to obtain the services of a large number of its staff.

On behalf of my Group and of the Committee on Budgets, I should therefore like to approach you personally, Mr President, with the request that we should express our thanks to the Board of Auditors and its members in some appropriate form. I should be happy if we could do this by offering a farewell reception.

(Applause)

As you can see, Mr President, the House approves this suggestion and I would ask you to pass it on to the Bureau. And I should also like to take this opportunity to express our thanks to the recently established Court of Auditors.

I am sure that I speak for all of my colleagues when I say that we have already established an excellent relationship of cooperation with the new Court. Although every change in an institution naturally brings its own problems, we must hope that continuity of control has not suffered and will not suffer in the process and that there will be no hiatus in this essential sector. But we shall obtain assurance on this point when the time comes to discuss the discharge reports that will be submitted later.

As far as we are concerned, Mr President, and I say this quite frankly, it was not an easy task to take over from the Council and assume full responsibility for the discharge. We too have to go through our apprenticeship but I must say that I found it a most successful process. If we do not make in public all the criticism that we are required to make, the reason is that we have pursued two main objectives.

Firstly, we wished to cooperate closely with all control bodies at Community level. Internal Community control is important, as is internal national control over the collection of Community revenue for example. The control systems in the Member States and political control by Parliament must be dovetailed in such a way that we do not end up with a grossly inflated control apparatus or with gaps in the system but that the entire machinery remains easy to operate.

A few days ago, for instance, we made a first attempt — and I say this purely for the information of the

House — to carry out direct control of Community revenue in a Member State. This was done at the Head Customs Office in Hamburg. I must say that it was an experience for all of us who were present. The fact that a European delegation can now visit a Member State to carry out a European inspection in extremely harmonious cooperation with the national authorities responsible for the collection of revenue, in this case the Customs Authorities, opens up an entirely new dimension. An occasion like this produces the feeling that despite everything, Europe has progressed in the past twenty years. As I have already quoted on a previous occasion 'and yet it moves'. And that is always something that we who are involved in control can understand and appreciate as a confirmation of our policy.

Mr President, I should like at this point to submit a second request which you might perhaps officially pass on. We now have the European Court of Auditors which is a quasi-control body and at the same time a Community body. I believe that when we come to discuss the discharge next year, we should have the Court officially with us as a partner exactly like the Commission and Council. We should then seek to present, in a dialogue that also includes the Community's external control body, what lies in the public domain.

We do not of course seek to make each and every control operation part of the public domain. To some extent, control is based on a relationship of confidence between the controller and the controlled. This applies just as much to the Commission as it does to the administration of our own Parliament. This relationship of confidence requires that not every point of contention between the control authority and the administration should be made immediately public. The public should only be informed if the dialogue, in other words the control process as such, cannot be completed, if no agreement can be reached on the improvements needed in the areas in which criticism has been made.

I do not wish to go into the individual points made in the report. Although I know that owing to the vast amount of paperwork which each of us receives, what I am going to ask borders on the indecent, I would be extremely grateful if our colleagues would really take the trouble to sit down and read a report of this kind. The subsequent comparison between the budget once implemented and the procedure which culminates in its adoption is extremely interesting and illuminating. Any-one who makes the comparison will note that there is a whole world of difference between budget approval and budget implementation, a world in which funds are moved around by methods which are not quite clear, not to say camouflaged. It is a highly interesting exercise and it is not always a question of evil intent, for it takes many things to implement the

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political will of the budgetary authority. But it is always rewarding to look into the subject and to study a report of this kind in detail.

This explains why, Mr President, I do not wish to go into the individual points made in the report. I should like once again to convey my sincere thanks to those concerned and say that we have begun a period of apprenticeship. I would also say that the Commission has begun a period of apprenticeship. It was not all that easy for the Commission either to accept political control in the way it was presented. But in concluding, I should like to offer a further vote of heartfelt thanks. We have had no difficulties so far, either with the Commission or with the Commission's external and internal control departments. We worked in close cooperation and I should like to thank most warmly all those who, almost every week, stood ready with their assistance.

We should continue on this same path of mutual confidence that makes genuine control possible. It is naturally not our intention to take the place of the Court of Auditors; what we wish to do is to submit the findings of the Court of Auditors to political control and then, first in discussion within the Committee on Budgets and the political groups and thereafter in public debate, to draw conclusions that can be implemented either in the discussions on the budget or in our parliamentary committees, thus creating new situations.

I should like to say a final word of thanks once more to Mr Cointat and particularly to our secretariat. Our secretariat has the heaviest workload by far and sets about its task with a will, but in this area too, we are faced with the need to reorganise in order to cope with the tremendous workload so that it can be said that this Parliament exercises political control in keeping with its political mandate.

President. — Mr Aigner, I shall faithfully convey the two requests with which you have entrusted me to the Bureau.

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

Lord Bruce of Donington. — Mr President, I should like to join colleague Aigner in expressing our thanks to Mr Cointat and his associates for all the work that has been carried out in preparing the report (Doc. 489/78) which Parliament has before it, and to express our general agreement with the conclusions that have been arrived at in it.

I am particularly grateful to Mr Cointat for having replied orally to, at any rate, part of the question that I addressed to him in committee, concerning the implementation of the budget, and he did provide me with a figure relating to commitments. He did not supply the figure relating to payments and so, on a quid pro

quo basis, I am happy to inform him that in 1976, some 23 731 789 units of account of payment appropriations were not applied.

Mr President, this marks in many ways the end of an epoch, in that we are dealing with a report which has been very largely based upon the work of the Audit Board. We are now, of course, into work on 1977, on which I myself shall have the honour of presenting to the House a motion for the resolution in discharge of the respective 1977 budgets. We are now faced with a situation in which the Court of Auditors has come into being. It is therefore important for us to realize that, in creating the Court of Auditors, we have created a new institution with functions far more extensive and comprehensive than those that were undertaken by the Audit Board, to whom I would like to pay a tribute for all the work that they have done.

The work of the new Court of Auditors is fundamentally concerned with the actual carrying-out of the process of professional auditing work. It does mean that for the first time the accounts of the institutions will be subjected to expert, professional, ongoing auditing procedures. And this is likely to produce a much more comprehensive review than that we have been favoured with in the past.

Now, Mr President, we have certain lessons to learn from this and, indeed, we can learn them from the discharge to the 1976 budget. And the lessons surely are these, that we shall have to determine much more closely our priorities of examination in the various areas of Commission accounts in the future. There are particular reasons for this. During the past year, it has been discovered that, for example, in Directorate-General VI, on average one person is responsible for the expenditure of no less than 200 million units of account. This is on average, because the Commission staff in this particular respect, as has been exposed by a recent independent investigation into their accounting procedures, was some 39 short of what professional outside auditors deem necessary for the proper exercise of control. Mr President, I do not wish to expatiate at any length upon this, but I think it fair, since I shall personally be concerned with the 1977 budget discharge, to give fair, public notice to the Commission that my requirements inevitably will be much more exacting than those that have been forthcoming from the Audit Board.

Mr President, it will be recalled that in the 1977 report upon the budget certain specific recommendations were made about the organization of the Commission itself, to which President Jenkins was good enough to refer when he himself assumed office. We are to find out whether Parliament's wishes in this particular area have been carried out, and there are numerous others. Above all, of course, we shall be concerned with the implementation of the budget.

Lord Bruce of Donington

Mr Cointat has given some account of 1976. The figure of non-committed expenditure in the following year was, of course, significantly greater, and we shall be touching upon this as well, because if Parliament determines a budget in conjunction with the Council, it will want to know, and want to know in detail, just how its wishes have been carried out. And this will also be of importance. So, in wishing the Commission and the other bodies a fair discharge for their 1976 accounts, it is perhaps wise that we should lay down markers for 1977.

Fraud, of course, will engage our attention quite considerably. One has rather tended, Mr President, if I may say so, to be a little disappointed by the time that is taken to investigate cases which receive very wide publicity, which are referred to the Commission, and which then appear to die on our hands. I do not think that Parliament will be prepared to stand for that indefinitely, and one does therefore hope there will be a significant improvement there. Subject to that, Mr President, we give our approval to the form of the discharge which has been suggested by the rapporteur, and we wish the Commission and the other Institutions good luck in the proceedings which we shall have in the discharge of the 1977 accounts.

President. — I call Mr Notenboom.

Mr Notenboom. — Mr President, I am not speaking on behalf of my group but as a spokesman on the Social Fund under the rapporteur, Mr Cointat. I belong to the Control Subcommittee and have assumed certain responsibilities in respect of the Social Fund expenditure; I want to say a few words on this particular aspect. There has been no fraud, no case of irregular expenditure, no payments beyond those laid down in the budget; nothing of that kind has occurred.

On the contrary, the appropriations entered in the budget are never fully used and that is really a serious fact to which the Control Subcommittee must give the same attention as it would to excessive or irregular expenditure.

This is all the more important as the Social Fund must acquire even greater weight given the poor social situation of the Community. The Council President, Mr Lahnstein, said earlier on that he was willing to reach a compromise and that the compromise would give further weight to the Social Fund.

This proves that the Council, Parliament and Commission all agree on the need for the Social Fund to acquire greater substance in future.

We must then ask the Commission, and above all Commissioner Vredeling, whether it is willing to ensure that the present procedure is improved. In our control of the 1975 budget we found that only a very

small part of the appropriations entered in the budget were in fact spent.

There was an improvement in the 1976 budget, but only a slight improvement. At the end of 1977 a new fund was set up under new regulations. We hope that the necessary lesson will be drawn for the new fund from the Control Subcommittee's observations on the slow utilization of the appropriations for specific projects. In the year 1976 which is the subject of this report we were disappointed to find that twelve months elapsed between the submission of an application for a subsidy for a particular project by a Member State and the Commission's decision on the matter. Only 1.81% — not even 2% of the appropriations entered for that year — were in fact used during the year. Those are the sad facts and the situation must change, especially if the fund is extended.

It is not merely the fault of the Member States. Of course they too make mistakes and are responsible for delays. But the Control Subcommittee has found a need for the internal processing and management procedures of the Commission to be reviewed. I appeal to the Commissioner responsible — and I have already addressed a personal letter to him — to give the closest possible attention to this problem so that in future the Social Fund can genuinely acquire the weight which both the Council and Parliament would like it to have. This is a rather unusual conclusion for a control committee to reach: generally such committees find that expenditure has been effected wrongly or incorrectly. This time too little has been spent in comparison with the intentions of the budgetary authority.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, with more than a sense of formality I would wish to echo the tributes that my chairman, Dr Aigner, paid to the staff of the Committee on Budgets. I, for one, would be lost in this field without their expert help and their work. I would also like to say that we have received maximum courtesy from the Cour des Comptes and the others who appear in front of the committee that I regard as one of the really useful and significant committees of this Parliament.

Mr President, I would just like to make some brief remarks on that part of the 1976 accounts for which I had responsibility in the Sub-committee on Control when the report now being discussed was in preparation.

At the outset I would like to say that there is a continuity about the work of the sub-committee and therefore in the papers now before you we do not go over *all* of the issues that were explored in depth in Dr Aigner's report of the 1975 financial year. This is Document 165/77.

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In that text the sub-committee set out a number of basic control considerations in so far as research and investment outlay was concerned. Therefore, we were able to get down to the examination of the 1976 accounts without going over all those issues once again.

But I should also mention that the procedure we followed in the sub-committee is particularly useful and constructive. We bring in the officials responsible and put questions to them so that they may amplify certain points made in their written answers to questionnaires sent to them in advance. This procedure on the sub-committee enables us to iron out particular difficulties of a political nature in a straightforward way. It also enables us to produce more concentrated working documents. Frankly, I think this procedure of giving notice by committees makes for a much more serious examination of issues than just springing questions out of the blue.

Now on the research and investment side I concentrated my attention on several issues which are set out in paragraph 3 of my working document. The first of these is our desire in the Control Sub-Committee to ensure clarity and transparency of the appropriations of research and investment. I should mention that at the present time a further proposal for revising the research and investment part of the Financial Regulation is at an advanced stage of examination in the Committee on Budgets and I hope that this will be some kind of a legacy to our directly-elected successors.

Now, the second issue that I took up was the desirability of ensuring that the tendering system is used as widely as possible. This is the only sure way of making certain that value is had for Community outlay in this sphere. Of course, before calls for tender — *appels d'offre* — are put out, careful presentation of the exact requirements is needed. And, in my belief, in most cases this is done, and it is to the credit of those in the Commission who are responsible for doing this job.

One other issue of a political nature which warrants mention is the financial losses which result from delays in decision-making. Now while this is virtually a regular feature of Community affairs and, fair to say, a regular feature of the affairs of some governments of Member States, it is deplorable that it results in what frankly must be seen as avoidable losses of money to the Community. The most blatant case in the research and investment sphere has been that of JET. Here one believes that many millions of units of account were literally lost because time and again the Council put off taking a crucial decision. Unless Community procedures for the taking of decisions are streamlined, we are likely to come up against further repetitions of JET-type procrastination. This is, of course, a Control Sub-committee concern because we must be active

when waste arises in the expenditure sphere, whatever might be the basic reason. I feel that I can really say this as one of the British Members of Parliament, because frankly the British Government had a good deal of the responsibility in this. Not because he is present, I would exonerate the Commission and Commissioner Brunner in this particular matter, because, God knows, they tried hard enough to get a decision, and for months of agony they went about it. I think it is more for the Council, and for the rest of us politicians, that really in future we must try and see that this kind of costly procrastination is avoided, because frankly it is much more expensive waiting for decisions than many of the things about which we tend to complain in this Parliament.

On previous occasions in this Chamber I referred to my opposition to the idea of the use of the watering can effect in the Community budget. Too often Community effects are diluted in their impact because there is a tendency to spread the limited available funds over too wide an area. As far as possible, the Community should try to limit its activities to a concentrated effort in selected spheres. In this way the impact will be greater. Furthermore, it will be easier later to justify a more extensive use of centralized research if we could point to successful results obtained from past efforts in key areas. Since Commissioner Brunner is doing us the courtesy of being present, I do not know whether in his wind-up he would like to comment on this whole question of the watering-can effect, and on the extent to which the Community accepts that there is a basic problem here, as well as the extent to which they are going to try to do something about it. Because some of us really do believe that we have to show success more than anything else, and perhaps the Commissioner, in his wind-up, would like to refer to this particular point.

In the Control Sub-committee I have frequently suggested that the Community needs an extensive system of gauging the return on money spent. This is administratively difficult and is the domain of research, but nevertheless the Commission must keep this aspect in view when looking over the various on-going Programmes. But here again, anything the Commissioner would care to say to Parliament about this kind of input-output analysis in relation to the worth of programmes, delicate and difficult though it is, would I think be welcome to those of us on the sub-committee who follow these affairs seriously.

I have always thought it to be important that there should be a degree of mobility of researchers, and this would result in some cross-fertilization of ideas. Here I pay tribute to the action of the Commission in relation to Ispra after the Committee on Energy and Research went there. Certain arrangements have been made for pensions for personnel that I think are

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wholly acceptable and create some kind of improvement in the problems which are well known to the Members of the Committee on Energy and Research. But such mobility has been found to be useful in the universities, and indeed the Court of Auditors in its policy on staff seems to be providing for future mobility by having a substantial number of staff on contracts extending over a few years, the intention being, no doubt, that there could be a steady flow of fresh expertise into the Court. Well, let us follow the example of the Court of Auditors in this matter.

Finally, I would like to draw attention once again to the need for maintaining an appropriate balance between staff costs and expenditure on actual research. With these remarks, and with these questions to the Commission, I commend the report on the 1976 accounts to this House for its approval.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — Mr President, my colleague Mr Tugendhat would have liked to be here for this is an important occasion in the history of this Parliament. For the first time you are granting a discharge on a recommendation from the Council. On its behalf and on behalf of the Commission I should like to thank all those who have been involved, Mr Cointat, Mr Lange and all those who have taken part in the debate. I should like to tell them how much we appreciate their work in support of our endeavours to implement the budget. The Control Sub-committee and the Committee on Budgets in particular have made a significant contribution in this respect.

I feel that the time has come to say that the methods of control developed in the recent past have proved their worth. You will doubtless agree with me that the three-month reports have proved useful and that the special reports too have brought about an improvement.

In October of this year my colleague Mr Tugendhat discussed with the Committee on Budgets the specific question of the delays that occur before funds are spent either because no Council decision had been taken or for other reasons beyond the Commission's control. I need not say any more on this subject. Some of the points involved were dealt with by Lord Bruce in his comment on Mr Cointat's remark. The main items concerned are the commitment appropriations of approximately 64 m. u.a. and the payment appropriations of approximately 7 m. u.a. for the JET project.

There was a further problem with two other research projects, the one concerning the application of nuclear techniques to agricultural research and the other on environmental research. In both cases the problem arose largely because the Council had not reached a decision. I agree with the views expressed

by Mr Dalyell. In the case of the JET project we really did everything we could; indeed I almost think we can say that had it not been for the work done by the Commission's departments, this project would have come to nothing. Losses have undoubtedly been incurred as a result of the delay in the Council decision and we are the first to regret the fact. Mr Dalyell put a question to me when he was discussing research projects. I agree with him that we should use the watering-can method as sparingly as we can and, if possible, not at all. The four-year programme for the Joint Research Centre shows how we have concentrated our projects, which have now been reduced in number from twenty-two to ten. We have a much more coherent programme structure than before. This goes to show that the points made in this connection have been taken to heart.

I should like in conclusion to thank all those who have been involved in the whole procedure and are now relinquishing this line of activity. I am thinking first and foremost of the Board of Auditors whose duties have now been taken over by the Court of Auditors. I must add at this point that we still have a problem, which is that the institutions do not comment on the measures which they take far enough ahead in relation to the decisions on discharge and we are once again faced with the same problem this year. I hope that the April 1979 deadline will be met and that we shall then make no delay in carrying over our control responsibilities into the next financial year.

President. — I note that there are no more requests to speak.

The motions for decisions and resolutions will be put to the vote as they stand tomorrow during voting time.

The debate is closed.

12. Urgent debate

President. — I have received a motion for a resolution (Doc. 518/78) on the establishment of a European Monetary System tabled by Mr Pisani on behalf of the Committee on Economic and Monetary Affairs with a request for urgent debate pursuant to Rule 14 of the Rules of Procedure.

I shall consult Parliament on the adoption of urgent procedure at the beginning of tomorrow's sitting.

13. ECSC levies and operational budget for 1979

President. — The next item is the report (Doc. 502/78) drawn up by Mr Schreiber on behalf of the Committee on Budgets on :

the fixing of the ECSC levies and on the ECSC operational budget for 1979.

I call Mr Schreiber.

Mr Schreiber, rapporteur. — Mr President, ladies and gentlemen, it has now become a tradition with us that following a December meeting with the Committee on Economic and Monetary Affairs, the Committee on Social Affairs, Employment and Education and the Committee on Energy and Research, the Committee on Budgets should submit to Parliament a report on the fixing of the ECSC levy and the operational budget. Parliament's intention — at least from a procedural point of view — is to show that in its view, there is a connection between the general budget of the Communities and the ECSC operational budget. Although it is unfortunately available only in parts and covers no more than a fraction of ECSC financial activities, this operational budget should be given the importance it deserves and we must remember the fact that it contains revenue and expenditure which for the first time in the case of a Community budget have been financed from autonomous sources. This introduction, Mr President, brings me straight to the central problem of the 1979 operational budget. The Commissioner's estimate of aggregate requirements for the individual classes of expenditure in 1979 works out at 157 m. u.a., plus a further 17.5 m. u.a. in low-interest loans below the line for workers housing construction, as against revenue of 98 m. EUA with 4 m. EUA from levies at an unchanged rate of 0.29 %. Given the cancellation of reserves amounting to 18 m. EUA deriving from the investment of own resources, the shortfall on the revenue side amounts to 137 m. EUA. In view of the extremely severe strains on the coal and steel industry caused by the need for adjustment and restructuring measures and also because of the persistent crisis in this sector, the Commission considers that no case can be made for an increase in the present levy rate of 0.29 %. The Committee on Budgets unanimously supported this view. This shortfall, which amounts to roughly 53 % of the total funds required, clearly shows the dilemma of the ECSC operational budget. Since the crisis in the iron and steel industry took a turn for the worse, two things have happened; first the industry needs to spend more to convert, adapt and restructure and secondly, its capacity for self-financing through the ECSC levy has been substantially weakened.

This accounts for the Commission's proposal to create a new source of revenue for the ECSC by taking the yield from customs duties on ECSC products imported into the Community. This would bring in approximately 60 m. EUA. Paragraph 3 of the motion for a resolution tabled by the Committee on Budgets also points to the urgent need for a decision on those lines, which was proposed by the Commission on 16 May 1978. It is in this way that the loophole must be closed in the decision of 21 April 1970 under which Member States' contributions were replaced by the Community's own resources in the area covered by the EEC and Euratom Treaties. A further reason that makes this decision a matter of urgency for the European Coal and Steel Community is the preservation of its financial autonomy.

In a resolution that goes back to 14 December 1977 — the Ripamonti Report on the 1978 operational budget — Parliament unanimously supported the proposal to make over customs duties to the ECSC on a permanent basis. Furthermore, paragraph 5 of the same resolution explicitly requested the Commission to submit a report to Parliament setting out the overall concept underlying possible measures under the general budget and the ECSC operational budget and — without departing from the financial principles anchored in the ECSC Treaty — calling for a measure of integration between ECSC and EEC activities as well as a clearer picture of Community finance for the budgetary authority. Paragraphs 9 and 14 of the motion for a resolution contained in this year's report repeat this request to the Commission.

Even allowing for this additional net revenue amounting to an estimated 60 m. EUA in 1979, there will still be a deficit of 77 m. EUA. The Commission has therefore proposed reductions in the following areas:

The first area is that of research subsidies which are to be cut from 84 m. EUA to 47 m. EUA and the second is in aid in the form of interest rebates which is to be reduced from 95 m. EUA to 55 m. EUU. The result is that the ECSC budget would aggregate approximately 180 m. EUA.

Unfortunately the Commission has not explained its proposed cuts any further. The Committee on Budgets has doubts as to their advisability in the present situation. On the subject of research spending it must be pointed out that there is a direct relationship between increased research and structural improvement and hence improvement in the economic situation. This must be made quite clear, Mr President, for the research appropriations have been cut back by almost 45 %. And now a word on interest rebates: the Commission itself points out that, a total 500 m. EUA plus subsidies of 75 m. EUA will be required to subsidise the necessary loans. This would be equivalent to a situation in which 25 000 jobs were lost each year in the iron and steel industry and had to be replaced. But the Commission believes that in 1979 funds will be required to cover 15 thousand jobs and that 45 m. EUA will be needed for loan rebates. Despite this, the 45 m. EUA have been reduced to 30 m. EUA in the Commission's estimates.

This makes it clear, Mr President, that the measures or, if you like, the expenditure proposed by the Commission for 1979 provide no guarantee that the steel industry will be able to restructure successfully. The estimates of expenditure must be regarded as an absolute minimum.

The Committee on Budget's main demand is, like last year, for the coordination of all Community measures under the Social Fund, the Regional Fund and the

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European Investment Bank and their incorporation in an overall industrial, social, regional and energy policy concept. This demand has two logical consequences.

The first is that ECSC financial operations, in other words lending and borrowing, should be included in the ECSC budget. The second is that the ECSC operational and investment budget should be coordinated as closely as possible with, and even perhaps included in, the general budget of the Communities. Both those points are brought out in paragraphs 7-9 and 13 of the motion for a resolution.

Coming back to our demand for an overall concept underlying measures proposed and implemented by the Commission, I should like to draw your attention once more to the following point. The Commission is in fact seeking to develop an overall concept in a number of areas. In the energy sector for example it has put forward a number of proposals to promote sales of Community coal. It has also produced a draft decision on coal and coking coal for the Community's iron and steel industry.

Parliament, Mr President, has not so far been consulted on this draft decision as it was in the case of the two proposals I mentioned, despite the fact that it provides for crucial finance policy measures. What is proposed is Community funding of aids to promote sales of Community coal. There is a special fund out of which 31 m. EUA have already been provided and this figure is now to be raised to 70 m. EUA. The 31 m. EUA provided so far came from a contribution of 17 m. EUA from blast furnace operators, 6 m. EUA from the ECSC budget under Article 95 of the Treaty and 8 m. EUA from contributions made by the Member States in accordance with a special formula. This last item is to be increased by 39 m. EUA, thus making a sum of 70 m. EUA available for funding.

It must be pointed out in this connection that Parliament's role in ECSC decision-making procedures is still unclear although the Vice-President of the Commission, Mr Haferkamp, promised us when the original regulation was discussed in Parliament in 1972 that he would seek an answer to the problem within the Commission. At the time, Parliament adopted a resolution requesting the Commission to find an answer and regretting that following the merger, the European Parliament was no longer informed to the extent it should be on the Commission's activities in the ECSC sector and that as a result, risked forfeiting a considerable part of its control authority. This can be found in the motion for a resolution contained in the Wolfram Report dated 8 December 1972. (Doc. 225/72) The Committee on Budgets must point out here that the traditional approach which it has taken, and Parliament has taken, in such matters is to reject the creation of special funds for the provision of funds outside the budget and to call for their inclusion in the budget.

In conclusion, Mr President, a word on the subject of control which is dealt with in paragraphs 10-14 of the

motion for a resolution. This year for the first time, contrary to the provisions of Article 78 of the ECSC Treaty as amended by the Treaty of 22 July 1975 modifying certain financial provisions, the Committee on Budgets does not have the report of the Court of Auditors for the 1977 financial year. This places the Committee on Budgets and Parliament as a whole at a serious disadvantage since we cannot assess the Commission's proposals with full knowledge of the facts. A further disadvantage is that by the time it is submitted, the inspection report will be a dated document that no longer guarantees either the necessary continuity of parliamentary control or the link-up between advance and *ex post facto* control.

This concludes my remarks, Mr President, and I hope that the Committee on Budgets' positive opinion, which was adopted with only one dissenting vote, will be endorsed by the House.

President. — I call Mr Spénale to speak a behalf of this Socialist Group.

Mr Spénale. — Mr President, the Socialist Group is in full agreement with Mr Schreiber's report and I should like to thank him for a remarkable document and for the comprehensiveness and excellence of his oral presentation from the point of view of both tone and substance.

I shall confine myself to presenting and putting the case for amendment No 1 tabled by the Socialist Group. Its purpose is to amend the last part of paragraph 7 where it is said that the ECSC budget should be fully integrated in the general budget of the European Communities as regards both presentation and the procedures employed for its consideration and adoption.

It is our view that this wording would rob the ECSC budget of its whole originality and, by integrating it purely and simply in the general budget, submit it to the same procedures that are followed when that budget is examined and adopted. It is our contention, however, that some of the procedures involved in the ECSC budget are far more interesting and more European than those governing the general budget of the Communities.

What actually happens? Every year, the Commission submits its draft budget to Parliament together with its proposals on the ECSC levy rate for the following year. This draft budget is discussed at a joint meeting of four committees: the Committee on Budgets, which subsequently deliberates separately, the Committee on Energy and Research, the Committee on Social Affairs, Employment and Education and the Committee on Regional Policy, Regional Planning and Transport. The budget then goes before Parliament and several years ago, the Commission undertook not to depart from Parliament's position on the ECSC levy.

Spénale

I must say that the Commission has been loyal to its undertaking for several years; this means that the Council plays no part in the procedure and that, as a result of a gentleman's agreement between the Commission and Parliament, our say in the decision relating to the ECSC levy is as effective as it can be. And in view of the difficulties that we have today with the Council over the budgetary procedure for the 1979 financial year, we understandably feel that it would not be desirable to have the same difficulties with the ECSC budget, something which we have so far been spared.

The purpose of my amendment is therefore to replace the last part of paragraph 7 with a phrase to the effect that the ECSC budget should be *harmonized* with the general budget of the European Communities.

This would get rid of the words 'integrated' and 'as regards both presentation and the procedures employed for its consideration and adoption.' We feel that in submitting this amendment, we are upholding the budgetary powers of our Parliament in the longer run, for if we are right to do battle, as we are at the moment, over the current budgetary powers in the longer term when there is a risk of seeing them curtailed. This is the reason for the Socialist Group's amendment and I hope that Parliament will adopt it by a very large majority.

President. — I call Mr Ripamonti to speak on behalf the Christian-Democratic Group (EPP).

Mr Ripamonti. — Mr President, ladies and gentlemen, I should first like to express my appreciation for Mr Schreiber's report with which the Christian Democratic Group is in agreement. The manifest crisis situation in the European steel industry calls for a stronger injection of funds and hence for an expanded ECSC operational budget, which runs to a mere 180 m. EUA although it has been frankly acknowledged that requirements amount to at least 257 m. EUA. While there are plans in the coal sector for subsequent action based on projects already drawn up by the Commission — for coke reserves, the conversion of thermoelectric power stations into coal-fired power stations, or for the use of Community coal, involving estimated expenditure of 170 m. EUA i.e. a figure that is almost as high as the ECSC operational budget — action in the steel sector is to be taken entirely within the context of the ECSC Treaty; this has raised the problem of boosting the resources available to the ECSC for spending in the iron and steel sector. Since the levy rate is to remain at 0.29 % — it certainly cannot be increased this year because of the crisis — it is now proposed, and we agree with the proposal, to provide the ECSC with additional own resources, thus closing the gap left by the decision of 22 April 1970. Last year, Parliament delivered a favourable opinion on this subject, preferring the allocation

of own resources to the ECSC rather than the payment of non-refundable contributions by the Member States. But I should like to add that those own resources should go primarily to the steel sector in order to ensure a more satisfactory spread of funds and a more even balance as between sectors and regions.

I should like to make a further comment: I do not think it advisable to go on asking for 5 m. EUA to be paid from the ECSC budget for the services rendered by the Commission in this sector. I feel that the figure of 5 m. EUA is not in proportion with the exiguous scale of the services provided in the coal and steel sector.

The amount of aid for investments and conversion, which totals 55 m. EUA as against requirements of 95 m. EUA, is seriously inadequate. This was pointed out by the rapporteur in the explanatory statement and it is also clear from the context of the motion for a resolution. If we look at the way that interest rebates on loans to enterprises are dealt with, we find that the terms and conditions applied make no allowance for the effective rates at which the loans are taken up with the result that the enterprises concerned are treated differently. It is common knowledge that interest rates vary from one Community country to another and if we consider the effects of applying a standard three-point rebate in all cases, although the prime rates vary so widely from one country to another, we find that in the Federal Republic of Germany for example, the relief which this form of aid brings may amount to as much as 52.2 %, whereas for enterprises in Italy the figure is as low as 19.40%. The only explanation needed is that the prime rate in Germany is of the order of 5.75 % while in Italy, it amounts to approximately 15.50 %. I therefore take the view that the Commission should review the way in which those limited funds are administered to ensure that undertakings everywhere are effectively granted the same relief and that disparities that have no objective basis are avoided.

I should also like to see greater use made of the aids for conversion and vocational training to help steel concerns that are required to implement reorganisation or restructuring plans.

I have a further remark to make on the subject of research appropriations. I believe that an unfavourable economic situation is sufficient reason in itself for a review of spending in this sector. There can be no doubt that in times of economic depression, attempts are made to cut back on research appropriations without regard to the possible effects on international competitiveness, when rival countries like Japan spend a higher proportion of national income on research: research spending in Japan is three times higher than in the Community.

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There is a further consideration — and here I agree with the rapporteur's proposals — which has to do with the need for greater control by Parliament over the ECSC operational budget.

The procedures applied in considering this budget should be made part of the general procedures governing the management of the general budget of the Communities and Parliament recognized in this area too as the budget authority. In its introduction to the 1979 budget — section III (Commission) — the Commission, acting on the basis of remarks made in the debate on the 1978 budget, added a chapter in which it took account of Parliament's observations and put forward a proposal as to which sectors should be treated separately and which should be subject to coordination between the ECSC and the Community as a whole.

The sectors mentioned in the motion for a resolution form the subject of an amendment tabled by Mr Spénale. I agree especially with the Italian version which says that the two budgets should be integrated in the long term and not harmonised. The only place where harmonisation should occur is in the overall context of the 1979 budget, on the lines put forward by the Commission, while integration should be the long-term objective. With this change in the Italian translation of the French text, the Christian Democratic Group approves Mr Spénale's amendment and proposal to aim for long-term integration between the ECSC operational budget and the general budget of the Communities. This will certainly require an amendment to the ECSC Treaty but I feel that it is an objective that is well worth pursuing. The ECSC constituted an original blueprint for industrial policy but what we need now is a blueprint for industrial policy within the framework of the Commission's budget but it is going to be a slow process.

I believe that the experience gained in ECSC management and carried over into the sectors of social policy, regional policy, investment, conversion and industrial reconstruction policy represents a positive factor and will also help Parliament to discharge its control responsibilities.

I should like to make one final comment on investment policy. The motion for a resolution finally approved by the Committee on Budgets calls on the Commission to submit, after the first six months of 1979, a detailed report on the results obtained and on further measures required, with particular reference to the coordination of aid, using the instruments available in both the ECSC operational budget and the Community budget. Coordination is especially necessary in the investment policy sector. The Commission's table comparing the scale of ECSC investment with investment funded from the Community budget shows a gradual decline in ECSC investment in rela-

tion to overall Community investment. But it is my belief that when the parallel was drawn, the only factors taken into account were ECSC investment proper and Community investment proper. If the 742m. EUA granted in loans by the ECSC in 1977 had been compared with the 408 m. EUA of planned EEC loans under part two Articles 182 and 202 of the preliminary draft budget it would have been realized that the scale of ECSC loans is distinctly larger than that of Commission action under the EEC budget. And if the ECSC figure for 1977 is compared with the estimated amount of the so-called Ortoli loans which the Commission intends to grant, we find that against the 1977 figure of 742 m. EUA, we have the thousand million units of account which will probably be granted as Ortoli loans over a span of two years. The Commission's conclusion, that the ECSC loans, granted in a limited sector of European industrial activity, can be put at a figure of 32 % (up to 1977) or 26 % (for the loans granted in 1977) when the full lending potential including that of the EIB, is added up, has no significance.

There is a need for clear distinctions in this area. We must look again at what is really done within the context of the special functions for which the ECSC on the one hand and the EEC on the other are responsible. The ECSC model should be taken as a basis and expanded if loans are to be granted for the overall conversion of European industry and not just for sectoral conversion in the coal and steel sector. This provides justification for the request made by the rapporteur and repeated here. It also justifies the request which Parliament made to the Commission last year for closer coordination in the commitment of available resources in the form of medium or long-term loans for conversion and comprehensive restructuring in the industrial sector. It justifies our comment, ladies and gentlemen, on the importance of extending this model of industrial policy to all sectors on which the European Councils have more than once made pronouncements, indicating an intention of Community action which has often failed to find a subsequent response in the Commission's if not in the ECSC's operational budget; this action must be aimed at the recovery of full economic growth in the Community so that answers can be found to the problems which are causing so much anxiety not only in the coal and steel sector — like the problem of unemployment — but which are unfortunately also to be found at the present time in all sectors of economic activity throughout Europe.

Having made those remarks and in the hope that the next European Council and the Council of Ministers will, when they come to weigh the ultimate decisions required on the budget, bear the real requirements in mind and heed the call that can be heard in every Community country to translate intentions into deeds, I confirm that the Christian Democratic Group (EPP)

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will vote in favour of the motion for resolution resolution and repeat my sincere thanks to Mr Schreiber for his presentation of the motion.

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

Mr Rivierez. — (*F*) Mr President, the Group of European Progressive Democrats joins in the words of thanks that have been addressed to Mr Schreiber and it, too, will vote for this report.

We would like to make the following comments. For the 1979 financial year the operational budget of the ECSC again poses the problem of balancing revenue and expenditure. Total revenue amounts to 180 million u.a.; given the situation in the European iron and steel industry and the difficulties facing it, the budget is a very reasonable one. This year again, we are confronted with a dual problem: on the one hand, not to increase the ECSC levy rate and therefore keep it at 0.29 % (it would be difficult for the Community steel industry to cope with any increase in this rate), but, on the other hand, the need to cover the budgetary deficit. The proceeds of the levy should amount to 98 million u.a.; in 1978, to which should be added approximately 22 million u.a.; derived from traditional sources of revenue other than the levy, with around 60 million u.a.; therefore needed to be fund to balance the budget, as has been pointed out by a previous speaker.

This state of affairs will persist because, since 1972, the levy rate has remained fixed at the figure I mentioned above. As a result available resources have stagnated in monetary terms and have been sharply reduced in real terms by inflation at the very time when the economic situation in this sector requires a greater measure of intervention.

There is therefore a clear contradiction between the financing requirements in the coal and steel sectors and the appropriations entered in the ECSC operation budget. However, despite a restrictive budget the deficit remains a large one. A lasting solution to this problem therefore needs to be found.

As you are aware, the Commission proposes tapping additional resources by allocating to the ECSC the customs duties on ECSC products. Last year the budgetary deficit was financed by a special contribution by the Member States. The only effective and lasting solution to the problem presented by the ECSC operational budget is to create organic links between the ECSC budget and the general budget of the Community.

Provision would have to be made, for example, for the allocation to the ECSC budget at a block grant adopted within the framework of the EEC budget, especially as a large number of ECSC measures are already financed out of the EEC budget: for example,

the Community already finances measures such as the maintenance of coal stocks, industrial reconversion in the iron and steel industry the use of coal in electricity generating stations and the intra-Community transport of coal.

Another approach favours the solution that we propose i.e. allocation to the ECSC budget of the proceeds of ECSC customs duties which are this year estimated at approximately 60 million u.a. and which would thus cover this year's deficit. Yet these additional resources are totally inadequate to meet the ECSC's growing financing requirements; the problems therefore remains.

Lastly, I would like to add a few words about the problem of parliamentary scrutiny of the ECSC investment budget. In Mr Cointat's report on the inter-institutional dialogue the Assembly requested the right to exercise control over the ECSC investment budget, the effectiveness of which, incidentally, has to be recognized. The fact is that the budgetary authority has no say in determining either the overall annual volume of loans or pricing policy. The Commission is therefore managing a substantial amount of money derived from public funds, and, with these funds, is pursuing an industrial policy free from any political control except for the post audit carried out in connection with the discharge. We consider this post audit to be an inadequate form of control.

Secondly, the Assembly expressed the wish that the Commission should in the draft operational budget at least indicate its intentions in the matter of loans for the financial year under consideration.

No progress seems to have been made on these lines and this we regret.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (*D*) Mr President, as you yourself said in the debate — and I would like to thank all those who have taken part, particularly Mr Schreiber — we are this year faced with a special difficulty in connection with this budget. We did not want to increase the levy rate and exceed the figure of 0.29 % On the other hand, we had to request a substantial increase in funds and arrived at a deficit of 60 million u.a. This must be borne by the Member States. The greatest restraint had to be exercised and the limitations arising from the small revenue had to be borne in full. This has led to a number of changes. One change, the administrative budget, has been mentioned by Mr Ripamonti I would like to point out that last year it was much larger and totalled 18 million u.a. This year it has been reduced to 5 million u.a. A figure has to be entered in the budget for administrative expenditure, as this is laid down in the Treaty. I believe that what we have here is the absolute minimum.

Brunner

In connection with coal projects, the promotion of intra-Community trade and aid for coking coal, Mr Schreiber has criticised the failure to consult Parliament. It is not appropriate for me to give him assurances now that I will consult Parliament. On 21 December we will only have a general debate in the Council of Ministers and we will be submitting the proposals to you.

In the debate Mr Ripamonti raised the question of interest rates. This is a very difficult problem. We are at present examining it from the political angle. What it boils down to is the question of providing more aid to help the weaker parties.

But this would also mean of course that in certain respects, inflationary trends would not be fully contained. Both aspects of the matter must be taken into account. It is a difficult problem of economic policy.

In Paragraph 13 of your motion for a resolution you express the desire for a greater degree of control. The Commission will endeavour to take account of this desire. We will consider how we can increase your involvement in loan policy. I can give you this assurance now. Finally, there is Mr Spénale's amendment to Paragraph 7 of your motion for a resolution. We are of the opinion that this amendment is sound. The original text — at least in the German version — could give the impression that a far-reaching political change was planned here. Evidently this is not the case. It is a good thing to eliminate possible misunderstandings by making textual changes of this kind. As regards the Italian version, the question whether the verb 'harmonized' more or less reproduces the sense of the German verb 'integrated' must be decided by ourselves. We at the Commission in any case take the view that in the old version the ideal wording had not been found for the last phrase of Paragraph 7.

I should like on behalf of the Commission to close with a word of thanks not only for the support which you have shown us but also for the fact that through this budget you are rendering major assistance at a time of exceptional crisis in the coal and steel sector. We will only be able to overcome our difficulties, particularly in the steel sector, if we make as effective a contribution as possible through the ECSC budget to improving the situation.

President. — I call Mr Schreiber.

Mr Schreiber, rapporteur. — (*D*) Mr President, I am prompted to speak by Mr Spénale's intervention. Before dealing with this matter, I would like to extend my cordial thanks to my colleagues and Mr Brunner for what they have said. The passage in Paragraph 7 was not made up by us on the spur of the moment, and in the German version is not open to misunderstanding as far as we are concerned, but contains a specific intention. To that extent Mr Brunner's

comments are certainly correct. We also inserted this comment in Paragraph 7 in full awareness of the current discussion on the 1979 budgetary procedure. I take the view, Mr President, that Parliament should proclaim its right to exercise complete and permanent control over all Community revenue and expenditure. This right must be pursued not only by this indirectly elected parliament but, still more, by the directly elected parliament. It cannot be ruled out of course that this may in the long-term mean changes in the relationship between the institutions. For this reason, complete control is essential. Against the short-term demand for the incorporation of customs duties in Community resources we have explicitly indicated the long-term aspect of integration and, in doing so, are aware that this will undoubtedly be a long-term process which cannot be finally resolved by next year. During this process the attempt must be made to ensure that there is no deterioration as compared with the existing provisions of the ECSC Treaty.

This being so, Mr President, I would ask on behalf of the Committee on Budgets, whose spokesman I am here, that the amendment tabled by the Socialist Group be rejected.

President. — I note that there are no more requests to speak. The motion for a resolution will be put to the vote with the amendment which has been tabled to it tomorrow at debating time. The debate is closed.

14. *Agenda*

President. — I call Mr Dalyell on a point of order.

Mr Dalyell. — Mr President, just one clarification. We understand that under the procedure tomorrow there is to be a statement on the resumed debate from Mr Lahnstein. Is it also the case that there will be a statement from the Commission, because after all in this debate some very specific questions have been put to Commissioners, and I just wanted to be clear as to whether the Commission was also speaking tomorrow, as it ought to be?

President. — The plan is that if he is present tomorrow Mr Tugendhat will speak after Mr Lahnstein has made his statement.

I call Mr Lange.

Mr Lange. — (*D*) Mr President, I do not think it is a good idea to start a debate tomorrow after the statement by the President of the Council, which is in fact only intended for our information. We should then discuss this statement tomorrow evening in the Committee on Budgets, as any unconsidered statements tomorrow by the political groups would be detrimental to Parliament and Parliament should also not expect the Commission to give answers tomorrow that it was not in a position to give today. These

Lange

answers can be given by the Commission tomorrow evening in the Committee on Budgets, as Mr Dalyell is of course a member of that committee and is fully capable of repeating again tomorrow evening the questions which he has asked here today so that Mr Tugendhat can give him the answers there and then. I feel therefore it is a bad thing for us to attempt to arrange a re-run of today's debate. I recommend, Mr President — I am not making an explicit request — that, firstly, we let the President of the Council make a statement and, secondly, we ask the Commission not to speak again after this statement has been made.

President. — I call Mr Dalyell.

Mr Dalyell. — Mr President, as usual I am not at issue with the chairman of the Committee on Budgets, and I expect, on the important central point, that he is undoubtedly right. What I was really getting at was the issue that was raised indirectly by me, and directly by my colleague Mrs Dunwoody, on this delicate matter of the preservation of pension rights for staff, when particular questions were raised.

This matter is rather urgent. It is rather separate from the general issues that the Committee on Budgets is debating, but some of us feel very strongly, and somewhat embarrassedly, that the problem of pensions for those from Ireland, Italy and the UK, which was raised during the debate ought to have some kind of Commission response. But in general terms, I accept what Mr Lange says.

President. — It is nonetheless the case that if, tomorrow, Mr Tugendhat wishes to reply here to the questions which have been put to him in plenary session, the President will obviously call him.

15. Agenda for next sitting

President. — The next sitting will take place tomorrow, Wednesday, 13 December 1978, at 10.00 a.m. and 3.00 p.m., with the following agenda:

10.00 a.m.:

- Decision on urgency of two motions for resolutions
- Council statement on the general budget
- Council and Commission statements on the European Council in Brussels and Council statement on the German presidency (followed by debate) — (an oral question to the Commission on the European monetary system would be included in this debate, which would be limited to a total duration of four hours and would have to be concluded before resumption of the sitting in the afternoon)

3.00 p.m.:

- Question Time (questions to the Council and the Foreign Ministers)

4.30 p.m.:

- Voting time
- Oral questions with debate to the Commission and Council on the customs union
- Broeks report on the Lomé Convention
- Croze report on the accession of three island States to the Lomé Convention
- Oral question with debate to the Commission on energy aid to the developing countries
- Meintz motion for a resolution on education.

The sitting is closed.

(The sitting was closed at 7.45 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 1, by Mr Kavanagh

Subject: Aids under the Social Fund for the employment of girls

Does the Commission make any conditions to the Member States, when granting aid for training of the young unemployed under Article 501 of the Social Fund, that a proportion of such aid should be given over to measures to combat unemployment among young girls; will the Commission ensure that such a provision is included in the proposals it is at present preparing?

Answer

The guidelines that currently apply to the assessment of applications for grants from the European Social Fund for vocational training projects for young people give two kinds of special priority to projects for young women and girls

- top priority is given to vocational training projects for young women and girls aimed at establishing a balance between the percentage of male and female workers in various occupations by facilitating access to those occupations where women are traditionally underrepresented.
- while other projects for young people can be subsidized by the European Social Fund only where they are carried out in regions where the youth unemployment percentage is especially high this restriction does not apply to be projects just mentioned.

We are currently engaged on drawing up the guidelines for the new kinds of projects for young people that were adopted by the Council on 27 November 1970 on a proposal from the Commission. We will in so doing again take account of the particularly bad situation facing young women and girls on the labour market.

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 10.20 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Since there are no comments, the minutes of proceedings are approved.

I call Mr Spénale.

Mr Spénale. — *(F)* The plenary sitting yesterday received a motion for a resolution by Mr Bayerl and others on the accession of the European Community to the European Convention on Human Rights. The request for urgent procedure was rejected and the minutes state: 'Pursuant to Rule 25 of the Rules of Procedure, this motion was referred to the appropriate committee', and the minutes then add: 'in this case the Political Affairs Committee'. There are several reasons why I think this is wrong, Mr President. According to the motion itself, this matter was to be

examined by the Legal Affairs Committee. Furthermore, the Bureau decided, on 8 December 1975 to be precise, that the Legal Affairs Committee should deal with the matter. I therefore think that a mistake crept in when the minutes were being written up, but the competence of the various committees should not be changed as a result of an oversight. The opinion of the Political Affairs Committee may be sought, but it is the Legal Affairs Committee which is basically responsible in this matter. I should like to see the necessary correction made.

President. — The matter will be looked into. If necessary, the minutes will be corrected.

I call Mr Bertrand.

Mr Bertrand, *chairman of the Political Affairs Committee.* — *(NL)* Mr President, anything that concerns human rights is the competence of the Political Affairs Committee. All the resolutions in this House which deal with human rights are tabled by the Political Affairs Committee, and not by the Legal Affairs Committee. I am very sorry but I have to make this clear. There is absolutely no precedent for any resolution on human rights or the violation of human rights which was not dealt with by the Political Affairs Committee. The Legal Affairs Committee may be

Bertrand

consulted, but the Political Affairs Committee has competence here. It has always been like that. Just think of the difficulties we had with the hearing on Chile and so on.

President. — I call Mr Spénale.

Mr Spénale. — Mr President, I believe there is some truth in what Mr Bertrand said. The fact is that there has been no specific case of violation of human rights which has been discussed by Parliament without the Political Affairs Committee's knowing something about it. The events with regard to human rights in Uruguay and elsewhere are a series of events which are really of the moment and which require a fundamentally political response. But the basic issue of human rights and of the Community's accession to a convention of human rights is primarily a legal matter, even though the Political Affairs Committee, of course, also has a say in it. In any case, the Bureau spent a long time discussing this before reaching its basic position, and I do not think it can be changed just like that when the minutes are being prepared, when there was no discussion on the matter yesterday.

President. — I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — (D) Mr President, firstly there is the Bureau decision of 1975 which Mr Spénale has already mentioned, and secondly I am afraid I have to disagree with the honourable chairman of the Political Affairs Committee. I can imagine no parliament in the world where the Legal Affairs Committee would not play a principal role in the discussion of such a predominantly legal topic as the possible accession of the European Community to the European Convention on Human Rights. Of course, the Political Affairs Committee must have its say, but anyone who is familiar with this subject must realize that there are still some considerable obstacles to be removed, and only the Legal Affairs Committee can tackle this issue in a proper fashion.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, let me make a suggestion. As the interpretations differ so drastically, I should be inclined to refer the matter to this afternoon's meeting of the Bureau. A decision can be reached there, and then notified to Parliament.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, Mr Lücker's suggestion is unacceptable, since the Bureau decision of 1975 is quite explicit in defining the sole competence of the Legal Affairs Committee. There is no objective reason for wanting to change any aspect of what has been referred to the Legal Affairs

Committee, unless you want to query the Bureau decision of 1975 on the basic competence of the committees. I request that the House vote on this point now.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I should like to take up Mr Lücker's proposal. The fact is that it was decided yesterday to refer the matter to the Political Affairs Committee. It is now being asserted that it ought to have been referred to the Legal Affairs Committee, but we cannot waste time by arguing this point here in the Chamber. What I suggest is that we act on Mr Lücker's proposal and ask the Bureau to sort things out this afternoon. If there is still no agreement, we can put the matter to the vote tomorrow.

Do you agree, Mr Fellermaier?

Mr President, I think we have reached a gentleman's agreement and we can let the Bureau decide this afternoon. If that is not possible, Mr Spénale, we shall take a vote on the matter tomorrow morning.

President. — I call Mr Spénale.

Mr Spénale. — (F) Mr President, my admiration goes out to Mr Klepsch, who claims that a gentleman's agreement has been reached. It is not so easy as that, Mr Klepsch.

Let me also stress that it was decided here yesterday to refer the matter, not to the Political Affairs Committee, but to the appropriate committee. This, of course, does not alter competence in any way. It was the minute writer who added that this meant the Political Affairs Committee. I shall have to quote scripture and verse on this point. It should have been the Legal Affairs Committee, and I am simply asking for things to be put straight. Anyway, I am not against any discussion of this problem, if it is felt that there has to be a change as regards competence. But, once again, let me say how amazing it is that we should get involved in an argument over competence, just because of a minute writer's lapse into personal exegesis when he should have been content with the 'appropriate committee'.

President. — I feel it is pointless to continue discussing this point.

The minutes of the proceedings of yesterday's sitting state that the motion for a resolution was referred to the appropriate committee, in this case the Political Affairs Committee.

In view of the discussion we have just had, I propose that the matter be referred to the Bureau for a decision. If no solution is found, the matter will be put to the vote during tomorrow's sitting.

Since there are no other objections apart from this point, the minutes are approved.

2. Documents received

President. — I have received

- (a) from the Council, a request for an opinion on the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 1696/71 on the common organization of the market in hops (Doc. 516/78)

Which has been referred to the Committee on Agriculture ;

- (b) from Mr Seefeld, on behalf of the Committee on Regional Policy, Regional Planning and Transport, a report on the present state and progress of the common transport policy (Doc. 512/78).

3. Decision on urgency

President. — The next item is the decision on urgency of two motions for resolutions.

I therefore consult Parliament on the request by Mr Albers for urgent procedure for the motion for a resolution on the problems connected with the system of North-South rotation in cargo shipping (Doc. 517/78).

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I wish to speak against the adoption of urgent procedure and, if I may, on behalf of my Group I should like to explain why. Naturally, the issue which Mr Albers has brought up is of tremendous significance for all of us. However, I must point out that it has been customary until now when a report is being prepared at committee stage — and the final draft of this one is almost ready — not to anticipate part of it before we get round to debating it. This would happen if we voted for urgent procedure today and thus initiated a debate. On behalf of my Group, I consequently propose that this report be referred to the committee responsible, so that the matter can be dealt with in the report, that is if it has not already been covered there. My Group cannot understand why we should alter the procedure we have used until now.

President. — I call Mr Albers.

Mr Albers. — (NL) It is evident that a report is being prepared on this matter, and so there would be no need for a debate now. However, as a member of the Committee on Regional Policy, Regional Planning and Transport, I was quite unaware that a report was in fact being prepared. There is a threat of a strike by European bargees, organized by the European barge-men's organizations, which could have serious economic consequences. For this reason I should like the Commission to express an opinion. An offer of good offices is irrelevant. I strongly advocate that this matter in fact be placed on the agenda.

President. — I put to the vote the request for urgent procedure.

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

The adoption of urgent procedure is agreed.

I call Mr Spénale.

Mr Spénale. — (F) Mr President, in view of the vote which has just been taken and the fact that the agenda is very full, I should like to ask Mr Albers if he would mind if his oral question were dealt with without a debate. This would enable the Commission to give its opinion on the matter and would save us two hours.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, this is of course a rather difficult matter. Parliament has decided, and I agree entirely. We must try to limit the debate as much as possible. Every opportunity to keep the debate as short as possible gets my support.

President. — I propose that the motion be entered as the last item on the agenda for Friday, 15 December. Since there are no objections, that is agreed.

I now consult Parliament on the request by Mr Pisani for urgent procedure for the *motion for a resolution on the establishment of a European Monetary System* (Doc. 518/78).

The adoption of urgent procedure is agreed.

I propose that the motion be entered on today's agenda for consideration in conjunction with the statements on the European Council.

Since there are no objections, that is agreed.

4. Transfers of appropriations

President. — During Monday's sitting I informed Parliament about a number of proposed transfers of appropriations.

I have since received favourable Council opinions on the following proposed transfers of appropriations :

- for surveillance of the Community fishing zones (Doc. 362/78);
- for aid to disaster victims in third countries (proposed transfer forwarded by telex on 9 November 1978).

This is noted by Parliament.

5. Agenda

President. — In agreement with the chairmen of the political groups at the request of the Council, I propose that the Council's statement on the draft general budget be held over until after voting time this afternoon.

Since there are no objections, that is agreed.

6. *Council and Commission statements on the European Council — Council statement on the German presidency — European Monetary System*

President. — The next item is :

- Council and Commission statements on the European Council meeting held in Brussels on 4-5 December 1978 ;
- statement by the President-in-Office of the Council on the six months of the German Presidency ;
- European Monetary System.

I call Mr Genscher.

Mr Genscher, President-in-Office of the Council. — (D) Mr President, ladies and gentlemen, today's sitting of the European Parliament comes only a few days after the last meeting of the European Council. It is also the last to be held in the second half of 1978, in which the Federal Republic of Germany holds the office of President of the Council. I would therefore like both to inform you of the outcome of the European Council and give you an outline of the activities of the German Presidency in the Council of the European Communities.

The European Council held at the beginning of last week was one of the longest and probably one of the most important in the history of that Institution. At that meeting there were discussions of exceptionally difficult and complex questions which involved the very essence of the Community's development.

The most important part of the discussions was devoted to the *European Monetary System*.

As President of the Council I welcome the fact that the European Monetary System (EMS) will be introduced on 1 January 1979, as planned. This decision was taken unanimously by all the members of the European Council.

The European Council has set itself the aim of attaining a higher degree of currency stability in the Community, with the help of this European Monetary System. The new system is a fundamental element of a comprehensive strategy aimed at sustained growth with stability, a gradual return to full employment, levelling-up of living standards and lessening regional disparities in the Community. We also expect the EMS to have a stabilizing effect on the international economic and monetary scene. In that way it will serve the interests of the industrialized and the developing countries alike. The new system will be consistent with the rules of the IMF. European countries which have particularly close economic and financial ties with the European Community may participate in the system of exchange rates and the intervention mechanism on the basis of agreements amongst Central Banks.

Although all members of the European Council approve the aims of the EMS, three Heads of Government found that they were not yet in a position to participate initially in the projected exchange rate and intervention mechanism.

The Heads of Government of Ireland and Italy have asked for time to consider the matter until the meeting of the Council of Finance Ministers on 18 December. Yesterday we received the welcome news that the Italian Government had also decided to join the system from the outset.

(Applause)

This decision, which has certainly been no easy one for Italy, is an important step forward towards closer convergence in the economic development of the Community and will strengthen its cohesion.

I express the Council's hope that the Italian Parliament will adopt the same positive attitude as the Government. The United Kingdom Prime Minister made it clear that his Government was at present unable to participate fully in the European Monetary System.

At this juncture therefore it is still uncertain whether the EMS will start off on 1 January with 8 or only 7 members initially. Nevertheless I would not hesitate to describe the EMS as an important stage in the history of European Union, and for the following reasons :

- the Community is extending its powers to monetary policy, and this is an important step as regards increased integration ;
- it is making further headway, backed by monetary policy, towards a higher degree of convergence of economic development ;
- it is pressing ahead with redoubled vigour in its task of fostering growth and stability ;
- the Community's position in the world is being consolidated and its influence is increasing.

To be sure, the impulse to greater growth and stability would be stronger and the advantage to the Community greater if all the Member States could participate fully in the new system from the outset.

However, the decisive point is that the EMS is a Community system decided on by the European Council in which *all* the Community members took part. *All* have committed themselves to a greater convergence of economic policies with the aim of greater stability and growth.

I would now like to run through the other topics dealt with by the European Council.

In accordance with its usual practice, the Council held an exchange of views on *the economic and social situation*. The Heads of State and Government reviewed

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the measures adopted, particularly after the meeting in Bremen, in order to increase economic growth, and they stressed the need to ensure that swift implementation of such measures continued. The European Council was able to note that the concept of coordinated action had been put into practice. According to the Commission the growth rate in the European Community will rise in 1979, thanks to this coordinated action, to 3½ %.

The European Council also devoted particular attention to the employment situation. In view of the fact that unemployment more especially affects young people, the European Council welcomed the decision of the Council of Ministers for Labour and Social Affairs to extend aid from the Social Fund to cover the promotion of recruitment of young people and the creation of jobs for them. It requested the latter Council to keep a close watch on the effectiveness of the new measures.

The European Council reiterated its view that only a common and coordinated approach could bring about a greater degree of convergence of economic development within the European Communities. As such economic development should be seen in the longer term, the European Parliament entrusted the Commission with a survey of the prospects of structural development to 1990. This survey should examine, in particular, trends in production and demand and balance of payments and labour problems.

Within the context of economic and social policy, the European Council also took note of the conclusions of the last *Tripartite Conference* and invited the Governments to take them into account when formulating their economic and social policies. I am aware that during the last part-session of your Parliament, criticism was levelled at the procedure normally followed at such Conferences. The European Council considers this dialogue between workers, employers, Governments and the Commission to be useful, and noted the Presidency's intention of getting together with management and labour to examine possibilities for improving the working methods of these Conferences.

As regards *agriculture*, the European Council discussed a report from the Commission on the future development of the common agricultural policy. The examination of the problems dealt with in this report will be continued by the Ministers for Agriculture.

As for the effects of the *European Monetary System* on *agriculture*, the European Council took the view that the introduction of the EMS as such need not necessarily lead to changes in agricultural prices, monetary compensatory amounts etc. expressed in national currencies. However, it emphasized in this connection that, in the interests of a return to the uniformity of prices in agriculture, it would be important to prevent any permanent monetary compensa-

tory amounts from being created in the future, while taking due account of the prices policy, and to reduce the existing amounts progressively.

I now come to *the Committee of Wise Men*.

The names of the public figures chosen for this Committee are well known, as are their long political experience and services. On the initiative of the President of the French Republic, the European Council invited the Committee to consider the adjustments to the machinery and procedures of the Institutions which are necessary in order to guarantee the smooth functioning of the Communities on the basis of and in compliance with the Treaties, including their institutional arrangements, and progress towards European Union.

The Committee was requested to report back on its conclusions to the European Council in October 1979.

At this stage, I should like to add two remarks :

- firstly, there is full agreement in the European Council that the task given to the Committee should in no way delay the progress of the negotiations on accession ;
- and secondly, the need to examine the working methods of the Community does not result solely from enlargement from nine to twelve Member States. The problems to be examined have, indeed, existed for a long time and have often come in for discussion by your Parliament.

The European Council also took note of *two reports on European Union* forwarded to it by the Foreign Ministers and the Commission. In the meantime, I have communicated these reports to the President of the European Parliament.

There we have in essence, Mr President, the results of the European Council.

Mr President, ladies and gentlemen, it is now the turn of our French friends to take on the Presidency of the European Communities. Following an old tradition I should now like to attempt to make a preliminary assessment of the achievements of the German Presidency, which cannot of course take account of the results of the Council meetings yet to be held.

In my inaugural address in this Forum on 4 July 1978 I described the Presidency's particular responsibility as being that of uniting the Member States within the Community in decision-making for Europe. In my view we have fulfilled this task satisfactorily over the last few months by dint of common effort and endeavour even though it may not have been possible to realize all of our hopes. European decisions have been taken in various spheres. Let me just refer to the three most important of these. In the course of our discussions we will perhaps have the opportunity of returning to matters which we have no time to cover now.

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The three events to which I refer are :

- preparations for the first direct elections to the European Parliament.
- the introduction of the EMS and
- progress towards the enlargement of the Communities.

The formal decisions implementing the act on direct elections and fixing the election date have been taken. The political parties have also begun active preparations in all the Member States. In a few months millions of European citizens will cast their votes. Here I would appeal for the remaining time to be used to make our fellow citizens more fully aware of the significance of this important European political event.

I have already mentioned the European Monetary System. I would merely remind you, in this connection, of the Council Decision authorizing the Commission to contract loans to encourage investment in the Community. This new instrument will allow an additional contribution to be made to the Community's efforts hitherto in this sphere. It will help to encourage the implementation of investment projects thus contributing to an increase in the degree of convergence and integration of economic policies. This new credit facility thus coincides with the goals of the European Monetary System and will have a major role to play in that context.

The enlargement of the Community to include three new Southern European States which recently found their way back to democratic forms of Government and life has progressed apace in the last six months. The negotiations with *Greece* have now reached the decisive phase. We may rest assured that, in accordance with the Council's statement of intent, the questions of substance still outstanding (financing of the Community budget, freedom of establishment, social questions and certain agricultural problems) will for the most part be resolved by Christmas.

Negotiations for the accession of *Portugal* were formally opened on 17 October 1978 and the actual substantive negotiations began as early as 1 December. Precisely because of the difficulties facing this country, it is essential that the Member States demonstrate to Portuguese democracy the confidence the latter so urgently needs in its future development as an integral part of Europe.

Recently the Commission also submitted the opinion required under the EEC Treaty on the accession of *Spain*. This should, we hope, enable the Council, at its meeting on 19 December, to adopt the basic decision on the opening of negotiations with this country with which we are linked by ties of friendship and whose path to democracy we are following with a sympathetic eye.

The purposeful promotion and acceleration of the process of enlargement thus was and continues to be a fundamental goal of our Presidency.

The development of relations between the Community and our other partners in the Mediterranean is still, precisely in connection with enlargement, one of the Community's principal preoccupations. In the first place I should like to mention our relations with *Turkey* which, once the Community has been enlarged, will be our oldest and most important associate. Relations with this country are shortly to be adapted to recent developments in the economic sphere and the resulting requirements.

Other extremely important negotiations are also currently in progress, and here I am naturally referring to the negotiations regarding a new *Convention with the ACP States*. These negotiations are characterized by a common wish for improved economic cooperation and a common will to find concrete solutions to the development problems of these countries.

The first round of negotiations is scheduled to terminate on 21 December 1978 with a ministerial Conference in Brussels. This Conference will provide both sides with an opportunity of adopting guidelines for those areas of the negotiations still remaining open. I am firmly convinced that it will be possible to bring the negotiations to a successful conclusion next year. They will further develop and improve the 'pact for progress' between the European Community and the ACP States.

The major event worthy of mention in the field of external relations was the EC-ASEAN Foreign Ministers Conference on 20 and 21 November 1978. This meeting was also special in that important matters of external policy were discussed in addition to economic and trade questions.

It was a source of particular satisfaction for me that this event occurred during the German Presidency. The efforts made during the careful preparatory work were rewarded by a very successful conclusion to the proceedings. This event will have world-wide repercussions. ASEAN will be further strengthened as a force and as a factor of stability and peace in South-East Asia as a result of its political recognition by the EC. The political guidelines set forth in the joint declaration will provide the necessary stimulus for the exploratory talks to begin shortly on the content of a possible cooperation agreement. European industry should make greater use in future of the possibilities of this dynamically developing market in South-East Asia.

The Community is continually endeavouring to improve and strengthen its external relations network. Its chief objectives are to secure a better balance of interests with its partners and closer cooperation on the basis of equality. Its position is one of open-mindedness and world-wide horizons. This also applies to the current *GATT negotiations*, which have

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not been terminated to date. The EC will continue to do everything in its power to attain this objective. A successful conclusion to the negotiations is a necessary precondition for the maintenance and expansion of a free world trade system and is thus a matter of prime interest to the Community.

Mr President, ladies and gentlemen, as I am unable to give a comprehensive report here and am obliged to confine myself to the most salient events, I should like to close the matter of external relations with these remarks.

I now come to the internal development of the Community and trust that you will forgive me if I restrict myself to two important sectors :

As regards the *agricultural sector*, in November the Council reached substantive agreement in principle on a second package of measures for the structural improvement of the Mediterranean regions following the earlier adoption in May of this year of a series of market and structural measures for these regions. In so doing the Community took account of the special problems facing agriculture in the Mediterranean region and made an important contribution towards resolving them. We hope that the reservations still outstanding on the formal adoption of the second Mediterranean package will soon be withdrawn.

In the *fisheries policy* we started a renewed joint effort to establish a common fisheries regime at a special meeting of the Agricultural and Fisheries Ministers in November, which was preceded by detailed bilateral and multilateral consultations between those concerned ; unfortunately, however, without any result as yet — in spite of the intervention of the European Council as well . . .

(Cries of 'Shame, shame!')

. . . as I should like to impress on the honourable Member. All those involved have, however, indicated their political determination to reach an acceptable solution. Until then we shall have to try to give the necessary guidelines for the conservation of stocks and the continuing of fishing operations.

Mr President, ladies and gentlemen, a month ago I gave this House a review of *European political cooperation* during the past year. Because of this I would today like to touch on only a few aspects of this subject.

The period of one Presidency — only six months — is short, generally too short to start an initiative in foreign relations and also to bring it to a conclusion. I am, however, glad to be able to point out to this House that recent months have brought progress in a number of areas to which the German Presidency has paid special attention from the beginning.

In the European political co-operation area too, the *enlargement of the Communities* occupies the first place. At their meetings on 12 June and 14 September 1978 the Ministers had already agreed how,

at an early stage in the negotiations, the acceding countries would be informed about the structure and content of the European political co-operation machinery. At their 32nd meeting alongside the European Council on 4 December the Foreign Ministers of the Nine agreed on rules providing for increasingly closer *involvement of the acceding countries in European political co-operation* during the time between the signature of the Treaties of Accession and their coming into force. Initially consisting of briefing, cooperation will naturally develop via a close consultative relationship to full participation in every area of our common deliberations.

With the meeting between the Foreign Ministers of the Nine and the Foreign Ministers of the ASEAN States, European political cooperation entered new territory. The Conference itself constitutes a milestone.

In the long run nothing should now stand in the way of increased political cooperation between the two groups, for example in the form of more intensive consultations in the van of international negotiations or in attempts to solve international conflicts or in other international matters. This is all the more so since our contacts will give us opportunities for better understanding of each others' positions. An example of this is the attention which the Nine are now giving to the problem of refugees from Indo-China, which is pressing hard on some of the ASEAN States and for which they have requested international help.

During the second half of 1978 the Nine were faced, in the *United Nations*, in a particularly striking manner with the task of imposing the basic tenets of our Western understanding both of human rights in general and of our concepts of a minimum standard of Western civil rights and of gaining the understanding of the Community of nations for these principles.

In *UNESCO* we can point to an important success which has promise for the future. The declaration on the media, the draft of which aroused the strongest misgivings on our part, and to which we therefore could not agree, now respects, in its present agreed version, principles of freedom of opinion and freedom of information which are for us inalienable and clearly rejects the originally intended subjection of this area to state influence or even state control.

In the General Assembly of the United Nations itself the Nine this year abandoned a practice which they had followed for a considerable time of acting jointly only passively. They took an important initiative in proposing a draft Resolution for measures to preserve peace which was accepted by a large majority. In the Community of Nations this will be understood as a further indication of the strengthened international position of the Nine. Our task now is to build powerfully in the years to come on this gain in the persuasive power of our united action.

Genscher

Whether or not there is peace in the *Near East and in Africa*, regions bordering on Europe, affects the direct interests of our European Continent. The Nine have therefore taken up a series of unambiguous and carefully prepared positions concerning developments in the Near East and in Africa and have brought influence to bear on those concerned to resolve the problems peacefully.

It gives me special satisfaction that the General Commission of the *Euro-Arab Dialogue* met in Damascus in December. I confidently hope that the stagnation which had become apparent in the Dialogue has been overcome and that fresh impetus has been given to further work.

In *Africa* new developments have placed difficulties in the way of the efforts which the Nine are making to further the cause of peace in this Continent, and in particular peaceful change in Southern Africa. I reported on this to you in November. The Foreign Ministers have paid attention to the position in Southern Africa. They have confirmed their opinion that the internal elections in Namibia must be regarded as null and void — since they conflict with Resolution No 435 of the United Nations Security Council. Only elections controlled by the United Nations, and therefore internationally acceptable, can produce lasting solutions.

Since the statement made by the European Council on 13 July 1976 it has become evident outside the Community that the Nine regard *combating international terrorism* as a common task.

During the German Presidency the Nine have therefore intensified their efforts to create effective instruments of defence. The Ministers of Justice and the Ministers responsible for internal security all came together to discuss questions in their spheres.

At their meeting in Luxembourg on 10 October the Ministers of Justice agreed to draw up an agreement for signing and later ratification, by means of which they will apply among themselves the Council of Europe's agreement on combating terrorism. In addition they continued, with good results, their wider task of creating a European legal area for criminal prosecutions. On 30 November the Interior or Justice Ministers responsible for internal security met for their third conference, devoted to questions of practical crime prevention with particular emphasis on combating terrorism.

Mr President, ladies and gentlemen, political cooperation in Europe, which for our Governments is now a matter of course, has also proved its worth in the past few months. The enlargement of the Community will be not only geographic but also thematic. To be sure, this will impose burdens on it, particularly of a technical nature. In the next few years consideration will therefore have to be given to how the foundations of European political cooperation can be strengthened from the point of view of organization and structure.

The process of the construction of Europe is also dynamic in regard to European political cooperation. For this reason I am convinced that in coming years European political cooperation will gain not only in breadth but also in depth and efficacy.

Mr President, let me just add a few words on the relations between the European Parliament and the Council. I should like to assure you, Mr President, and each honourable Member that all members of the Federal Cabinet have found our collaboration with you in recent months both constructive and fruitful.

During the German Presidency we had the first experience of the conciliation procedure which we introduced in connection with the extension of the budgetary powers of the European Parliament. The Council is well aware of the significance of this important instrument for inter-institutional dialogue. For this reason it is a particular source of regret to me that it has as yet not proved possible to bring to a successful conclusion two conciliation issues pending between the Council and the Parliament for some time now. It is my view that, generally speaking, even better mechanisms should be evolved for the conciliation procedure, both where the Council and the European Parliament are concerned. Particular attention should be paid to this question in the months to come. A further specific problem still outstanding between the Council and the European Parliament is the adoption of the budget. I should like to express the hope that solutions will be found which will lead to agreement.

Since the Copenhagen report close relations also exist between political cooperation and the Parliament on the basis of concrete management, and my personal view, which I have always expressed openly, is that these relations should be expanded and developed.

Mr President, ladies and gentlemen, today I take my leave of you in my capacity as President-in-Office of the Council.

The period of the German Presidency is drawing to a close. However, I am also leaving the Parliament as presently constituted. While I am delighted at the prospect of the election of members of this Parliament by direct universal suffrage, I must confess to a certain sadness at the thought that some of you will be leaving this Parliament as your term of office ends. I am nevertheless convinced that we shall all, whatever path we take, continue to work to build Europe. Let me in conclusion express one wish: that the spirit of cooperation which has long existed between the European Parliament and the Council will also prevail in the relations between the Council and the new directly elected Parliament, and in this way may continue to grow from strength to strength.

(Loud applause)

President. — Mr Genscher, thank you for your statement and for the work you have done during the six

President

months of the German Presidency, and especially for the spirit of cooperation with Parliament on which your actions have been based.

I hope that this spirit of cooperation will continue to prevail when we come to tackle the problems which we must all work together to solve in order to settle the questions of the Community budget.

I call Mr Jenkins.

Mr Jenkins, President of the Commission. — Mr President, I join in the tribute you have just paid to the German Presidency and to Mr Genscher.

I welcome this opportunity to speak to you about the outcome of the European Council last week in Brussels. I shall not try to duplicate Mr Genscher's account, but I would like to put to you my view of the results of the long hours which were spent on the outstanding problems of setting up the European Monetary System.

At the press conference immediately after the Council, I summed up my immediate reactions to the Council by describing it as a limited success. After a week has gone by, I would stick to that judgment. I put then, and I do now, equal stress on both words. It was a success because the European Monetary System will be set up on 1 January 1979, the date foreseen by the European Council at Bremen in July. This in itself is a considerable achievement. Within a period of less than nine months from Copenhagen, and less than six months since Bremen, we settled the details of a well-thought-out system, which has been set up on a Community basis. A year ago such a prospect would have seemed unattainable. It was in that sense both successful and remarkable. It is most unusual for target dates to stick: that also is a considerable achievement.

But the success was limited, both by the fact that we shall not have the full participation of all nine Member States, and by the fact that even eight were not able to make clear their intentions during the European Council itself. We were all aware of the likelihood that the United Kingdom, owing, perhaps, to a certain ingrained natural habit, which I regret, did not feel able to join in the proposed scheme from the beginning. However, in the weeks building up to the Council, we all thought that there were good grounds for believing that Ireland and Italy would join. I certainly hoped that would be so. However, as we know well, both Italy and Ireland found difficulties at Brussels. As a result, they were not able to declare at the European Council their ability to participate fully on 1 January. I shared their disappointment. I believe that the Community could and should have been more forthcoming on parallel aid. This was not due to any lack of preparation. There were two arrangements — a special *violet* to the Regional Fund, for the less prosperous participating countries, and the provision of major infrastructure loans, with a substantial degree of interest subsidy, which could have been used in combination. There was no problem about formulas

and no real problem about shares between the two countries. The arrangements were also well made to suit the requirements of the two governments concerned. The problem was that of the availability of resources of transfer. I must, however, stress that the sums at issue were not large. That cuts both ways. There could have been more satisfaction without great sacrifice. On the other hand, it was difficult to believe that the success or failure of Italian or Irish participation would turn upon such limited funds. The essential soundness of the scheme and the plans for the concerted coordination of economies were, and are, more important.

Partly for this reason I said — perhaps at the time it was regarded as a little rash — that I by no means excluded the possibility of Italy and Ireland, on further consideration, deciding to join the scheme on 1 January. Yesterday, as this House knows, the Italian Government announced its intention to recommend that Italy join the system as from 1 January. I welcome this courageous decision, which I believe to be in the interests of Italy as much as it is undoubtedly in those of the Community. We await the decision of the Irish Government.

If we turn from the position of individual Member States to the general nature of the scheme, the other main aspect of success is that the system we have created is a *Community* system. Of course it cannot be a complete Community scheme without the participation of all Member States, but we move forward on a Community basis. There are certain technical difficulties in a Community scheme without the participation of all Member States, but these can, I believe, be overcome. An intergovernmental scheme would have been much less satisfactory. A Community scheme encourages and makes easier the accession of those who do not join at the start. It also facilitates the participation of those who are not fully in the scheme, in a number of its aspects. This means, for example — and this is one of the several ways in which the new system is more than just an enlarged snake —, that although there could clearly be no question of a non-participating country benefiting from the very short-term credit arrangements, equally a non-participating member country of the Community could participate in the conditional *medium-term credit* facilities. As far as the *short-term facilities* are concerned, what is envisaged, which would seem to be sensible, is that a country that did not participate in the exchange-rate intervention mechanism should not benefit from the increase in short-term facilities available and related directly to the setting-up of the scheme, but would — which is reasonable — *maintain the same rights* as it had before the setting up of the scheme, and it would not use facilities beyond that. Non-participating Member States may also join in the creation of the ECU by depositing 20 % of their gold and dollar reserves with FECOM to provide the initial supply of the new unit. There are several other ways in which the scheme is significantly different from an enlarged snake.

Jenkins

There is the use of the basket formula as an indicator of divergence. There is the 'presumption' of intervention to correct such divergence. There is the size of the credit mechanisms available, and their division into 14 billion ECU of short-term support and 11 billion of medium-term. There is the plan to create a full European monetary fund within two years. There is a much greater accent on the convergence of economies. There is a transfer of resources on the scale of 5 billion ECUS of substantially subsidized loans over 5 years to the less prosperous participating economies. And there is a far greater measure of political commitment and will.

As I have already said, most of our 31 hours of discussion was spent sorting out the final details of the EMS and seeking ways to include all the Member States in the central mechanism, and we did not have sufficient time to discuss in depth all the other issues which we would have liked to discuss. Agriculture was a particular victim of pressures of time.

I would have particularly liked the European Council to have come to some conclusions on the Commission's paper on the Common Agricultural Policy. Though no firm conclusions were reached, I found the tone of the discussion and the general response reasonably encouraging. The Commission will on its own responsibility put forward price proposals firmly within the guidelines laid down in the paper. It will defend them equally firmly. The European Council which meets in mid-March will have the opportunity to pursue these discussions in greater depth. By then, the Commission's detailed price proposals will be on the table for the different sectors covered by the CAP, but the Agricultural Council will not have reached decisions.

The European Council, did, however, decide, as Mr Genscher told us, to appoint three wise men, as proposed by the French President, to consider the functioning and decision-making procedures of the Community. The Commission has, as the House knows, made proposals for changes in decision-making machinery in the so-called 'Fresco' paper on enlargement. This additional study will buttress and broaden this work, but it will not interfere with ongoing business. The three-man committee will operate on the basis of the Treaties and the balance between the institutions. They should not be in question. When the report is presented next October, I hope that Member States will be courageous in facing up to the implications for the future.

Mr President, I conclude as I began, by characterizing the European Council as a limited success. It had its disappointments — though these have subsequently been lessened. This last European Council lacked the exhilarating opening up of new perspectives which was characteristic of Bremen. This time there was a

more artisan-like task to be performed. It was not perfectly done, but there were some solid results. We have a firm basis, a Community basis, on which to build. The decision of the Italian Government has already served to reduce the potential danger of a partial EMS encouraging the development of a two-speed Europe. Of course it is still a danger that looms as a threat in the background. But that is not new. It has been with us for several years. We can and must guard against it, for a two-speed Community in the face of enlargement might well lead to a three-speed Europe after enlargement.

The tasks before us are as great as ever. The opportunities are greater than a year ago. Brussels showed that there is no easy, smooth, effortless road forward in Europe. Whenever we think that, we are deceiving ourselves. But there is a clear and possible path. We should be quite wrong to react to this European Council with despondency, and still more wrong to sink into debilitating recrimination. The Commission intends to follow this path and to build on what we have achieved. I hope that Parliament will give it the encouragement to do so, and give that encouragement to Member States as well.

President. — I call Lord Ardwick to deputize for Mr Pisani, author of an oral question (Doc. 504/78) on the European Monetary System and to present the motion for a resolution tabled by the Committee on Economic and Monetary Affairs (Doc. 518/78) on the introduction of a European Monetary System.

Lord Ardwick. — Mr President, on behalf of the Committee on Economic and Monetary Affairs, I wish to move the urgent motion that you have before you, Doc. 518/78, and also the oral question with its 14 points, all of them in the form of requests for information.

Mr President, our committee has sat twice in the past two days to examine the declarations by the Council and the Commission on the conference of heads of state and government in Brussels just seven days ago, and I cannot help but say that the mood of the committee was one of disappointment tinged with scepticism about the new arrangements. The high hopes, too high hopes perhaps, fostered by the Bremen Conference have not been fulfilled. The burdens of creditor countries are not, after all, the same as those of debtor countries. The ECU may be at the centre of the system, but it has not got the exact rôle that some people hoped it would have. And the hope we had of the generous intentions to transfer substantial resources to the less prosperous countries has not, after all, proved feasible. Even the very welcome belated accession of Italy has not removed all doubts about the adequacy of the provisions.

Lord Ardwick

Is the system really sound? Is it really durable? Is it not just the old familiar snake with extra reserves? These are the questions that people are asking. And what has happened to the economic support for the system? Mr Genscher mentioned the comprehensive economic strategy. I don't know whether the word 'comprehensive' has got any particular meaning, or whether it is just used as a nice word to balance out the phrase. I don't know what a non-comprehensive strategy would be. But whatever it was, he didn't tell us; he didn't tell us what that strategy would be. What I would like to know is whether there is anything new in that strategy that we have not been hearing for months, and whether it is any advance on the strategy of Bonn.

What seems to have happened at Bremen is that for once, and commendably, the political will of statesmen prevailed over the doubts of their advisers, but when the experts got down to detailed consideration, when they brought in the artisans, the plumbers, the real difficulties of putting such disparate economies together in a monetary system had to be faced. And the political will was enfeebled, particularly in the concurrent studies which were to discover ways of helping the less prosperous countries to live successfully in the system. Time after time, in committee and on the floor of this House, I asked what was happening to these concurrent studies, and I got uninformative or evasive answers. The suspicion grew that the studies were not leading to anything really significant, and I'm afraid that those suspicions have proved to be rather true. So the system is to begin with seven members, possibly eight. It is an experiment, it is an adventure, and if it fails the fragile self-confidence of the Community will be subjected to new strains, and the quest for economic cohesion will either have to be abandoned or started again in the most depressing circumstances. There are very strong reasons for trying to make the system succeed.

Mr President, I am one of the more optimistic members of the committee, although I am a little less sanguine than Mr Jenkins. I think the first great gain of Bremen is one which is so obvious that it gets overlooked. It is this: that all the member nations of the Community are now committed, whether they are in or whether they are on the fringe of the system, to the pursuit of monetary stability. They are trying to turn their backs on the monetary chaos and the monetary anarchy of the early seventies and to find a new discipline. The problem we have is how to nourish and sustain that resolve. There is one important way in which the system could be, I do not say will be, but could be a great improvement on the snake. The hope lies in what follows, in what the technicians have labelled the 'divergence indicator', this threshold of divergence fixed at 75 % of the maximum spread of the currency. There is not a fixed rule, not, I fear, an inescapable obligation, but there is a presumption that the authorities concerned will correct this situation by

adequate measures. These include not merely orthodox intervention, but also domestic monetary policy, other measures of economic policy and changes in the central rates.

But all depends on the good faith and the responsibilities of governments. Here there is an important difference from the snake. The keepers of the snake were the central bankers. It was a monetary system. The snake was money, money, money. In the new system it is governments who shall be consulted when the threshold is reached and such measures are not taken. So the economic factors behind the currencies will be given due consideration. Moreover, the consultation will take place in Community bodies. This of course, again, is a great improvement on the snake — that the system is brought, as the President pointed out, right into the heart of the Community. It is on these arrangements that I base my qualified optimism.

Mr President, the resolution which our committee placed before this Parliament at the last plenary sitting, and which won the support of this Parliament, laid down what we believe were the essential conditions for the success of the system. The arrangements announced last week in Brussels. I am afraid, fall below those conditions. So our committee could not find it in its heart to welcome the statement of 5 December. In the preamble, it can only bring itself to say that it takes note of it. Of course we recognize in the resolution, as we have from the beginning, the relationship between the creation of a zone of monetary stability and the resumption of investment in pursuit of economic recovery and progress in the construction of Europe. At the last part-session, I argued that although the proposed system could be a stepping-stone on the long route to monetary union, it was not inevitably so; and I asked that on this occasion, when we were discussing it at this part-session, it should be judged as a thing in itself — as an immediate remedy for current ills. I am glad that the committee accepted this and has not on this occasion linked it with hopes for a distant future. So those Members who do not share these hopes, but yet are good Europeans, can support the positive view that we take in the first paragraph about the need for the creation of the zone.

The resolution then goes on to express grave concern about the fact that not all Member States will be in the line-up on 1 January. Of course, the most certain absentee is my own country. I can only say once more what I said last month, that I hope that the genuine political and economic difficulties which discourage Britain's full participation will be overcome and that in the end we shall be a full member. I was glad to hear from Mr Jenkins that participation is possible for Britain or any other country which might be outside the exchange-rate mechanism. There are people, of course, who say that we want to get all the advantages

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of the system without incurring the responsibilities. I reject that charge, but I would like to hear the rebuttal from less partisan lips than my own.

The final paragraph of the resolution recalls the conditions of our previous resolution. The system, we believe, cannot be firmly based without convergent national economic and monetary policies, supplemented by Community policies aimed at increasing the rate of growth and at combating inflation. We are also most deeply concerned about the struggle against unemployment, about the search for full employment, and that it should be conducted by the nations of the Community, vigorously, with determination, and in concert. There are no solutions that nations can find, no real, great solutions that nations can find in isolation. Of course, stabilization is not sufficient in itself. It is an aid, but its real value is as a base from which to venture on policies of growth and restructuring.

Many people are dubious about a fixed-rate régime lest it impose deflation on less prosperous countries and accentuate the problems of their more depressed regions. We believe it is essential, as a sister to the system, that remedies are found for the social, regional and national inequalities in our Community. We must make better use, and, I would add, fuller use, of the Community instruments and the funds we already possess to deal with the inequalities and the looming problems of structural imbalance. We have at our disposal what President Jenkins once described as a battery, but a battery of small guns. We have to increase their calibre and their range.

Finally, I would draw your attention to our fourteen questions. Some of them have been answered since the list was drawn up; some are still valid. On what terms will non-Community countries be associated with the system? On what terms will this Parliament be institutionally associated with the management and the development of the system? Is ECU intended to become a European reserve currency? Is it intended to set up a European monetary authority? If not, how will the system be managed, and how will the system contribute to restoring world monetary balance?

Mr President, this has been rather a gloomy speech, I would like to end on a less discouraging note. The system is by no means complete. It is at its beginning, so I take heart. The system can and must be developed, and in six months' time it is of course to be reviewed, and one hopes that such weaknesses as have revealed themselves in it will be remedied, and its strong points reinforced. But above all we need positive action, perhaps on the economic front, perhaps, say, by the creation of permanent machinery below the level of finance ministries to monitor concerted action on economic management. And we need to search for and to find convergence, not only of poli-

cies, but also of economic performance, for this is crucial to the firm foundation of any monetary system.

(Applause)

IN THE CHAIR : MR LÜCKER

Vice-President

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

Mr Pisani. — *(F)* Mr President, the Socialist Group's position which I am about to explain was not agreed among us from the outset, since we are bound to have different approaches. I think it is one of the chief benefits of this Parliament that it enables people who claim to pursue the same objectives — and this applies to us — to have different interpretations of situations and policies according to the different situations in the various countries. Thus our discussion resulted in sufficient agreement between us for a single spokesman to be appointed. I should like to deal in my speech both with the statement by the President-in-Office of the Council, Mr Genscher, and with the political importance we attach to the European Monetary System, since explaining its subtle mechanisms is not enough if we wish to justify it to a public which is unable to understand them and seeks to find out where it is being led.

I should like to pay tribute to Mr Genscher, who, as Foreign Minister of the Federal Republic of Germany, is now relinquishing his duties as President of the Council of Ministers of the Community, and to thank him for what he and his colleagues have achieved during the last six months.

I should now like to deal with what he actually said in his statement. He spoke first of all about enlargement, Mediterranean policy and Turkey. I think that, when dealing with enlargement, we must constantly bear in mind the following factors which we have already frequently emphasized.

Firstly, it is obvious that the applicant countries must join the Community because that is where they belong. It is not up to those who are applying to join to prove that they have a right to be one of us. It would be up to us to prove the opposite, and none of us proposes to do so. But it is precisely because the political certainty exists, while the economic problems remain, that it behoves us to stress that, between the political procedure — which must be swift, categorical and unequivocal — and economic integration, there must be a time-lag in order to safeguard the interests involved, not only the interests of our Mediterranean

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regions, whether Italian or French, but the interests of the applicant countries themselves. What would they stand to gain if their adhesion were to cause an unacceptable disruption of the Community? At the same time, however, it also behoves us to analyse the whole range of our commitments in the Mediterranean region, since it is not certain in every case — and no one has proved anything to the contrary — that all the commitments which we had entered into in that part of the world are not contradictory or even incompatible. In order to assess matters properly, there must be a more thorough analysis of what shape Europe might take in what may be termed its future state of completion, i.e. both its enlargement and the outcome of its association links, throughout the Mediterranean Basin.

Secondly, Mr Genscher spoke about Lomé. We wish to stress that trade between the Community countries and the associated countries of the Lomé Convention shows a deficit for the latter. Thus, despite our efforts and despite STABEX, the trade balance of the countries we were seeking to help has not improved; it has even become worse. What is the point of such an ambitious and, in some respects, such an exemplary policy if its initial outcome proves to be no more encouraging than this, if it is true that, when the new convention is being drawn up, the problem of human rights is to be included as an aim rather than a condition, and if it is true that the social clause negotiated at the International Labour Office is to be included — and rightly so — it is also certain that there must be a re-examination of the Convention's practical and immediate benefits for these countries. The time has not yet come for us to do this, but in the debate which has been promised for the next part-session we shall have to bear this in mind.

The third question which Mr Genscher touched on and which I shall deal with here is the problem posed by the GATT negotiations. The debate is indeed very topical, and I represent — if I dare put it like that — a country whose position does not seem to be in line with that of the others. If I may, I should like to speak for a moment as a Frenchman. Can we be sure that its partners do not see their own advantage in its displeasure? Can we be sure that each of them is not counting just a little on this displeasure to call into question negotiations which have perhaps taken a turn which, in the long run, is not completely satisfactory? This is all I have to say as the spokesman for a national interest or position.

GATT actually poses two questions: will it remain a club of relatively rich countries or will it gradually open up to take in other partners? Is it our intention gradually to include new participants in this global approach to international trade, or is it on the contrary our intention to consider the world as being

centred on the West? For our part, we think that the world is no longer centred on the West and that the time has come for GATT to open its doors to others.

But the second question posed by GATT is undoubtedly that of its overall philosophy. For twenty years GATT upheld a collective Western ambition, which was the maximization of trade. For twenty years we thought that the main thing was to expand international trade as a factor contributing to peace and progress. Are we going to continue reasoning as in the past, while events show us that the opposite is true? Are we not going to face the fact that protectionism is now a reality and that everyone is having recourse to it? Are we not rather going to seek — as we should — not what I would call the maximization of trade but what I should like to call the optimization of trade? In the long run, is it not the absolute priority of GATT today to establish control over the mechanisms which countries operate to protect themselves and to introduce a sort of code of good conduct? Let us not pretend that we are not under the threat of protectionism — let us analyze it, let us see to what extent it is inevitable and to what extent it can be accommodated.

Now let us change the subject completely: as a transition to my next point, I should like to take up what the President-in-Office of the Council told us about the three Wise Men. You can be sure that the personality of each of them, whatever we might say about it in private, has no bearing on the matter. But is it the actual procedure for appointing the three Wise Men which we call into question. Mr. Jenkins said a few minutes ago that what is required is courage and resolve, and is it not odd that, after spending many hours playing the experts, the Heads of State and Government entrust the conduct of politics to the Wise Men? Is it not standing things on their heads to believe that it will be enough to discuss the mechanisms, while what is really in question is not the mechanisms but the resolve, in particular the resolve to base Europe on democratic procedures?

As for us, we maintain what we must return to the Treaties, and I think that we are saying the same thing in different words. I should like to stress that we are asking for a return to *all* the Treaties, and that sometimes, when we see the way in which, for example, the management committees operate, we begin to wonder whether practical, day-to-day business has not reduced the status of the Commission vis-a-vis the other Community institutions. We begin to wonder whether the conciliation procedure to which you referred in your speech, Mr President, has not itself been debased not because people have wanted it so — I would not insult the President-in-Office of the Council by saying that he wanted to see that happen — but because unity and agreement were lacking in the Council itself?

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Have you ever imagined, Mr President-in-Office of the Council, how distressing it can be for the representatives of Parliament, or even for the Commission, when they are faced with a Council of Ministers which, because it fails to agree on what line to take, replies to questions with silence? Indeed, in most cases — witness the current budget debate — the paralysing effect is produced not so much by differences of opinion as by the fact that we are forced to remain too long in ignorance of the Council's position. Europe seems, in fact, to be suffering considerably from the difficulty which the Council has in arriving at a completely coherent policy.

On behalf of my Group, I should like to say a final word on these institutional problems. Attempts have been and are being made to confine us to a federation-confederation debate. We say quite simply that the solution to the problem confronting Europe is neither federal nor confederal, but it is a Community solution. Throughout the history of the world there has never been an actual situation bearing any resemblance at all to the situation of Europe today, and any attempt to seek an old solution to this completely new problem amounts to a refusal to solve it. Let us display the same sort of institutional inventiveness as we displayed in the 19th century, and let us display an inventiveness which takes account of the facts. We shall remain sovereign nations and yet we shall build a Community which will be a world reality. So let us no longer confine the debate to words of the past; let us invent new formulas; this is perhaps our most urgent task.

I should now like to deal both with what Mr. Genscher and Mr Jenkins had to say about the problem of Economic and Monetary Union. Is it mere chance, Mr Genscher, that you devoted so little space to Economic and Monetary Union, as if you actually considered it less important than the rest? Or is it because you shared the task with Mr Jenkins? Personally, on listening to your speech, I had the feeling that it was not the main issue for you. Forgive me for this formal criticism. But is it a criticism? It is rather a question. What strikes us Socialists about the Economic and Monetary Union is not the mechanisms — and I shall return to these — but its logic, which does not convince us and does not completely satisfy us. You can imagine what debates we have had on this subject and I think that they have been positive and interesting. We consider that monetary stability is indeed a condition of Europe's development, and that this monetary stability must not simply apply to this or that country of the Community but to all the countries of the Community at the same time, since in a situation where nine countries conduct 50 % of their international trade with each other the stability of their trade depends on the existence of a coherent and stable monetary system.

We are concerned in this respect by the fact that Italy has been allowed a margin of fluctuation of 6 %. If this margin of 6 % were to last, it would deprive the monetary system of all meaning, at least with regard to Italy, since 6 % is much too large a margin for countries with such a high level of mutual trade. However, we hold that monetary stability is not self-perpetuating and is not even an aim in itself. What a pity that the Brussels Summit failed to achieve what, in the Community jargon of 15 years ago, we used to call package deals! What a pity that a growth policy, an employment policy and a policy to combat social, regional and national inequalities were not laid down at the same time as the European Monetary System! And this is where I said your approach has a certain logic. You think that because you have solved the monetary problem — that is if you have solved it at all — your efforts will be automatically crowned with further success, i.e. growth and full employment both at the same time. We maintain that this is not true and that everything depends on everything else, and that in the final analysis it is only a coherent social, economic and monetary policy which can solve the problem.

In this connection, Mr Genscher, I should like to take up a particular point in your statement. You expressed satisfaction that European growth would reach a level of 3.5 % in 1979. That is going too far or not far enough, since it is clear — at least on the basis of what we know at present — that a growth rate of 3.5 % is nowhere near enough to help bring about a solution to the employment problem and that, according to the experts, with a rate below 4.5 % the employment situation would continue to worsen. So how do you expect the problem about which we are most concerned — that of unemployment — to be solved with a growth rate of 3.5 %?

Of course we are not saying that you can simply command growth to increase and that decreeing a higher rate would be enough for all the economies to achieve, under their own steam, the required results. I simply wanted to bring it home to you, on behalf of the Socialist Group, that with a growth rate of 3.5 % unemployment would be higher by the end of 1979 than it is now according to the present definition of full employment.

What we are worried about is that, along with the monetary measures which have been taken and the economic survey which has been made, no real start has been made on an employment policy and even less on an attempt to lay one down, since helping the unemployed is not, Mr Genscher, the same as solving the employment problem! Helping the unemployed involves mobilizing financial resources, whereas solving the employment problem will probably involve changing the structures of society and the organization of the labour system. It is clear that none

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of our national economies can take any initiatives in this field unless all the other economies make the same effort. And one of the virtues of the European Economic Community is that it allows initiatives to be taken in the social field, since their Community nature excludes any distortion of competition amongst us, the immediate competitors.

Thus, having failed in Brussels to achieve this coherent overall policy of which the monetary question would only be one aspect, you have embarked on a venture which we sincerely hope will be fruitful, but I must point out the four challenges which it will have to meet.

In fact, a venture such as ours — for it is ours as well — will be faced with four tests: we shall see how it can pass them. The first is a psychological and political test: will the European Monetary System, in its present form, be important and new enough for all economic and monetary operators to consider it a certain enough success to accept it? What Mr Jenkins said a moment ago prompts us to be wary; technically and in some respects politically there have been successes, but there is great uncertainty as to whether, on 1 January next, the introduction of the European Monetary System will be as important an event as might have been hoped.

The second test the European Monetary System must face is purely monetary: will it stand up to the speculation which is sure to be directed against it? After all, there are two types of speculation: market speculation, on the basis of which the rates are adjusted, and 'speculative' speculation, which involves assaults on a particular currency without any actual motive, in anticipation of political or economic events. We can give an affirmative answer to this question: the monetary system should be able to a very great extent, and a good deal better than the 'Snake' ever did, to resist this type of assault.

Everything depends on the divergence indicator and the way in which it is managed. Technically speaking, it is substantially different from the mechanisms of the 'Snake', in that it makes it possible to anticipate monetary events and thus to correct them *a priori*. But the divergence indicator is also something of a political innovation, since it is expressly stated that the measures which may be taken to anticipate the crisis may be not only monetary but also economic. Everything will thus depend on the way in which this divergence indicator is managed, on whether it will give sufficiently early warning of any crisis, on whether it will mobilize in time all the energies of the Community, and on whether it will mobilize in time not only the monetary but also the economic factors!

But the question which then comes to mind is whether the institutional system for managing this scheme is sufficiently coherent and unified for the talking not to go on for longer than is acceptable. In

other words, it is certain that a great deal depends on this divergence indicator and on the way in which it is managed, but will it be possible to manage it well in view of the many parties involved? Hitherto the national currencies have been managed by the governors of central banks; now this involves economic and financial policies and requires the governments and the Commission to be involved as well.

The third is that of the convergence of economies, with the monetary aspect reflecting not only the intention but also the actual state of affairs. The economic reality in our nine countries varies greatly, and the monetary system will not last if the economies converge. It is a question of national resolve, and this cannot be repeated too often. It is also a question of European solidarity, and I feel that here I must echo Lord Ardwick's comment that solidarity has perhaps not been sufficiently in evidence.

Lastly, the fourth test: the existence of common policies. Mr. Ortoli stated before the Committee on Economic and Monetary Affairs that a common policy cannot be invented but must result from necessity and an awareness of that necessity, that it is not a question of handing out appropriations and then simply using them up, but of singling out common needs, objectives and procedures. The time has come for a clear definition of these common policies which will make it possible — and this has been demonstrated by the McDonald report — to eliminate the distortions which are insurmountable.

Thus, whereas the first test, as I was saying a moment ago, was relatively unsatisfactory, while the monetary test appears bound to be passed, the outcome of the tests of convergence and common policies remains unclear. Thus the European Monetary System will be subjected to very serious strains, will perhaps not manage to keep to the time-limit set for it, and will perhaps be doomed to failure during the year to come, unless in other fields there is an expression of resolve to supplement and back up the monetary effort and to increase its importance through its environment and its economic and social infrastructure.

Lastly, the monetarist logic which has been adopted is not ours, since it seems insufficient to us, although we still say what has been done had to be done. It is for this reason that, on condition that a few amendments are adopted, the Group as a whole will vote for the motion for a resolution. Each Member must realize that, in voting for it, he must emphasize that the most important part still remains to be done. The most important part is what I headed 'convergence test' and 'common policy test'. I should like to finish by referring to the title of a book: it has been said that Europe was 'forbidden', and perhaps it was implied that it was forbidden from the outside, since it was upsetting a particular international balance. The true problem does not lie there. Is not Europe forbidden from the inside? Are we not getting carried away by

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all our measures, choices and decisions without having the political capacity to arrive at a coherent definition? By stressing the interdependence between the economic and social objectives of a policy and its monetary apparatus, we have sought to emphasize the primacy of the political over the mechanical.

(Applause)

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

Mr Klepsch. — *(D)* Mr President, on behalf of my Group I should like to thank the German Presidency of the Council and the Commission for the statements on the European Council meeting, and especially for their efforts in trying to achieve a positive outcome. I should also like, if I may, to thank Mr Genscher for the conduct of his work as President of the Council in the second half of 1978 and for the quality of the work done by the German Presidency, even if there is a wide discrepancy between the projects announced on the one hand and what has been achieved on the other.

Mr President, the efforts to achieve a European Monetary System were definitely the central concern both of the European Council meeting in Brussels and of the Council's activity since the Bremen Summit. My Group has always stressed the importance which it attaches to economic and monetary integration as a step towards European Union, not least by submitting at the beginning of this year a comprehensive motion for a resolution which formed the basis of detailed discussions both in the relevant committee and in the House. We consider that economic and monetary progress is essential if we want, on the one hand, to safeguard what has already been achieved in the Community and, on the other hand, to create the right conditions for a harmonious development of trade, a further stimulation of the economy and an improvement in the employment situation. This is why we have given our unreserved support to the objective of a zone of monetary stability in Europe. What the European Council in Brussels tried to achieve is largely in line with the programme of the European People's Party and also fits with the aims of the Tindemans Report, although we would have welcomed and preferred greater emphasis on economic policy, since the monetary system alone is not enough to guarantee a zone of increased monetary stability. There must be greater convergence of economic development if this system is to last.

The outcome of the European Council is not what most of us had in mind. In particular in the second part its weaknesses, in the form of concurrent measures which are still unclear and have not yet had all the problems ironed out, cannot be overlooked. The birth of the EMS was more difficult and more painful than expected. The success of the Brussels meeting was, even according to the President of the

Council, only very limited. This statement still applies, despite the encouraging news which reached us yesterday from Rome. Euphoria hardly seems called for, since there is still a wide gulf between idea and reality, between the vision of Bremen and the way things are today. We do not conceal our disappointment that not all the Members of the Community declared themselves willing to participate actively in the EMS from the outset. We see the dangers of a 'little European' solution, whatever it may look like ultimately, which threatens to lead us towards a Europe with two classes of members. There can be no denying the danger of a widely disparate development, even of a rift in the Community which in the long term could not fail to affect its cohesion.

If it is outside the system and thus without help from the others, a less prosperous country will find it more difficult to catch up economically than if it belonged to it. As time goes on it will be increasingly difficult to make up the leeway, especially when monetary cooperation within the system produces successes and thus soon develops its own momentum. Mr President, my Group therefore urgently appeals to all those concerned to make every effort to achieve terms which enable all the Member States to participate in the European Monetary System by 1 January or at least in the foreseeable future. This system has been approved in its technical conception by all nine countries, but owing to political, internal, party political and also economic constraints, some of them have not yet been able to take the final decision.

We do not want the question of the transfer of resources to prevent any Member State from joining the EMS. Mr President, on many occasions in the past and recently in this House via its spokesmen in the November debate, the Christian-Democratic Group has expressed its support for a meaningful and selective transfer of resources from the economically stronger Member States to the less prosperous ones. This support is based on the realization that a close economic and monetary union can only work if the regional and social imbalances within the Community are reduced. In this context the treatment of the Regional Fund is for us the acid test. In addition to this reduction of the great imbalances, what is essential for the operation of the new monetary system is for all the Member States to pursue a coordinated policy of stability. This will also create better conditions for the accession of new Member States. Mr President, I suppose it is inevitable that the United Kingdom will initially remain outside the system from the first of January. But the sole responsibility for this lies with the British Government and the party in power, namely the deeply divided Labour Party. In doing so it is certainly not serving its country well, since its splendid isolation benefits no-one. We hope that those who now remain outside the system will soon recognize the benefit of a broad and stable

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monetary zone. Then this EMS can become an important step forward towards European Union, since there is an unmistakable connection between economic measures and political objectives and decisions. I should like here to draw the attention of the Council of Ministers and to the Commission to an important question.

After what we have repeatedly experienced in recent months, we Christian Democrats wonder whether it will be possible to go on acknowledging objectively the United Kingdom's need for aid under Community policy as a whole without debate and without thorough investigation and in individual cases, as it were, *a priori*. And at the same time we wonder whether without such an investigation, the interests of other Member States whose need for aid has never been disputed have hitherto not been sufficiently catered for.

Mr President, Mr. Genscher has today taken stock of the German Presidency of the Council, which is due to end in a few days. I should just like, if I may, to refer to a few points in his statement. The practical stage in the accession negotiations with Greece has almost been completed, and we hope that this will happen by the date envisaged. However, the negotiators on both sides should not have to work under pressure of time when dealing with the last few difficult problems. We have constantly stressed the political importance of Greece's accession, and there can be no doubt whatsoever that these negotiations will be brought to a positive conclusion. The final phase of negotiations will do nothing to alter the timetable with 1981 as the latest accession date.

There must be no delay in continuing negotiations with Portugal and starting them with Spain. With the accession of these two countries and the preparations for it, the institutional problems raised by enlargement become even more important. The negotiations with Greece were confined solely to arithmetical adjustments to the institutions, while unfortunately totally ignoring the question of efficiency. On this point even the German Presidency, despite its declared intention, was unable during its period of office to bring about any progress worth mentioning. This is a major blemish. It remains to be seen whether the 'Committee of Wise Men' appointed by the European Council will be able to do any useful work in this connection by drawing up concrete proposals that can be quickly implemented for the adjustment of the mechanisms and operation of the European Institutions — which above all means the Council itself.

It is hardly likely that the Wise Men would be able to provide us with any significant new facts which were not already included in the Tindemans Report. Unfortunately the promised wide-reaching consequences were not drawn from this Tindemans Report, and the treatment given to it must not be allowed to be repeated in the case of anything which these Three

Wise Men may draw up. I should like to make it very clear that the time-limit of ten months — let us say a year — granted to the Wise Men for their work cannot and must not be taken as an excuse for prolonging the accession negotiations and postponing the adjustment of institutional mechanisms which is even now an urgent necessity.

Mr Genscher, the first stage of the negotiations on the renewal of the Lomé Convention took place during your presidency. This stage was mainly exploratory and technical. The political stage which now follows must, on the basis of genuine partnership, be characterized by the common resolve of both sides to tackle the new problems of cooperation, namely developments both in the energy and raw material sector and in the field of investments. A difficult point in the negotiations will doubtless be the question of human rights. Of course the Lomé Convention is first and foremost an economic and trade agreement which, without ideological and political preconditions, forms the basis for a form of cooperation which is unique in the world. This spirit must be maintained, but at the same time we must draw attention to the aim of any development, namely the development of man's individuality and thus the exercise of his basic rights and freedoms.

We followed with satisfaction the first ministerial conference between the Community and the ASEAN countries. We appreciate the personal efforts of the President-in-Office to bring about this conference and to establish closer relations with this organization of south-east Asian nations. By promoting economic stability in these countries, the Community must help to maintain and extend their political stability in order to take account of the growing political, economic and strategic importance of this region.

Mr. President, the GATT trade negotiations have now been going on for five years. The Community set itself the end of the year — 15 December, 1978 to be precise — as the deadline for closing the negotiations, and it gave an undertaking to this effect at the Bonn World Economic Summit. This undertaking was made in conditions which no longer obtain today. We are very well aware of the importance of a balanced overall outcome of the negotiations, but in our view such an outcome cannot be achieved unless the USA gives a binding undertaking that no countervailing charges will be imposed on European exports after 3 January 1979. The community must not allow itself to be pressurized on this matter. On the other hand in view of the statement to the effect that the US Government dare not face Congress empty-handed and press for a further postponement of countervailing charges if the GATT negotiations have not produced any result, the proposal by the Council Presidency seems to be an acceptable compromise, namely to continue the negotiations on the express condition that countervailing charges are not imposed after 3 January 1979.

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It is with particular interest, Mr. President, that my Group is following the work of the Community bodies with regard to the contacts between the institutions of the Community and COMECON. This prompts me to ask the President-in-Office how he assesses the economic and political consequences of the offer which Vice-President Haferkamp made to Mr Fadeyev in the latest round of negotiations, obviously with the intention of getting the deadlocked negotiations going again. In this connection I should like to urge the Council to make very sure that existing positions of principle are not eroded. The Community can afford less than ever to restrict the limited scope for negotiation and trade which the Eastern European countries have so far managed to preserve for themselves in the face of centralized control from Moscow.

Mr President, with regard to the internal development of the Community, its contribution towards overcoming the economic crisis and especially unemployment has so far proved inadequate, particularly since developments have clearly shown that the crucial economic problems cannot be solved by any Member State of this Community alone. In view of this situation, it is a welcome ray of light that it proved possible to remove the misgivings concerning the direct use of the European Social Fund to finance measures to create jobs for young people, so that these measures can now come into force on 1 January 1979, although this unfortunately means that at least six valuable months were lost. My Group especially welcomes this decision because it gives absolute priority to tackling youth unemployment. We are pleased that a start has now been made and that the Community is thereby manifesting its presence in this field, which in turn gives it more social weight. The Christian-Democratic Group considers this to be a positive element in the development of the Community in the second half of 1978.

As you know, in the Community today the unemployment level among young people under 20 is three times higher than the average. Although 2.8 million people are due to reach retiring age next year and their jobs will thus become vacant, 4.3 million young people will reach the age of 16 and will thus be about to take up jobs. This surplus of 1.5 million young people who may be looking for employment will continue to increase in the next few years. This illustrates the scale of the problem and shows how necessary further measures are.

What the President of the Council had to say about the inner development of the Community was brief in the extreme. One cannot help asking whether the reason for this ought not perhaps to be sought in the partly very unsatisfactory results and the scant overall progress in this area. Perplexed and amazed, I would ask the Council why it did not after all decide to set

up the planned European Foundation. Mr Genscher, we are most concerned at the immobility displayed by the Council in various sectors of Community policy. You mentioned two sectors yourself: agricultural policy and fisheries policy. For two years there have been serious differences of opinion on fisheries policy between eight Member States and the United Kingdom. Disregarding basic principles of Community law, the United Kingdom demands extreme preferential treatment for British fishermen and denies the vital fishing interests of the other Member States. Thus in this field the Community's internal and external competence is called into question.

In the agricultural sector also almost everything which the German Presidency of the Council set out to achieve has come to nothing. It would come as very much of a Christmas surprise if the Agriculture Ministers, in their last meeting before the end of the year, succeeded in passing the comprehensive package of measures for wine market policy and the measures for the Mediterranean region, to both of which my Group attaches particular importance in the interest of an improved north-south balance within the Community.

A similar situation obtains in the energy sector, in which we have long been waiting for a convincing move towards Community support for alternative energy sources, with a view to reducing the Community's dependence on imports of energy. By approving Community aid for coal next week the Council could at last institute such a long-overdue policy.

Other areas of Community policy, e.g. the transport sector, were also characterized by extreme immobility. What has become, for example, of the promised investigation into a common summer time? In view of the advanced economic links, there is a considerable backlog of legal integration which is far from covered. But there is no doubt that what really takes the biscuit is the last-minute cancellation by the Education Ministers of their long-planned meeting. We shall deal with this separately later today.

Mr President, this illustrates the immobility with which the Council is beset in formulating its internal policies and which can only be overcome by changing the decision-making mechanisms currently in use. I fear — and I should like to stress this once again — that in this respect the Three Wise Men will hardly be able to give us new guidelines. We can only extricate ourselves from this deadlock if the Council manages to improve its decision-making mechanisms, especially by rejecting the principle of unanimity in favour of majority decisions, by improving coordination between the various specialized Councils and by achieving greater continuity through extending the period of office of the President of the Council.

Mr. President, ladies and gentlemen, what we need is a new political resolve, which is now the only thing capable of bringing about the decisive breakthrough

Klepsch

in the Community's institutional development. We believe that this is one of the most decisive tasks of the year before us, and we urge you to hear our words.

(Applause)

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

Mr Pintat. — *(F)* Mr President, ladies and gentlemen, the German Presidency of the Council which is about to end has been an active one.

We are pleased to note, following the encouraging news which has reached us from the Italian Government, that the great hopes aroused by the Bremen European Council were fulfilled at the Brussels European Council. It can and must be said that the President of the Council, Mr Hans-Dietrich Genscher, played an important role in ensuring that the Council of Ministers did not confine itself to discussing the serious problems facing the Community at the moment, but actually managed to make decisions. We congratulate him and thank him for all the work which he and his colleagues have done.

We have been supporters of Europe from the outset and do not try to obtain short-term electoral advantages; we see in the discussions which took place last week in Brussels, a number of reasons for believing in the future success of European Union. The United Kingdom Prime Minister stated in all frankness before the House of Commons a week ago that it was necessary to do the same as the other heads of government and put the national interest above all else.

There is nothing surprising or shocking in this statement, since the European Community was created to serve the interests of its members. What is required is that they should recognize that it is only possible to serve these interests by cooperating within the Community and that, in order to ensure cooperation, we must improve our solidarity and help each other. Countries, unlike individuals, cannot be altruistic when their vital interests are at stake but they may be enlightened or blind, constructive or destructive. Certain Member States of the Community have on occasion not lived up to the challenge and have weakened the feeling of solidarity which is indispensable for keeping our Community together. This was not the case last week in Brussels, where real progress was achieved, since the results went much further than those who want to curb the development of the Community would wish.

We also note that another of these centrifugal tendencies is an annoying revival of a kind of nationalism which goes beyond ideological frontiers and may possibly influence public opinion, and thus the policy of the governments.

However, despite everything, the ratification process for the European elections is continuing and is now

almost completed. The most avowed opponents of Europe make no secret of their hostility to the elections. This hostility has nothing to do with the fact that the elections confer new legal powers on this Parliament, since in order to do this, as President Giscard d'Estaing and Prime Minister Thorn, and now Chancellor Schmidt, have pointed out, the Treaties would have to be amended, and this cannot be done without the Member States' consent. Rather it is due to the fact that the European elections will enable the peoples of Europe to increase further their feeling of solidarity and, in doing so, to give the governments of the Member States, acting in strict conformity with the treaties, greater scope to further the cause of cooperation.

At the dawn of the third millennium, there is no alternative to democracy if we wish to obtain popular consent. By democratizing one of the Community's key institutions, the European elections will make it much easier to obtain the people's consent for Europe to take a new stride forward. And it is of course this, and not the artificial constitutional arguments which they put forward, which make the enemies of Europe hostile to the elections. Secondly, the Heads of State and Governments meeting at the European Summit, in adopting the European Monetary System, have just given a new and decisive boost to the building of Europe. Although abstract and technical at first sight, the decision which has just been taken will, as its consequences become felt, prove to be a historic milestone. As with most events in history, their innovative force is not really felt at the time, but only later.

The creation of a vast Common Market in 1957 made Europe a formidable commercial factor. The European economies were the first to profit from it, but the others did as well — particularly the American and Japanese economies, which found in Europe enormous trade outlets which were increased by the considerable growth in the 1960s. But the giant was paralyzed by the problem of defining and drawing up common policies. Since the monetary system laid down at Bretton Woods in 1946 was upset, this incapacity made the European economies suffer shocks and distortions which might ultimately have destroyed the unity already achieved and cancelled out its positive effects.

One of the basic reasons for this weakness was Europe's inability to withstand the consequences of the instability of exchange rates in a system in which the reference currency was the dollar affected by the failure of the 'snake'; this explains why each country sought its own margin of safety in excessively deflationist and increasingly 'individual' policies.

The chief merit of the EMS is precisely that it enables us to make Europe into a zone of monetary stability and hence to create the conditions necessary for lasting growth and gradual return to full employment.

Pintat

In this way, confronted by the threats of dislocation from outside, Europe is acquiring a fundamental element of its identity. It must also be seen as a major contribution to the equilibrium of the western world, the burden of which can no longer be shouldered by the American currency alone.

I do not imagine that the stabilization of the European currencies alone will revive investments and growth and create jobs. But, on the other hand, there can be no doubt that monetary instability and the violent fluctuations of the dollar were destroying the Common Market.

Indeed, while the ECU does not pose a threat to the dollar, the dollar does threaten the ECU. Cooperation between the European and American authorities will be essential if the Community is to manage the currencies of the EMS properly. We consider that the EMS marks the beginning of European monetary autonomy. It should bring it home to the Americans, without depriving them of their freedom, that they are no longer able to organize the world monetary systems on their own. However, the existence of Europe, as surely for the independence and prosperity of each of the nations which make it up, will have to prove itself every day, since it implies a continuous effort to reinforce every one of its economic structures. Let us not forget in passing that the EMS will make compensatory amounts, intended to offset the effects of monetary disparities on agricultural prices in the Community, practically useless.

Unfortunately, two Member States of the Community will not be participating fully in the system from the outset, not because they refuse to, but simply because they are not yet ready.

We are most glad that Italy has withdrawn its reservations about joining the EMS, thereby banishing the spectre of a two-tier Europe which was haunting the Community.

We also have the feeling that similar wisdom will soon dictate the action of our Irish friends, even if they are faced with major problems due to their historical and economic links with the United Kingdom, which will be remaining outside the EMS for a period which we hope will be as short as possible.

Did not Mr Tindemans, a convinced European if ever there was one, foresee in his famous and somewhat neglected report that the Community might during its development go through stages at which Europe would have to progress at two speeds? Although this situation is of course not good in itself, as long as it does not become institutionalized, it is not obvious why it would do the Community any permanent harm. It may be said that, with regard to the European Monetary System, Ireland and the United Kingdom are at a transitional stage. As Mr Callaghan said, 'We shall have to try again'. Even if there is disappoint-

ment that in Brussels the European Council did not manage to find the highest common denominator, let us at least acknowledge that the lowest common multiple was acceptance of the fact that monetary cooperation is one of the basic objectives of every Member State's policy and that this policy should involve an advance toward Monetary Union.

During the German Presidency a skilful, albeit — let us admit — defensive, battle was waged against protectionism.

The Community has not yielded to the temptation of evading the hardships of economic reality by having recourse to the palliative of an illiberal trade policy. Let us continue along this path by optimizing trade. The Community will always lead the way in this respect, in the negotiations both with advanced industrialized countries and with other countries associated under the Lomé Convention, which is due to be renewed.

Whether in political cooperation or when the Helsinki Final Act was signed, whether in the economic field or when the Kennedy Round was instituted, the Community countries' convergence of views has always been a byword for success.

Lastly, I should like to make a fourth remark: real, and not theoretical progress has been achieved with regard to enlargement. The problems are being tackled seriously, which is a good sign, since we can only overcome them if we are aware of their nature.

With this in view, we are pleased that the idea of appointing Three Wise Men to study the possibility of adapting the Community Institutions to the requirements of enlargement was adopted by the European Council, since outside experts are better able to review the operation of the institutions.

However, as the President of the French Republic was fully aware when he made this proposal, if we wish to take enlargement seriously, we must go beyond the stage of rhetoric to that of analysis and then from analysis to action. In the meantime, last week's decisive vote by the Spanish people in favour of democracy is a great encouragement to all those among us who are working to increase the positive influence of the Community by adding three great European nations to it. The Liberals are particularly pleased with the result of this referendum, since our Spanish colleagues played a very important part in drawing up the new constitution, which indeed bears the seal of liberalism in that it lays stress on freedom and pluralism, the spirit of enterprise, social responsibility and the importance of the Parliament as part of a government with limited but real powers. I must acknowledge that the European Community was foremost in helping the Spanish and Portuguese peoples to restore democracy in the Iberian Peninsula, and this bodes well for their full membership of the Community in the future.

Pintat

Mr President, I have stressed the positive achievements of recent months, but my Group is of course not unaware of the difficulties, even the dangers, with which the Community is still faced. They are both numerous and serious. There is the absence of a common electoral system for the election of the European Parliament; there is the still unsolved problem of fisheries and agricultural surpluses; there is the haunting spectre of unemployment which affects two million people; there is the scourge of inflation, the unfairness of taxes which continues to beset our countries; there is the Community's inability to obtain a reasonable quid pro quo for what it gives in its relations with the Soviet Union — and here I am thinking in particular of human rights.

There is the Community's inability to give concrete political form to the great prestige which it enjoys throughout the world and the commercial power which it represents.

There is the widening gap between the rich and the poor countries in the Community, against which President Jenkins warned us when he took office. There is the fact that Europe is not playing any real part in the Middle East negotiations, in which extremely grave problems are currently being settled before our very eyes. There is the fact that there is still a great deal of misunderstanding between the governments and peoples of the Member States.

There, unfortunately, we have enough facts to remind us of all the important tasks we have yet to accomplish, both in the present European Parliament during the few months left to it and in the elected Parliaments which will succeed it for many years, and probably many generations.

However, what is striking is that more and more people are coming to realize that only a Community based on solidarity can tackle all these problems with any hope of solving them. Many people are perhaps still loath to admit it, but the idealists are no longer the only partisans of the Community and its expansion; there are also the realists, i.e. those who want the present and future countries of the Community to have the sort of future to which they are entitled by virtue of the best in their past, and those who know that we must work together in greater cooperation to make the Community work better.

Finally I should like, if I may, to quote the President of the French Republic, who stated recently, 'I ask you not to be afraid of Europe. Attempts are being made to frighten you by explaining that you must be afraid both of Spain and Portugal because they are too weak and of Germany because it is too strong. Does not this fear of others conceal a fear of ourselves, the fear of not living up to the challenge? I want us to enter the

European competition. I want us to pick up the gauntlet.'

We think — and this will be both the philosophy underlining my speech and my closing remark — that at last the starting signal has been given for a great European economic and monetary venture which will result, after the necessary political transformation, in the better management not only of the international crisis but also of the new world economic order on the basis of a trilateral arrangement in which Europe will find its place and bring its weight to bear at the side of the United States and Japan.

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

Mr Rippon. — Mr President, I should like, on behalf of my group, to join in the expression of thanks to the President-in-Office of the Council for all that he has done in the last six months and for his report today. It contained some things that are encouraging, but I am afraid, many more disappointments — it is not surprising that the heavens should weep today. Last April in Copenhagen, the Heads of State and Government proposed an action programme to meet the economic and social problems facing the Community. The then President-in-Office, Mr Anderson, told us on April 12: 'The European Council considers it essential that by about mid-1979 the Community should achieve an annual growth-rate of 4½ %'. As our colleague, Mr Bersani, was saying earlier on in this debate, that was regarded really as a minimum in order to achieve useful results. Now we are told by the President-in-Office that it may reach 3½ % sometime in 1979.

We were told in Copenhagen that not only would action be taken to promote monetary stability, both within the Community and worldwide, but that concurrent action was to be taken to reduce unemployment, to increase investment, to establish an energy policy, to make more conscious efforts to reduce regional imbalances and increase aid to developing countries so that they too could play their part in the desired recovery of the world economy. Well, these hopes, as speech after speech today have made clear, remain completely unfulfilled and the common strategy that was promised over a wide field has been reduced to the limited agreement on a European Monetary System which emerged in Brussels last week.

I would like to say on behalf of my group that we welcome the resolution tabled by Mr Pisani and so ably introduced by his colleague, Lord Ardwick. We welcome in particular what he said in paragraphe 3.

Rippon

I must say, Mr President, that I am not proud in any way of the rôle which has been played by the British Government in recent months and I would not seek in any way to defend it. Where their behaviour has not been abject, it has been squalid. I share entirely the views expressed by Mr Klepsch in that regard. I may say to the President of the Commission that I do not regard our refusal to join the system as the result of an ingrained national habit. The Conservative Party has made it quite clear that we should have joined from the beginning. The reason we are not in from the beginning is the sheer folly and incompetence of a Socialist Government which has mishandled the position from the beginning to end and acted out of craven fear of the anti-European elements in its party, which exist not only outside the British Cabinet but actually inside the British Cabinet as well. I wish, Mr President, that Britain had joined the monetary system from the beginning. I am bitterly disappointed by the negative attitude our own Government has adopted and the way in which they mixed it all up with quite valid arguments we may well put forward on other occasions about the common agricultural policy and the Community budget.

I do not believe, as Lord Ardwick indicated, that the present system is in any way perfect as it stands, but we should all be in it from the beginning, seeking to improve it as we go along.

I would like to congratulate very warmly the President of the Commission for the part that he has played personally in the creation of the European Monetary System. I only wish the Council had been more imaginative in following the clear course which he and his colleagues had set. If the British Government have conspicuously ignored the warning of one of their own wiser ministers, Mr Harold Lever, to the effect that irresponsible, self-serving unilateralism offers us only the miserable prospect of mounting mutual injury and bad feeling, it cannot be said that our other leaders in the European Community have covered themselves with glory in recent months. My own impressions of the Brussels meetings of the Council is that our national leaders have failed in genuine international goodwill, both to each other and to the rest of the world. On the contrary, they have displayed many of the worst characteristics of the narrow self-destructive nationalism that so nearly destroyed Europe twice in this century.

In any event, I should like to join in the congratulations that have been expressed to the Italian Government on their courageous decision, despite the difficulties they have had still have to face in view of the lack of sufficient reserve backing by the European Monetary System as it stands at the moment. Indeed this week's discussions on the budget have shown how far the Council has moved away from the objectives it laid down at Copenhagen. I do not know what the outcome will be, but I certainly hope the Council will

show more generosity, imagination and common sense in their handling of the discussions over the budget than, as far as I can gather, they have shown so far.

On 4 July the President-in-Office, Mr Genscher, told us that it was the intention of the Council 'to formulate a common strategy for bringing the Community back to steady growth and conquering unemployment'. Well, there is really nothing in his report today that would lead us to believe that that object is going to be achieved. It is all very well to reiterate, as he has done today, that only a common and coordinated approach can bring about a greater convergence of economic development. It is exactly that common coordinated approach which we manifestly do not have and is so conspicuously lacking at the moment in the activities of the Council of Ministers.

The one thing I can welcome is the President-in-Office's observation about the progress which is being made to secure the enlargement of the Community, and not least his references to Turkey, which, after enlargement, will be the oldest and most important associate.

I only wish that our leaders in Brussels had shown more appreciation of the real need for a transfer of resources, not only within the Community but also to Greece, Spain, Portugal and Turkey, because, if we are to succeed, we have to recognize that we must reduce the economic and social disparities outside as well as within the Community. That is why we, in the Conservative Group, have consistently called for what I described on 4 July as a new approach to the crisis in the Community on a historic scale, comparable to the Marshall Plan, which ultimately benefited the donors as much as the beneficiaries. We sometimes have the feeling that some of the main beneficiaries of the Marshall Plan have forgotten exactly what it meant to them and are reluctant to show the same spirit of generosity today.

Like Mr Bersani and Mr Klepsch, I must say I am not much impressed by the appointment of the so-called three wise men. As Mr Bersani said, we are not concerned with matters of mechanics. It is a matter of political will. If the political will existed, then progress could be made. There is a real danger that this will be yet another exercise in futility, increasing even further the cynicism that many of our European activities now arouse, especially among the younger generation. To the ordinary citizen, the appointment of the so-called three wise men is no more than a way of hitting the ball into the long grass, from which it is likely to emerge muddier than ever before. As Mr Klepsch pointed out, we already have the Tindemans report, which has been shamefully neglected. Why don't we follow it up? Apart from the list of possibilities which he gave, why don't we do something imaginative which would appeal to the young, like

Rippon

having the European passport we have been promised for so long, or making all our internal air services domestic services. It is the Council's consistent failure to do even relatively simple things, even when they have apparently reached clear agreement, that is the measure of its present weakness.

Let me take just one example, which has been referred to already. On April 12, Mr Andersen, the then President-in-Office, had this to say :

Finally, the European Council adopted a series of decisions concerning the European Foundation. In pursuance of the decision of principle taken at the first meeting of the European Council, the Heads of State and Government laid down at the Copenhagen meeting the objectives and tasks of the Foundation and agreed on the framework for its structure and financing. The basis for this decision is already known to Members of the European Parliament because of the debate on the European Foundation at the March part-session. There was also agreement that the seat of the Foundation would be Paris. The formal arrangements for setting up the Foundation are to be made as soon as possible in the form of agreements between representatives of the governments of the Member States meeting with the Council.

What has happened since ? — Apparently absolutely nothing : one series of dreary meetings after another between a lot of experts. Could anything be more futile than a Council of Heads of State and Government meeting, solemnly reaching decisions laying down the whole basis and structure of the foundation, and then being unable to get anybody to carry out their expressed intentions ? That is the reality of the Europe which we are creating today. We may welcome indeed what the President of the Commission has said is the limited success in Brussels. I put the accent on the word 'limited'. The fact remains that we have a very long way to go in the Community in almost every other direction if we are not to fulfil President de Gaulle's dire warning that we are the last Europeans.

(Applause)

IN THE CHAIR : MR ADAMS

Vice-President

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

Mr Amendola. — *(I)* Mr President, ladies and gentlemen, although I am Chairman of the Communist Group, I shall in fact speak only on behalf of the Italian Communists. I shall therefore limit my speaking time in order to leave some time for my French colleague.

I do not want to analyse here the conditions which the Italian Government accepted yesterday in joining the monetary system. This is now being done by my

colleagues and fellow Communists in the Italian parliament, and I do not think that the European Parliament is the right place to bring up any criticism of the government in Italy. We have always made a point of not involving this House in the controversial issues of Italian politics. What I do want to raise is a fundamentally Community issue, affecting the Community and not the individual Member States.

The way in which this monetary system has come about prompts us to take another look at the relationship linking the various institutions of the Community. This theme has emerged in several speeches today. Once again the method has been for the Member States, and for them alone, to arrive at a decision — agreed in advance — on problems on whose solution the future of the Community and its role in Europe and the world depend. We are not going to get the general public and young people interested in decisions which seem mysterious and esoteric and emanate from deep within castles here and there, unless we get a political debate going to outline these problems to the politically interested. I know there was a debate in the European Parliament when a resolution was adopted last November, but this resolution has been practically ignored and shoved to one side. What has happened, in fact, is that the same old system was used. There is a bilateral decision between the strongest countries which take the decision and summon a meeting of the European Council. The other countries have to make up their minds : either to accept or to refuse and come away with the dreadful consequences which a refusal or abstention can have. This is old-style diplomacy with bilateral agreements and behind-the-scenes dealings. The Italian Government switched its position in just one week. We heard Prime Minister Andreotti explaining yesterday about the telephone calls he had received and the assurances he had been given by Chancellor Schmidt and President Giscard D'Estaing and so on. All this can happen through telephone calls, meetings, pressure — but it has to be democratic.

I agree with a previous speaker that at some time or other in the life of this Community we have to tackle the problem of the majority and the minority. But I cannot delegate majority and minority decisions to a Council of Ministers or a European Council where government representation depends on the swing of the political barometer. Not one of these governments has a real claim to legitimacy, because there is no government in Europe with more than 50 % of the electorate's votes. While it lasts, the Italian Government can scrape up a majority slightly above 50 % of actual votes, whereas all the other governments are just under 50 %.

I do not deny the importance and the value of the decisions which have been taken. As far as the monetary system is concerned, we are not rejecting its adoption out of hand, because we can see its worth. But decisions taken behind the scenes in this way are a slap in the face for what I feel to be the most vital

Amendola

part of this Community — Parliament. The issues on which Parliament had given an opinion were in fact ignored or treated inadequately. I am referring to the Regional Fund, the review of the Social Fund, the problem of overhauling agricultural policy, the transfer of wealth and the process of economic union which are the basis of a sound monetary system. The object of our criticism is not so much the 6 % margin of fluctuation or the reserve fund. I do not know how sound these are, but they are not going to produce results if we reopen the gulf between the strong and the weak. Everyone this morning has condemned the idea of a two-speed or three-speed Europe, but in the last few days Europe has in fact been moving at a variety of speeds. Leading the field up front there is the Franco-German *directoire* which is there for everyone to see, followed by a group of nations which can just about keep up, and then there are the stragglers at the back. But all this runs contrary to the economic and political development of the Community. Consequently, we want to highlight once again this problem of how Parliament works. In recent years we have been building a pyramid which is getting higher and higher. First of all we had the Council of Ministers at the top, at the moment we have the European Council above the Council of Ministers, and in the future we are going to have these agreements which are reached elsewhere. And all the time this pyramid has been stretching upwards, the base has been getting smaller, instead of bigger as it ought to. I understand the discussions which are going on in various countries concerning the powers of Parliament, and I realize that we have to avoid any rash political decisions. I belong to a group in which the French members are against extending the powers of Parliament, whereas I am all for a Parliament with greater powers.

So you see, I understand the importance of these issues and I realize that the future of our countries depends on the solutions we find, because at some point the very relationship between the institutions is going to end up being distorted even further. It is for this reason that I want to take a special look at the relationship between Parliament and the other institutions. I am not saying that Parliament's resolutions have to be blindly accepted, but in view of the forum they come from they ought to get the attention they deserve. At the moment this assembly is an inadequate and doubtful expression of popular opinion, but it will have proper power if the European Parliament is elected next June with a high turnout of voters and with Members capable of fulfilling the people's mandate. Resolutions will then be binding and we shall be on the way towards something like greater democracy in the Community. At present, however, this Parliament is being treated very shabbily and this explains why we have heard so much bitterness, scepticism and dissatisfaction from various quarters during this debate. There is just no enthusiasm, and none could be expected — not because of the

actual results which were achieved but because of the way in which they were achieved.

That sums up what I wanted to say in these few minutes at my disposal. We shall abstain from voting on the Pisani motion. Although we go along with much of it, we feel that the abstention of the Italian Communists is justified in this case.

(Applause)

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

Mr Brugha. — Mr President, the real goal of the Community is political. Europe's future lies in bringing the nations of Europe together in one Community where the individual character of each nation can flourish independently. To achieve this, a measure of economic integration is necessary. The pooling of resource will serve common interests better. The accomplishment of this task will require a greater sense of Community membership, a greater sense of solidarity on the part of member governments and a closer coordination of economic policies if we are to achieve a greater convergence of the economies of the less well off and a strengthened Community budget capable of giving a real impact to Community policies and creating a climate for a lasting monetary system. If the will to do this does not exist at the present time, the Community will have to accept a much slower rate of progress towards its overall aim.

In this context, the European Council should not become an appeal court at Council level. On the contrary, it should set clear priorities for all of us, internally and externally. Internally we are preparing for direct elections, which will lead to a greater sense of identity between us. Externally, we face an argument which must lead to examination of our decision-making procedure and other adjustments. The directly-elected European Parliament will have a greater degree of influence over decision-making in the Community under the legal enactments that exist. But the European Assembly cannot be granted wide-ranging legislative powers. Any such move would upset the existing balance of powers in the Community and would usurp the authority of the existing member parliaments. To talk along such lines is futile and mischievous. Parliamentarians elected to serve Europe will not be inclined to lead Europe on a divisive and disastrous course. Their duty will be to build Europe, not to engage in the divisiveness that led to war in the past. Their function will be to speak courageously and realistically. This will command respect and confer authority on the directly-elected Assembly, thereby making it the means of expression for the peoples of Europe.

The disappointing aspect of the recent Summit Meeting is the realization that some Member States of the Community have, I hope temporarily, failed to measure up to the spirit of the Treaty of Rome. They

Brugha

should not ignore the lessons of history, that earlier conflicts in Europe were caused by selfishness and excessive nationalism and resulted in division and war. The ideal of a European Community is a worthy one, fully deserving of maximum effort by all of us. Looked at from the perspective of 40 years, the establishment and continuity of our Community is a notable achievement in world history. This is understood and appreciated by the great majority of ordinary people, but some politicians may perhaps be too close to the reality to grasp fully what has taken place in such a short time.

It is customary for businessmen and accountants to examine annual results to see if there has been an improvement over earlier years. But Europe is not merely a business corporation or an economic community to be judged by balance-sheets: it is a living entity composed of peoples and nations whose aspirations are founded on an ideal.

Turning to the recent Summit Meeting, in so far as it concerns Ireland, I would like first to refer to the efforts of Chancellor Schmidt of Germany to resolve the problem. Ireland deeply appreciates his efforts. It supports the EMS because it can help to reduce inflation, bring about greater harmonization and improve the working of the European economic system. Ireland is anxious to join, and looks upon the proposed loans as an indication of goodwill towards the underdeveloped areas. But because of a delicate situation where some Member States were refusing to join but were claiming regional rights of a magnitude unacceptable to wealthier Member States, Ireland was compelled to reconsider its position. One of our many problems concerning adherence is that the proposed system may increase the gravitational pull of the central areas on investment and labour, and thus aggravate the difficulties which distance from the centre creates for trade and industry in a peripheral area like Ireland. It is realism and not selfishness that influences us. It may perhaps be that the measures in the form of loans which have been announced, while they are disappointing cause us to reconsider our position if we are clear that participation by other Member States will not militate against us and if our peripheral situation is acknowledged.

But on the issue of EMS the attitude of Ireland is positive. We want to be involved, in our own interests and in the interests of a successful European Community, and we hope it will be successful. It is regrettable that it should be our nearest neighbour, the United Kingdom, and the reluctance on the part of France to approve an adequate Regional Fund that put up a barrier to our joining. Nevertheless, in the greater interests of the European Community we hope to see Britain herself in the EMS eventually. And I assume that if Ireland were unable to join by the fixed date, the terms and conditions would not be any different at a later stage. The arguments that have been put about regarding the position on EMS in Ireland and

in Northern Ireland are only valid up to a point. The fact is that relations between my country and Britain are unlikely to become normal and natural while Ireland is in a position of dependence or subservience *vis-à-vis* the United Kingdom. However, I remain convinced that a resolution of that problem will be equally beneficial to Ireland and Britain some time in the future.

In conclusion, I would like to thank Mr Genscher and his colleagues for their efforts over the past six months, and I would also like to thank Mr Jenkins for the contribution he has been making towards future monetary stability in the Community.

President. — I call Mr Genscher.

Mr Genscher, President-in-Office of the Council. — (D) Mr President, I should first like to thank you for having drawn attention to the fact that, after my speech, I shall have to leave this House and hurry to the Bundestag, where I have an important international treaty to defend.

I should also like to thank you, Mr President, and the Members of this House for the very thorough discussion there has been of the results of the last European Council and the period of the German Presidency, insofar as it is already possible to assess its results. We are confident that the meetings we are to have in the remaining part of this year will enable us to make further progress. To Mr Klepsch, who said that it was clearly no use hoping for miracles at these meetings, I would say that Christmas is the time of miracles and presents, in other words of mutual understanding, and I therefore hope that we shall have some very constructive meetings in the coming week.

It is natural, ladies and gentlemen, that the European Monetary System has occupied a major part of the discussion, and I am very glad to see that the decision of the European Council to set up the European Monetary System has, with one exception, had a favourable reception here — indeed, that even greater expectations were aroused than we have been able to fulfil, which shows how much this House appreciates this step in the right direction. Of course, the members of the European Council would also have been glad if all the member governments had seen their way to joining the European Monetary System from the outset. This makes it all the more important not to bar the way to later entry, and it is all the more significant that — with one exception — all the Group spokesmen here have welcomed the decision of the Italian Government. It remained for the spokesman for the Communist Group to take a critical view of this decision. I should like to assure him that I reject the charge that Prime Minister Andreotti had submitted to pressure. The spokesman for the Communist Group should note that among democratic governments and democratic parties exercising pressure is not normally an acceptable way to behave.

Genscher

Ladies and gentlemen, it was encouraging to hear what the last speaker in this debate, the Irish Member said about his country's intentions with regard to the European Monetary System. I naturally find it equally encouraging that my Irish colleague is sitting here on my left and that the future French Presidency is also represented here.

We would all clearly have liked greater progress to be made in certain fields. In reply, however, to the rapporteur's question as to the comprehensive strategy, I would say that we regard the introduction of the European Monetary System and the important step that this implies towards a common monetary policy as a fundamental element of a comprehensive strategy, in other words as a contribution to this strategy. We expect the European Monetary System — let me say this once more — to exert a stabilizing influence on international economic and monetary relations.

I think it has been rightly stressed that this decision to set up a European Monetary System is not only important in monetary and economic terms, but has above all a considerable political significance, as it has underlined our will to work for Europe and this will is of decisive importance. I can but agree with the speakers who have stressed this point. I should like to emphasize once again that all the Members of the European Council have committed themselves to a policy aimed at greater internal and external stability, and that even those who have not joined the European Monetary System recognize the need for convergence in economic policies if we are to achieve greater stability.

I have no doubt that on 18 December the Council of Finance Ministers will adopt the two regulations called for by the European Council — the Council Regulation to introduce the ECU for the transactions of the European Monetary Cooperation Fund and the Council Regulation enabling the EMCF to accept currency reserves and issue ECUs to the central banks of the Member States. Consultations are being held in a community context. That is the important thing. The increase in medium-term support benefits everyone. The snake, on the other hand, was essentially independent of the Community institutions. It is, I think, this Community character that we should regard as particularly welcome, in addition to the qualitative jump that we have undoubtedly made towards economic and monetary union in the European Community.

A number of Members have been eloquent — even calling on the heavens to bear witness — in pointing out that many a hope has remained unfulfilled. The national Parliament's potential for making progress by exerting influence on the national governments knows no bounds. All I can say is that any initiatives from the national Parliaments which further the cause of the Community are bound to be welcomed by all

European governments represented in the European Council and the various councils of Ministers.

The question has rightly been raised of the European Foundation. On 19 December we intend to make a further attempt to reach a satisfactory decision after all. The scepticism I see on many faces and the various sceptical remarks will be no reason for the German Presidency to refrain from doing its utmost in this field as well.

As has rightly been stressed, we attach considerable importance to the Lome Convention and the relevant negotiations which we regard as a contribution to genuine partnership. I think the question of human rights which was mentioned in this context highlights the fact that the countries of the European Community do not regard themselves as a collection of states joined together for purely economic purposes, but as states which take their political decisions on the basis of common values.

I am very grateful to see that the meeting between the Foreign Ministers of the European Community and the Foreign Ministers of the ASEAN countries has had such a favourable reception here. It is surely in the interests of all of us to cultivate as vigorously as possible contacts with groups of countries which have joined together in order thereby to strengthen and develop their independence and work together for greater progress.

To reply to a question raised by Mr Klepsch, we regard the offer made by the Commission in the negotiations with COMECON as a necessary and important step forward. Above all, we see these negotiations as a step forward in the recognition by the other side of the European Community as a reality. The political significance of this — compared with earlier statements — should not, I think, be underestimated.

I was, of course, also very glad to note that various speakers here rightly pointed out that no country could solve its economic problems alone. Not only the Federal Government but the governments of other Member States as well should be glad to hear that, for this view is not always given sufficient attention in the debates in the national Parliaments, where the national governments are sometimes expected to provide a national solution to problems which can really be solved only on a Community basis.

Ladies and gentlemen, we regard the nomination of the three wise men as an important decision. We shall draw on the wealth of experience of these three personalities and thereby undoubtedly receive significant impulses with regard to the work of the Community institutions and ways of working together. I hope this will, in particular, also provide important ideas on cooperation between the Community institutions along the lines of what I — if I could speak only for myself — would say even more forcefully than I can as President-in-Office of the Council. As you well

Genscher

know, with regard to the future rights of Parliament I, as a European optimist, am sure that this Parliament will claim for itself the rights to which it is entitled — within the terms of the Treaty, of course.

(Loud applause)

President. — Ladies and gentlemen, I am sure I have your approval, since we shall not be seeing Mr Genscher again in this House in his capacity as President-in-Office, if I thank him most sincerely on your behalf for the work he has done and wish him a pleasant journey.

I call Mr Hoffmann.

Mr Hoffmann. — *(D)* Mr President, there are times when it is a pleasure to listen to sibylline pronouncements, and I would regard the last statement by the President-in-Office of the Council as just such a pronouncement. It was clearly optimistic but could also be interpreted at will depending on the particular national viewpoint. It is thus very interesting to see how cleverly words can be chosen.

I should like to start by discussing briefly what the spokesman for the British Conservatives said. The decision of the British Government regarding their attitude to the European Monetary System may or may not be a cause for satisfaction, but the conclusions reached by the Conservative spokesman suggest to me that his criticisms are either malicious or starry-eyed. He seems to overlook the fact that one of the essential reasons for our talking about a European Monetary System at all is precisely the problem of the regions which are not at present among the economically strongest. If this is to be dismissed like that with a wave of the hand, that can hardly, I think, be taken seriously as a political argument.

For us in the Socialist Group it is clearly impossible at the moment to give any advice as to when and under what conditions the parliaments of the countries which have not yet joined the Monetary System might decide definitely to join. We would have been glad if it had been possible right at the start to create satisfactory conditions to allow all nine countries to join the System directly, and I should like to point out that we have tabled a suitable amendment to the motion for a resolution we have before us.

Mr President, I should now like to refer very briefly to Mr Pisani's motion for a resolution, which he presented on behalf of his Committee. We have tabled four different amendments on this: I have already mentioned Amendment No 2. I should now like to say something about Amendment No 1. It seems to us that this amendment and the motion itself still fail to make sufficient criticism of an illusion. The motion for a resolution can at least be interpreted as saying that this European Monetary System would, automatically as it were, provide certain stimuli

for growth or could in itself enable the problem of unemployment to be completely overcome. Obviously, this is not an argument that can be taken seriously. To correct this, we would like to establish that a stable monetary zone in Europe is only one of several conditions.

The third amendment we have tabled concerns, I think, a key problem of this whole debate. It seems to me that this whole debate has served to bring out one benefit, or rather a new level of the discussion. Speakers on all sides have observed that such a monetary system does not only have positive effects, but that there is the danger that certain aspects of this system would also produce negative effects. I therefore think it is right for us to include this consideration in the resolution and expressly point out that there are possible dangers here and that suitable radical action must be taken to forestall these dangers. What we must beware of is that new imbalances might develop or that current divergent tendencies in regional and economic developments might be speeded up.

Our Amendment No 4 is concerned in principle with just one term that has already been taken up by several speakers, namely the 'transfer of resources'. At the start of discussions on the European Monetary System this part of the arrangements was quite simply left out. There was never any mention of the transfer of resources and the discussions were purely monetary, directed at the harmonization of exchange rates.

We in the Socialist Group take the view that this concept also has its place in Parliament's motion for a resolution, in order to emphasize the fact that, alongside this monetary system, agreement must be reached on corresponding transfers of resources if this new step towards economic and monetary union is to be at all acceptable for certain regions of the Community.

Finally, I have a question for Mr von Dohnanyi. Mr Genscher talked about the Ortoli facilities becoming an essential instrument within the European Monetary System. Now I am well aware of what the Ortoli facilities are; I do not quite understand however, how they are to play a substantial part in this system. Perhaps there is some special consideration behind this which you could explain to us. The measure of success for what we are discussing here — the European Monetary System and the underlying economic policy, which we hope will soon be a common policy — can only be our success in combating unemployment and in reducing disparities between the various regions. If, in two or three years time, we are faced in this House with the realization that, just as in the previous 20 years, the regional differences have been increasing instead of decreasing, we shall have to make a correspondingly severe assessment of what we have initiated with a certain amount of hope today.

(Applause)

President. — I call Mr Ripamonti.

Mr Ripamonti. — (*I*) Mr President, ladies and gentlemen, I agree with Mr Jenkins that the European Council meeting in Brussels was a limited success. There is obviously no reason to be pleased that the adopted solution fell short of the thorough plan worked out in Bremen to speed up the process of economic and monetary union, even though there was a commitment to finalise the technical details within six months and to incorporate the decisions on economic policy. I hope that when the Council of Ministers meets on the 18th of this month, to adopt the European Council's decisions, the system will be modified and economic policy measures incorporated, in the case of agricultural policy too.

The need for a European monetary system was brought out in the Tindemans report as a stabilizing factor for exchange rates and for the purpose of encouraging economic union on the road to a united Europe. We read in the Tindemans report that the political consequences of these decisions must be carefully calculated. There is no way they can be implemented without a transfer of power to joint bodies, without a transfer of resources from rich to less favoured regions, and without the ungrudging acceptance and fulfilment of obligations. This is what union costs.

The decisions in Copenhagen and Bremen were in keeping with this approach, where the ultimate aim of economic and monetary union is the strengthening of the European Community and the definition of the role of Europe as a factor in developing freedom and democracy. The aim of these decisions is to bring that goal nearer by harmonizing economic policies in order to beat the crisis currently besetting the European economy, by increasing the rate of growth, curbing inflation, combating unemployment with a view to achieving full employment, and by remedying social, regional and national inequalities by making better and more profitable use of the Community instruments provided for by the Treaties, with special emphasis on the funds designed to reduce structural imbalances.

These aims are listed in the motion for a resolution which Mr Pisani has tabled on behalf of the Committee on Economic and Monetary Affairs. If there is to be a real chance of implementing this system, we have to look for a logical compatibility of national and Community policies. The concurrent measures to benefit the less well-off countries are supposed, and indeed ought, to be realized by means of decisive action to transfer resources if we are to see the full effect of the economic policy decisions taken at national level are to be fully effective.

Even before Bremen, we had in Italy the Pandolfi document, which was reviewed positively by the

Commission as far as the 1979 guidelines for economic policy were concerned. This document put forward a significant change in economic policy, bringing about a closer alignment with Europe with a marked cutback in public spending, a brake on the wages spiral and a bolder taxation policy. There is to be increased investment in productive sectors and in infrastructure with the aim of altering the development plan designed to curb private consumption and encourage social consumption, leading to a higher growth rate and a steady reduction of the inflation rate. The approval of the financial law by the Lower House in Italy is proof of the political will for a change of economic policy.

In the Pandolfi document, ladies and gentlemen, we are told how much Italy would have to borrow from abroad to encourage investment in infrastructure and productive sectors. What I am saying is that Italy has not used its difficult situation to win further advantage by joining the monetary system — its wishes were clear and apparent even before the Bremen and Brussels decisions.

However, the situation is somewhat puzzling if you look at how limited these transfers of resources are to be. We have heard, during this morning's debate, calls for aid for the coal industry. With 200 million u.a. to be made available to the economies of the less well-off countries, there are plans for aid to the tune of 170 million u.a. for the coal industry, i.e. just one sector of the economy. What logic do the Commission and the Council of ministers apply in considering the overall problems of the European Community? I do not know what the reaction of the Italian Government will be. I only know that I shall be against these projects if this discrimination in allocating resources is maintained.

The Italian Government, in spite of what has been said and the attendant risks, has decided to join the EMS, and this is further proof that Italy is firm in its political determination to make an active contribution to the construction of Europe as the direct elections to the European Parliament approaches. It is a political decision of tremendous responsibility, a brave decision which has been taken by the Government and which will be judged by the Italian Parliament today. Of course, it is a decision which inspires different currents of opinion in our coalition government — a government which is absolutely essential if Italy is to get through its present sticky period, and one which is in favour of a unified Europe, so that the process of political union can be speeded up.

At the time when the European monetary system is being launched, we might have expected a statement of intent on the strengthening of the Community and in reaffirming the role of the European Parliament within the powers conferred by the Treaties. Unfortunately, not only are there some reservations about the

Ripamonti

role of Parliament in the future, but there is also an attempt to limit the present powers of Parliament. There is in fact some suggestion that the decision taken on the Regional Fund in accordance with the Treaties is practically a breach of the European Council decision in Copenhagen to set a limit on funds for regional policy. If this limit could not be exceeded, Mr President, it would mean that Parliament had been stripped of its powers and that any consultation would be a waste of time, because an authority above the Council of Ministers and above Parliament would be dictating the conditions for consultation between the two budget authorities as laid down in the Treaties.

(Applause)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, my colleagues in the Liberal and Democratic Group felt that I should also speak, in order to clarify one or two points after the speech made on our behalf by Mr Pintat.

Mr Amendola said that we should avoid bringing into the European Parliament the differences which arise in the national parliaments. However, let me just say that — although they are fairly small — both my own Republican Party and the Liberal Party called with greater insistence than other parties for Italy's immediate accession to the European monetary system. We are therefore delighted at the decision by the Italian Government.

We do not want to gloss over the situation as it is in Italy, but we realize in this respect that the moment of truth has really come, whether we are considering the importance of this decision which is a momentous step forward towards the consolidation of the Community or the adoption of the requisite and inevitable measures and decisions.

This is why the parties I mentioned have always seen a very close link between Italy's participation in the European monetary system and the Pandolfi plan — named after the Minister of the Treasury — to curb inflation by reducing public spending, encouraging investment and reducing labour costs.

In doing this, of course, we cannot fail to mention our reservations concerning the Regional Fund and the EAGGF, and the need for a review of the agricultural policy, nor can we fail to mention the optimism of Mr Jenkins, to whom acknowledgement is due for promoting this revival of European union by means of the monetary system.

Just as every country is responsible for its own role within the Community, it must also show responsibility to the outside world. This is what we have to consider. Our failure to understand our responsibilities in the international context are no less unimaginative and unprofitable than the resurgence of protec-

tionism and the revival of nationalism which are evident here and there. Whether we like it or not, Europe is a giant. Whether we like it or not, it has a historical role to play on the world stage. Whether we like it or not, the process of European integration is irreversible. And whether we like it or not, this process of integration involves our responsibility with regard to the world monetary system.

It has always been our view — and the facts have borne us out — that the European Monetary System must be directed up against the dollar, but that Europe must do all it can to help restore monetary stability in the world. The dollar as the currency for international trade can no longer manage on its own. Even the US Government no longer knows how many Eurodollars and petrodollars are in circulation, and something has obviously got to be done about this. We do not want a Europe of states which are the fading remnants of a glorious past, but a Europe which can fill this gap in the economic system and tackle the problems facing us.

This is particularly important when other countries where democracy has re-emerged — I am thinking of Spain, Portugal and Greece — are looking to Europe as a point of reference for their own political and economic development, and when other regions of economic importance become more and more aware of the influence of Europe. Here I am thinking of countries in the throes of unrest, such as Iran, and of countries where famine is a constant threat. We have to realize our responsibilities here.

This is why we feel that we have to be part of the European Monetary System, without any mutual pats on the back and ill-placed optimism and without veiling reality with illusions but with the same spirit that inspired men like De Gasperi, Martino, Sforza and Einaudi.

Italian politicians have often been accused of being rather too compliant when the Common Agricultural Policy was brought in. Every time I hear this criticism, Mr President, my answer is that we were well aware in Italy that we were going to be up against it and that some Community products would benefit — although we were told that the situation would quickly be righted — while others were left out in the cold, especially agricultural products from the Mediterranean regions.

But it is precisely because we are aware of this imbalance that we feel we have to act, as always, in a manner which is politically proper and democratic. We must not go off in high dudgeon but work together with the others who can help to correct these mistakes. As Italians, we are against a two-tier Europe and against any return to the nationalist ways of the past. Therefore, we had to oppose any rejection of the European Monetary System.

Cifarelli

There is a tremendous amount at stake for Europe. It is a challenge we shall meet with our belief in a developing and constructive democracy.

(Applause)

President. — I call Mr Fletcher-Cooke.

Mr Fletcher-Cooke. — Mr President, in the few minutes left I wish to strike an optimistic note. I entirely support Mr Rippon's criticisms of the British Government, but let us give credit where credit is due, and that is that the British Prime Minister and all the other eight Heads of Government signed Part A of the resolution of the European Council, which sets up an entirely new standard of currency. This is a momentous decision and a momentous signature, and it has been somewhat overlaid in public attention by the unfortunate failure to join the short-term régime, because the long-term régime will, I hope and believe, give Europe a standard of currency which she has been lacking since the collapse of the dollar standard, and that we need.

The first thing to notice about it is that it is not a Deutschmark standard, it is not a Deutschmark standard at all it is a basket of currencies, as we see in paragraph 3, subparagraph 5; an ECU basket formula will be used, and the grid is mentioned in paragraph 3 subparagraph 1. It is therefore much more favourable to what are sometimes called the less fortunate members of the Community than appears at present at first sight, and this is to my mind a tremendous step forward.

I think the ECU standard of the future is the great European hope. I hope the ECU will become something more than just an entry in some great ledger in Brussels, that there will actually be ECU's minted or, if not minted, printed, so that the ordinary European can feel that he has got an ECU in his pocket — with no hole in the pocket. If he has an ECU about his person, either in his wallet or in his pocket, that will surely give him the feeling that he is a European, and although it may sound simple to the extent of *simpliste*, I do hope that some attention will be given to the public-relations aspect of the invention of the ECU, which to my mind, is a matter for sincere congratulation.

The purpose of a standard is put benevolently as a means of reducing the instability of exchange-rates. That is the euphemistic way of putting it. The realistic way of putting it is that it is a means of preventing individual nations or governments from debasing their national currency by inflation, which they are tempted to do and which all governments of all complexions will do at at pinch unless they are in some way prevented, and this is the best method of preventing them. I am rather alarmed by the degree of tolerance, the 6 % tolerance, that is now to be allowed exceptionally to Italy. I think that is a bad precedent ;

it seems to me a tolerance of that degree prevents the new standard from being a proper anchor or defence against the panic measures of printing money that all governments are tempted to take, and I would therefore like a tighter control.

But that is a detail. My message, which has to be short as you have reminded me, is that Part A of this Communiqué is a historic document; it provides a great hope for the future; it means, I believe, that if the signatures of all those Heads of Government meant what they said, we shall very rapidly be moving into a proper ECU standard, and I cannot believe that in those circumstances the absence of the United Kingdom from the short-term régime will be anything but a few months. I confidently expect that, by this time next year, we shall be not only members of this system but full, complete and proper members.

(Applause)

President. — I call Mr Bordu.

Mr Bordu. — *(F)* Mr President, in July this year, Mr Genscher, you stated that the grave problems facing our peoples and our countries would be examined jointly.

The question now is: what does joint examination mean, together with whom and with what purpose? Was this to be a matter of strengthening cooperation between the peoples and states in the Common Market? Was it a question of making a determined effort to tackle the serious problems which are at present the daily bread of working people — unemployment and the promises of better things to come constantly overshadowed by the call for new sacrifices to be borne by the workers? Was it a question of reducing the great disparities in the development of various countries and regions of the Community?

In fact, the results of this Presidency are no better than those of your predecessors; one might even say it has exacerbated all the effects of the lasting crisis which is affecting Europe and the world economy. The determination to push on regardless with economic and political integration is the motive force, the essential reason for this. There has been a deterioration in the social climate with the continual increase in unemployment. I must mention here the upheaval caused for tens of thousands of people, workers and their families, by the proposed run-down of the steel industry in the region of Longwy. Feelings are running high, bitter accusations are being made. The Presidency has really not had enough to say about this problem of employment, which is taking on catastrophic, tragic dimensions for millions of citizens of this Europe which, presented as a hope is only a gateway to misery for the people.

That is not the end of it, for mention should be made of all the sectors affected or, in certain cases,

Bordu

condemned to death: iron and steel, textiles, man-made fibres, shipbuilding, ship repairs and the computer industry are all seriously affected, whereas the arms trade is expanding dangerously. Nor can we ignore the grave difficulties in store for the aerospace and automobile industries. Yes, this is a moment that will go down in history, one in which people are being driven to despair but which we want to transform into a struggle for a different order consistent with a society made for man and not for inordinate and excessive profits. Is it not true that, while on the one hand we have austerity, the big multinational companies will have increased their profits by 50 % in 1978?

The picture is so grim and the failure of the consultation arrangements so blatant that the president of the highly 'respectable' ETUC declared at the last tripartite conference that his organization would take no further part. A grim situation indeed, which condemns wage-earners to be mere onlookers whether they be workers, white-collar workers, managerial staff, technicians or engineers, as well as large numbers of small and medium-sized undertakings. Free competition, which the Community claims to be defending in imposing austerity and stagnation, is being replaced by cartellization and increasing domination by multinational companies. The problems of workers' health have gone by the board, and since the tripartite meeting held in Brussels the French ministers have been talking about retrograde measures.

We already have a clear picture of the deterioration in the economic and social climate, while at the same time inflation is becoming established as a permanent feature. You maintain that the monetary system would make it possible to restore the situation. We are sure that this will not be the case, for this system will continue, as before, to support the dollar and the consequences of the American crisis, as nothing has been done either to stimulate the economy or improve the social situation, and because this policy will continue to increase the profits of the big industrial companies and banks.

We question this system because it is an instrument of repression and retrogression, because it serves the interests of the powerful. We question it, just as we condemn the excessive policy of integration at all costs which depends primarily on a political will. Let us be frank: this policy cannot be right for France. What is the use of trying to convince ourselves, in a sort of frenzied self-satisfaction or with a certain measure of idealization, that abandoning sovereignty, abandoning the essential prerogatives of the national parliaments would relieve our leaders and our peoples of their problems.

We, the French Communists, cannot approve the enlargement to include three new countries since we know, as everyone here knows, all the consequences

this will bring in economic, social and political terms. We cannot accept this enlargement, which appears to be an excuse for increased integration and an attack on the principle of unanimous decisions, as we have too often heard. Any policy which brings entire regions and whole national sectors of industry to their knees is in our view a mistaken policy. It would be suicidal for France, and we expect our country to remain master of its own decisions and of its future. Of course, we are defending here, as always, our own view of things, but this is a view which, you must remember, is seen in France as being important for national independence. We shall continue on this course, and if others share these priorities with us, so much the better. We hope that many will share this view, particularly since our rejection of a Europe of the multinationals is perfectly in accordance with what we in fact want, i.e. a Europe of cooperation, a Europe of freedom — at a time of increasing violence, as is exemplified by the resurgence of Naziism in many countries in Europe and elsewhere. He wants a Europe of the workers, in which there will be even more scope for united struggle, as with the steel workers in Lorraine and those in the Ruhr.

That, Mr President, is what we French Communists regard as essential. We are prepared to be loyal partners with those who, like us, uniting theory and practice on the basis of clear and unequivocal language, want to work for an economy designed for people and, in particular, for the young people who are so badly affected today, instead of for profit, which is the opposite to what we want.

For this reason, despite the differences between our views and those of our Italian friends, we believe in a better future because we share this common vision of the future, the world of tomorrow.

President. — I call Mr Ansquer.

Mr Ansquer. — (*F*) Mr President the Group of European Progressive Democrats has frequently expressed its support for economic and monetary union. For us, this is an essential condition if the Community is to survive and play its proper part.

If it is to overcome the present crisis and move towards full employment in the Community, Europe needs effective instruments which must constitute additional links between the Member States: Community management of European reserves, creation of a European Monetary Fund, establishment of a stable European monetary standard and finally, most important of all, a sizeable Regional Fund.

It is a long time since we first formulated these proposals, and it can hardly be held against us that we were right before Copenhagen or Bremen.

We therefore find it particularly easy today to approve the general principles of the European Monetary System while at the same time regretting the weaknesses of the Council Decisions of 4 and 5 December.

Ansquer

To turn up trumps, the European Monetary System must provide for the effective participation of the nine countries. The Europe of the Six which could develop after Brussels bears the seeds of division. The currencies which have undertaken to remain linked to one another are, let us be honest, the stronger ones. We have the prospect of a demarcation line developing between the rich and the weak. The rich: the system is even open to Norway, and later why not Switzerland?

The weak countries means Ireland and Italy, who have been offered scarcely 1 000 million units of account spread over 5 years, including interest on the debt; an amount like that is not likely to withstand speculation. Europe might have been expected to display a more realistic attitude by strengthening the Regional Fund. There is thus the danger that we may, without saying so in so many words, have introduced that two-tier Europe which is in fact a denial of the very idea of Europe.

Under these conditions, we also have reason to fear for the six-member monetary zone, which cannot inspire the same confidence that we would have in a nine-member zone. In fact, it is an enlarged snake for six currencies, a snake with improved mechanisms, it is true — and we approve of the increase in short and medium-term credit facilities — but will the 'basket' ECU, the birth of which is to be welcomed, really be able to play the part intended for it by the originators of the European Monetary System if it is deprived of the active contribution of the British pound, the Irish pound and the Italian lira?

In any case, it is obvious that simply with regard to exchange policy the balance of the operation has become very different from what was foreseen, in that the French franc is the only weak currency taking part in the European Monetary System. Now it is as if one arm of the scales had been cut off. In order to maintain equilibrium, constant pressure will have to be applied so as to reduce a rate of inflation which is three times as high as in Germany and has obstinately resisted two years of the French stabilization plan. Under these conditions it is perhaps understandable if we are very sceptical.

Without wishing to be acrimonious, there is no point in trying to leave a sort of 'dollar zone' only to end up in a 'deutschmark zone'. Whether we like it or not, the franc is now enclosed in a 'deutschmark zone'. Will Germany be prepared to make monetary sacrifices in order to maintain the mechanisms of the European Monetary System if France is not prepared to make the slightest concessions with regard to its prerogatives in economic and trade matters? And what country could in fact renounce its economic sovereignty?

Following the same principles, we refuse to prolong any further a situation which amounts to maintaining our agriculture without regard to the original principles of the Common Agricultural Policy. How can we

explain to our farmers that they do not have the right to be paid like their competitors elsewhere in Europe, and that all their efforts to contribute to the economic recovery are undermined and taxed by unfair compensatory amounts? The introduction of the ECU, which is to serve as a monetary unit for the fixing of agricultural prices, must be accompanied by the abolition of green currencies and compensatory amounts. This is one of the major outstanding issues which will have to be resolved.

Indeed, Mr President, ladies and gentlemen, we hope and pray that Italy, Ireland and the United Kingdom will soon join the European Monetary System. We hope our fears are unfounded; we want real disciplined measures to be accepted by *all* the countries without exception, together with the necessary transfers. Finally, we hope that this historic decision will not turn into an historic disappointment and that the success of the European Monetary System will mean the success of Europe.

(Applause)

President. — I call Mr Cunningham.

Mr Cunningham. — Mr President, at this stage in the debate, more people want to make speeches than want to listen to them. I notice that there is not a single representative of the Conservative Party here at the moment. That is a pity, because I do want to refer to the immoderate and I must say, immodest remarks made by Mr Rippon and echoed to some extent by Mr Fletcher-Cooke earlier in the debate.

I know, of course, that the Conservative Party's attachment to EMS is of very long standing. I think it is about a fortnight old at the present time. Only a matter of a few weeks ago, representatives in both the House of Lords and the House of Commons were encountering great difficulties in trying to find out what was the position of the Conservative Party on EMS. When they got indications, they were certainly not of the enthusiastic support that has been mentioned today. I say that the remarks by Mr Rippon were also immodest because he was, of course, a member of the British Cabinet at time when Britain entered the snake and came out again in a matter of weeks and when we adopted a floating exchange-rate. I must say that I thought that that decision was absolutely sensible. But if they were right then, they must be wrong now, and if they were wrong then, how can we trust them to exercise good judgement now? The inconsistency in their position is very marked indeed. However, I do not want to waste what little time there is on the Conservatives. They stand on the record as being inconsistent.

People have said this is a historic move, and it certainly is. My regret at the content of this debate is that the true nature of what is being done is not being fully explained to our peoples. In particular, it is not being explained to those in the three most vulnerable

Cunningham

countries who seem, in the short term at least, possibly the most likely to suffer as a result of the move. It is a historic change, because it is one, only one, but another one of those stages in the progression of the Community from being an international Community to being a country. And the more often we make that point, the more likely it is that our peoples will understand just what progressive unification within the Community actually means. We have taken one more step along the road to giving the Community the desirable and potentially dangerous attributes of being one country.

Now, there are fashions, of course, when it comes to economic cure-alls. And one of the fashions at the moment is the belief that the kind of fluctuations in exchange-rates which have taken place over the last few years are a serious, and indeed the most serious, impediment to economic growth through new investment. I do not believe that: I think that the improvements in investment and in growth which are likely to result from the EMS, taken in isolation, have been enormously exaggerated. And I believe that the possible dangers to some countries have been played down.

Now, of course, EMS is not economic and monetary union and there can be, in the face of dangers to some countries, alterations in the fixed exchange rates. We all understand that. But, if it is not a move towards economic and monetary union, then it is nothing. And we must conclude — and it is the whole purpose of the system to secure this — that in conditions where previously there would have been an alteration in some exchange-rates, there will in future not be an alteration in those exchange-rates. That is the whole purpose of the change. Now, it does not need complicated economics to demonstrate that if you take a great motive force, like economies, and you nail down one bit of it, then the automatic consequence is that other economic variables must move when they would previously have stayed still or must move more than they would previously have done. That is simple mechanics, not even economics. What, of course, must change is the relative competitiveness of our national economies. At the moment, to take the example closest to my interests, Britain suffers from being more inefficient in its productive methods than, let us say, Germany. Now if that inefficiency, in relation to other producers in the Community, get still worse and you do not change the exchange-rate to reflect that fact, then of course the factory in Britain which was marginally viable before, becomes marginally unviable now. Now, I do not believe that there is a single Member in the House who disagrees with such a fundamentalist proposition. It is self-evident, surely, and that of course is the danger.

Now, people may say it is no solution to protect your country by altering your exchange rate, that will not make you rich. No, if you are inefficient, then you are poor, but if you are inefficient then you can have consequence A or consequence B according to

whether you alter the exchange-rate. Consequence A, which is the one which we have put up with in the past, is due to changing the exchange-rate: you retain your competitiveness with other countries and so retain more jobs on the island than you would otherwise have done. Consequence B arises when you do not alter the exchange-rate: your production becomes progressively less competitive and therefore you lose jobs on the island.

Now, I am not saying that it is inevitable that the difference in efficiency between Britain and Germany will get even worse than it is now, but there certainly is no sign that it is getting any better, and we therefore, in Britain and in the other countries which are open to this danger as well, have got to decide which of those two consequences we prefer. And it is a very serious thing to decide that we attach such importance to the fixing of the exchange-rate that we are prepared to say to our people, you will get a job, you will probably get a better-paid job, and you will be part of a more efficient productive method, but, of course, you will have to move from Coventry to Germany in order to get it. Now that is the fundamental truth of all of this. Here today we have had these grand illusions about creating the new Europe — by all means let us have it, that excites me as much as it excites anyone — but, for goodness' sake, do not let us conceal from our people that this is what is involved. After all, we are not inexperienced. Each of our countries is a monetary union, is it not? And which of our countries has solved the problem of regional depression? Not one. Of course not, because it is the very intended consequence of monetary union that you concentrate production where it is most viable and you lose it in the other areas. To say we shall have a monetary union in Europe, but then we shall have regional policies which will undo the natural and intended consequences of that monetary union, is trying to have it both ways, and none of us in our national monetary unions has ever managed to do it. So what makes you think that on the larger stage of the European Community, where the problems are greater, you will be able to do it? People are dreaming.

Now, if the peoples of the European Community come to identify themselves, not with their nation-states, but with the Community as such, then the position changes, because then they are prepared to put up with the relative depression in the part of the Community to which they belong in favour of the greater prosperity which will exist throughout the Community. But I just ask you, is it really the situation at the moment that there is that sense of identification with the Community rather than with the individual country? It will come about, and I shall welcome it as it comes about, but it is not something which you can create by passing directives in Brussels: it is not something which you can bring about quickly by any means whatsoever. And that is why, when we are doing these things, we ought to make clear to our peoples what disadvantages might occur.

Cunningham

References have been made — and I finish on this note — to there being a two-speed Europe, and that this is something that we have to avoid. There is a two-tier France, there is a two-tier Germany; every one of our countries has got well-off parts and badly-off parts, and that has resulted quite simply because each of our countries is an economic and monetary union. There is no way of avoiding that by means of regional policies; there is no amount of funds that can be put into the Regional Development Fund, even if the Germans were willing to pay the money, to undo the national consequences of monetary union, no amount which can possibly secure that transfer of wealth back to the areas from which you have almost automatically taken it by means of monetary union. Now if these considerations were more openly debated and if the peoples of our countries said yes, we know all that, we understand, but we are prepared to accept it for the greater unity of Europe, whether for economic reasons or for political reasons or for geo-political reasons or for military reasons and so on, if they accepted it then I too would accept it. But the reason for my scepticism is that I see no sign at the moment that people are so prepared, and that being so, I feel that we are underplaying the dangers and leading people to believe that there is something good here which has no bad side to it. That is not the case, and the sooner we are honest with our peoples about that the better.

(*Applause*)

President. — I call Mr Notenboom.

Mr Notenboom. — (*NL*) Mr President, it now really looks as if the system for establishing a stable monetary zone in Europe is going to get off the ground. After talk of a limited success on 5 December because only six Member States decided to join immediately, the picture is now fortunately more promising. The Italian Government has decided to join; in Ireland they are still thinking it over and perhaps waiting to see what happens. However, it is still right, Mr Jenkins, to talk about a limited success. The credibility of the system does depend in part on the number of participating Member States. We Christian Democrats are therefore very glad at the decision taken yesterday by the Italian Government. The further implications of this for the Italian people have been clearly set out by Mr Ripamonti and Mr Cifarelli.

Credibility also depends on the political will to comply with the proposed system, and that is why this is only a beginning. When the system starts a daily finger will have to be kept on the pulse. The will of the Member States will have to be assessed regularly and must not wither away after the decisions on matters of principle which have been taken or are to be taken shortly.

There must be a lasting political will which must not stand or fall by one particular moment of agreement.

Nor must it be forced following any spurious promises which may have been made. That is a transient political will and does not represent real political determination. The result will depend on the continuing political will of the peoples and not just of governments, as the previous speaker said.

The Bremen decisions were taken on the basis of monetary considerations. That does not, however, mean that the coordination of economic policy is now to be of lesser importance. This coordination of economic policy was very clearly emphasized in Mr Müller-Hermann's resolution last spring. For exchange rates are not only a result of pursuing a particular policy but also a means by which a particular policy can be pursued or maintained. It is thus a matter of interaction. The 'snake' was system under which the day-to-day concern for stability was entrusted to the chairmen of the central banks, who were anyway in charge of intervention operations. The new system, however, is more than this: besides the elements of the snake mechanism, which have taken on a certain diversity in some countries, there is a further arrangement under which the governments are to keep their fingers constantly on the monetary pulse to see how a particular currency is faring in relation to the basket unit of account, the derived European currency, and possibly to intervene if the fluctuations threaten to become too great. This is a completely new element.

As to the assumption that action will be taken, we are not yet completely sure about this. I think that this is above all something that will have to be seen from experience, and that the first half-yearly review will have to be concerned mainly with this point. It is fairly clear, however, that this will not work of its own accord and that the governments — and from time to time the parliaments too — will have to keep a much closer watch on developments in their economies and on their relationship with the economies of the other Member States. That is a much more serious obligation with regard to the coordination of economic policy than we have had hitherto in the snake.

Greater and more deliberate pressure than hitherto will have to be put on the national governments to maintain the stability of their currencies and coordinate their policies. That will be an enormous task, and the primary concern in this must always be to keep the public informed, for they will have to bear the direct consequences.

The speculators are bound to try and attack the system. The short-term subsidies, however, are — fortunately — much greater than in the snake.

This plenary sitting is not the place to go into technical details, a number of which are still not completely clear. Not that technical details are unim-

Notenboom

portant, for I can think of no field in which technical points are as important as in monetary questions.

But this chamber is not the right place to discuss that now, as we shall have more opportunities later to examine the technical aspects with Mr Ortoli in the Committee on Economic and Monetary Affairs.

Ultimately this is not a matter of technicalities, instruments, governments or central banks but of the people of Europe, the workers this is meant to benefit: it is their chances of finding or keeping a job or of maintaining their income that are at stake. That is the question, for this monetary uncertainty is one of the main reasons for the insufficient economic growth and thus for unemployment and the reluctance to invest — albeit not the only reason. Therefore, I myself also support the first amendment tabled by Mr Hoffmann, which reflects the fact that there are various reasons for unemployment. But this is among the most important reasons: the fact that Europe had come to realize that this uncertainty about currencies affected the employment situation in so many ways was the impulse which ultimately led to the initial action being taken in Bremen — and for this we are very thankful.

However, you cannot get anything for nothing. An effort will have to be made; there will have to be discipline and solidarity — the two major concepts emphasized on behalf of our Group last month by my colleague Mr Müller-Hermann. Our views on this are still precisely the same.

Over the past few years there has also been a growing realization that not only do the weak countries need the strong, but the strong also need the weak. I should like to get rid of the misconception that there are at present in Europe black sheep and white — good countries and less good — strong and weak. That is not the way it is. Of course, there are countries where inflation is lower; there are countries with bigger reserves; there are countries where productivity is somewhat higher, but these in their turn have their own problems. We are fully in favour of solidarity, including financial assistance, but it is wrong to make out that this is simply a matter of turning on a tap. As if there were no national problems to be overcome here, as if there was no need to educate the public on this point, as if there was no need to maintain a certain level of political determination. There are also countries which come in between — I am thinking here of France. Presenting things in black and white just like that is something we must avoid. And it is not enough for us to be just enthusiastic either; we must also appreciate the risks of the system — risks which we must consciously accept.

Mr President, I must just say something about the origin of the system. We have criticised the fact that the Bremen initiatives derived from bilateral initia-

tives, although the ideas put forward by Mr Jenkins and Mr Ortoli played an important part in the background. Time and again, as the business proceeded, its bilateral roots were laid bare. We are indeed pleased at what appears to have been achieved, but this is really no way to set up a Community system.

All the bilateral contacts there have been between the Foreign Ministers and between heads of government illustrate the significance of this system.

That is right, and to that extent this is an important development, but it can also be an indication that what is being said to one party is being kept from the other. That is against the Community spirit, and this may well have been the reason for the hesitation by Ireland and Italy. I do not know. I just want to express the hope that the next important steps in this field of European development will be taken more in a Community spirit and less on a bilateral basis. All the same, I have great admiration and respect for Mr Schmidt's and Mr Giscard d'Estang's original initiative.

There is one remark I must address to Mr Genscher. Perhaps Mr von Dohnanyi will be so good as to pass it on. I listened with great interest to the statement by the President-in-Office of the Council and I must say that the German Presidency has certainly had some great successes, for which we are grateful. On one point, however, Mr Genscher was surely mistaken, for he said that the German presidency had seen the first experience of the consultation procedure with regard to the extension of Parliament's budgetary powers. There must be a misunderstanding here, for we have already had experience of the consultation procedure for a couple of years, and I am sorry to have to say that our experiences with it this year have not been of the best. It rather looks as if it is in something of a decline. That is not Mr Genscher's fault, but I feel it had to be mentioned.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, on very many occasions in the past six years, I have called in this Parliament for the setting up of a European monetary pact, and now at last we have one. The German Government is to be congratulated on the progress which has been made towards adopting an agreement which, we hope, will now help us to run our multicurrency system on more civilized lines.

It is to be regretted that the divided minority government in Britain in its dying months has chosen to vacillate for internal reasons about Britain's joining, but that will not greatly hamper the new system, and the risk of creating a two-tier Community has happily been avoided. The Community is now beginning a period of pre-union in the monetary field. That is all.

Sir Brandon Rhys Williams

How much further will we go from here? — While we try to continue with economic nationalism, not very far. This Parliament therefore has a special responsibility to press for the essential institutional changes, for collaboration at official level and for the conscious, decisive Community guidance of national economic and monetary policies as an act of determined and continuing political will for the sake of rich and poor alike.

(Applause)

President. — I call Mr Ryan.

Mr Ryan. — Mr President and colleagues, I am intervening at this stage of the debate because, although, quite rightly, a considerable amount of attention has been devoted to the Italian position, which is one of great encouragement, I want, both as a Christian Democrat from Ireland and as a complete supporter of the European Monetary System idea, to declare that I consider it is very encouraging for Ireland that representatives of all countries and of most parties in this Assembly have declared their support for Ireland in joining the EMS. I am certain that it is right that Ireland should do so, because by doing so Ireland will at long last be able to avoid the automatic importation of some of the unhelpful influences which the present link between the Irish pound and the pound sterling brings with it. It will also give to Ireland the stability of the ECU, which, we consider, will be greater, for a variety of reasons, than the stability which previously has applied, relatively speaking, in relation to sterling.

Quite clearly, no member of the European Community wants to exchange one set of undesirable influences for another, if the new set is going to be as bad as, or even worse than, that previously experienced. But having regard to the encouragement which has already been given since the Bremen conference, I think there is every reason to believe that if all European countries join in the new system we can expect it to operate a lot more successfully than the old snake system. But of course, marriage needs a lot more to survive than young love! It needs a continuing readiness to give and take, and I think there has not been a sufficient readiness on the part of some members of the Community so far to give to the less well-off countries the kind of support which will be necessary if the system is to operate. Those who love the system should see the transfer of resources not as the giving of charity to people who inefficiently operate their economies, but as an absolute necessity, an essential condition to the survival of the European monetary system, because nothing could be worse for Europe now than for the EMS to fail. Mind you, there has been a certain disenchantment over the last few weeks! Let us honestly face it, that while there is a good objective in proposing the EMS, if the disenchantment since Brussels should continue, it might do untold harm to the whole concept.

In relation to the Brussels conference, I do not want to dwell too much upon it, but in the approach to it I think there was a great deal of foolish presumption and a lot of euphoric talk on the part of politicians and the representatives of some countries in particular; perhaps Ireland was the worst offender in that regard. At least at present, in relation to the continuing negotiations affecting Italy and Ireland, and possibly Great Britain, I think people are behaving in a more sensible way and there is, I hope, the possibility that as a result we shall have less euphoria and a more practical approach to the great opportunity for Europe which is presented by the EMS.

I would like to conclude on this note, Mr President. If the report is to be believed — and I haven't seen the report contradicted — it is unfortunate that at the Brussels conference the representative of France refused to permit the improvement of the Regional Fund for the transfer of greater resources from the better-off regions to the poorer ones, not because there was any objection to that in principle or because it didn't make economic sense — because it did and it was accepted that it made economic sense — but apparently because it would constitute a recognition that the European Parliament had been right all along in so arguing. Now it would be too bad, it would be disgraceful indeed, if the foundation and maintenance of the European Monetary System were to be put in jeopardy because of the chauvinistic attitude of any member country towards the European Parliament. We have already been discussing this week and shall be voting tomorrow on the issue whether or not the Regional Fund should be generously increased so as to effect a real transfer of resources, and I say with the greatest of humility to my colleagues that they will have the opportunity tomorrow of putting their vote where their mouths were today and of maintaining the stance that this Parliament has proposed down through the years and has specifically proposed in relation to the Regional Fund for the years from 1979 onwards.

(Applause)

President. — I call Mr Brown.

Mr Brown. — I would like to offer some remarks on my dissatisfaction with the President-in-Office's report on his year. It does seem to me that the past year has been epitomized by a greater willingness by the Council of Ministers to fight Parliament and on occasion to fight the Commission than to get down and look at the real issues facing them. How different things would have been, in my view, if the Council had shown the same energy and the same willingness to fight in pursuing common policies as they have shown and are still showing in fighting Parliament!

Brown

The whole situation regarding the Regional Fund is a classic example. If ever there was an opportunity for the Community to do something worthwhile, it was with the Regional Fund, with the inevitability of an increase in the Regional Fund to satisfy a very large need. But in fact we find the Council of Ministers just playing it down, attempting to fight it off, without really seeing the need for doing the important things. And it does seem to me that unless they are prepared to understand how important the Regional Fund is considered then they are missing the whole point. I do understand that the national governments have the duty of giving out the money that is voted from the Regional Fund, but take, if you will, my own constituency in London. The Commissioner very kindly came and saw it, and I think his general view was that whilst he had seen the same sort of deprivation in other parts of the Community, he had not seen it in such a great dimension as he saw it in London. The extraordinary thing is that out of the hundreds of millions of pounds that the United Kingdom attracts from the very small Regional Fund as it is today, London, my area, gets nothing — not a penny piece. Yet it meets every criterion laid down in the Regional Fund for disbursement from that fund. I don't blame the Commission for that. I don't blame the Council of Ministers for that. I blame my own country for that. Nevertheless, if the size of the cake was that much larger it is possible that London, so deprived as it is, could take some advantage from it.

Then when one takes the energy field, the absurdity is here that we can't seem to get an energy policy for Europe. We're all over the place. The best we can apparently do, and have done in the last twelve months — six months of the United Kingdom presidency and six months of the German presidency — is to aim at some common coal policy. And it looks as though it will have exactly the same fate as the common agricultural policy, because it is designed on exactly the wrong system. Therefore I beg of the President-in-Office: don't, for heaven's sake, go on down that road. I keep saying this at energy committees. I say it to the Commissioners. I say it to everybody I see and who will listen to me. I think you are wrong, fundamentally wrong, to try to carry out in coal what you are doing in agriculture. It will be a disaster if you go ahead with it.

Then the transport policy, of course, is the same story. We can't form any sort of idea as to what we want. We are spending our time on tachographs, as though that were the great issue of our time. We are even going to court on it, when in fact, in my own country — and not only in my country but in all the countries of Europe — the people are suffering from bigger, dirtier, noisier juggernauts, and we seem to nothing about it. We seem to have no policy on it all.

Then we have the Channel tunnel. What a challenge that is for the Council of Ministers! Why are they not

getting down to work to see if we can get that Channel tunnel going, to the great advantage of the Community as a whole?

On what I am being told today by the President-in-Office, that there has been a need for three wise men for all these problems, I can only comment that we shall all finish by being wise men! We have had experience of them in my own country. We have had wise men there. We shall want three wise men to make the decisions, and a further three wise men to look at the three wise men, and another three to look at the three who looked at the three — in short, it is no solution to find your three wise men.

I only make one brief comment on what my colleague, Mr Cunningham, said. I do support his view that Mr Rippon's comments were intemperate and rather silly, if I may say so, and far below the standard one expects of him as a former Cabinet minister. But I would say this to my colleague. He characterized his scepticism by pointing out that if you stop the exchange-rate being changed in some way you pin down one element of your armoury and it means inevitably that other things go wrong. But I can only say to my colleague that if you keep changing your exchange-rate, things go wrong too because at the end you are pricing yourself out of the market, and you can't go on doing that all the time. So somehow one has to find a solution in which at the end of the day, on examination of the system, some elements will be shown to be more advantageous than others. There is no total gain. What we have to define somehow, somewhere, is a monetary system in Europe which, in the end, will give the maximum advantage to Europe as a whole, at the same time ensuring that one or more of the individual nations are not going to suffer to a greater extent than is necessary. That is the dilemma. That is the challenge. I hope the Council of Ministers during the next twelve months will be able to show much more endeavour, and much more political willingness, to come to some solutions and conclusions than they have done in the past twelve months.

(Applause)

President. — Mr Jenkins presents his apologies for having had to leave. He is on his way to the United States on an official visit.

I call Mr Ortoli.

Mr Ortoli, Vice-President of the Commission. — *(F)* Mr President, at the end of such a long debate I shall limit my reply to one specific point, namely the motion for a resolution tabled by the Committee on Economic and Monetary Affairs. I shall not discuss the very lengthy list of questions of a technical nature which has also been presented and which covers 14 points relating to all the various aspects of the system. I do not think this is the moment to go over these 14 points, but I am, of course, at the Committee's disposal to discuss them when the Committee wishes.

Ortoli

I do not need to dwell on this question as Mr Jenkins has set out in perfectly lucid fashion the Commission's assessment of the machinery that has been set up. I think that the motion for a resolution as presented to us — I have not had time to see all the amendments — well reflects the spirit of what the Commission, via Mr Jenkins, has had to say.

I should like, however, following Lord Ardwick's statement and the other speeches I have heard here, to take up two or three points which seem to me to be of real importance. There has been much talk of a two-tier Europe, and I need hardly say — it is after all obvious — that the best way of avoiding a two-tier Europe, particularly when major proposals are involved, is for as many countries as possible to take part in whatever system is to be established.

This is a point that has been made by several speakers and which I endorse. But I would go further and point out, as the President of the Commission said, that it is very important in this context that the system as set up is a Community system, i.e. a system whose principles, objectives and mechanisms are accepted by the nine Member States.

That does not mean that at present they all feel in a position to join. One sometimes wonders whether it would be possible to go further, or to proceed in a different way from what has been proposed. However, the mechanism as defined in Brussels has been accepted by all. That is the first guarantee that the system will be of a Community nature. The texts will be texts accepted by the nine Member States and they have already been drawn up in Brussels.

The second point is that, as a Community system — i.e. one approved by the nine Member States, even if not all of them can take part — the system guarantees that the Commission in particular will be present in the various management bodies and at all stages of the operation. That being so, the Community institutions, and especially the Commission, will be able to intervene — as is their duty — to protect the interests of all. I would add that, apart from the various aspects of how the system is to be managed, the course which has been decided jointly, the joint recognition of certain problems, also guarantees that all the Member States, in fields which do not directly come under the monetary system but are indirectly very closely involved with it, will contribute to ensuring the basic conditions for it to succeed.

My third point takes up a number of elements which have been stressed by nearly all the speakers. Some have expressed satisfaction, others are wondering about hidden aspects of the Brussels communiqué. The new system is not a simple exchange agreement. It is not just a monetary agreement, nor just a matter for central banks. It is a monetary system which, in both economic and institutional terms, implies much

more than the snake did. On this point Lord Ardwick was particularly clear just now, and I can but endorse the analysis he gave, which seems to me very accurate.

That also means that — as I have already stated here on two occasions, this being our third debate on this question — we regard monetary resolve as implying economic resolve and the convergence of policies. I would stress — and I am profoundly convinced of this — that it is above all a question of achieving optimum growth. Indeed, I seem to remember saying here, the first time we debated this, that the real purpose of the system aimed at monetary stability is to achieve lasting growth with minimum inflation.

That, in fact, is the great objective. That is really what we must work towards.

In this respect the divergence indicator represents an important innovation. This is not only because this indicator makes certain things automatic, but also because it implies political acceptance of the possibility of tensions. These tensions must be seen in relation to what causes them, and effective means must be established of reacting to them.

There has been much talk of political will: it is this political will, supported by the day-to-day work of management, that it will be difficult to ignore. You may take a different view, and give good reasons for doing so, but if after a certain period it should turn out that these ideas — i.e. those which were basically accepted by the nine Member States when they took the decision in Brussels — were not being carried out, then we would be faced with the political reality of the system and the commitment that it implies to implement all the conditions I mentioned just now. It thus seems likely that discussions — apparently on technical matters but which, fundamentally, commit us to certain objectives, certain means and a certain method — will in fact open the way — I believe, I hope and the Commission will do all it can to ensure that this happens — for the monetary aspect of the system gradually, from day to day but as a continuous process, to engender the conditions and economic means it needs.

Besides this inherent economic aspect of the system, it should not be forgotten that there is another aspect which was only mentioned in general terms in the Brussels communiqué but is of essential importance: that is the fact that, quite apart from any monetary system, we are involved in a process of concerted, convergent action with its own machinery — which needs to be improved, it is true — designed to enable us each year to make an assessment of the problems, the difficulties, the policies that each government wishes to pursue, the possible room for manoeuvre and, if I may go so far, the state of dynamic convergence, or in other words the convergence of policies, the aim of which is to maximize — or, as Mr Pisani said just

Ortoli

now, to optimize — the action taken by each of the Member States.

If we take all this into account, the system with which we are faced takes on a completely different aspect, much more complex, much more immediate, more everyday and much more political than a simple monetary system. This is something of which I am convinced. Of course, you are at liberty to believe that the Community does not want what it says it wants, you can believe if you like that the heads of state and government meet to think up empty phrases. Personally, I do not think so. On the contrary, I think they have shown a proper appreciation of what is at stake. It is of course up to the Commission, the Council of Ministers and Parliament, each in its own way, to give life to this system in its entirety. I have attempted to describe this entirety as best I can, thus replying in particular to Lord Ardwick and the Committee on Economic and Monetary Affairs which, in different terms, has always maintained the views I set out just now.

(Applause)

Mr von Dohnanyi, *President-in-Office of the Council*. — (D) Mr President, I should like to start by saying I am sorry that I could not be here this morning, when I was at a Cabinet meeting, and I may thus repeat one or two things that have already been said in debate. I hope you will appreciate this.

Firstly, I should like to comment on some of the questions raised. Mr Hoffmann asked about Mr Genscher's remark — which I did not hear myself — concerning the significance of the Ortoli facilities in this context. What I think Mr Genscher meant is that the extension of credit facilities naturally gives the EIB a chance to increase the transfer of resources and that this should thus naturally be seen in relation to the future of the EMS. Mr Ansquer then asked about the prospects for eliminating the compensatory amounts and the so-called green currencies. This question is among those to be discussed again, in the light of what is in the agreements, on 18 December in the Council of Agriculture Ministers.

Finally, Mr Notenboom referred to certain aspects of how the system originated. In reply, I would say that it is never possible with developments such as this to establish for certain how the idea crystalized. I do not think it is right to talk about a primarily bilateral initiative here. Important stimuli came, at the beginning, from the Commission, and there was the attempt at far-reaching concerted action, for which, in view of the continuing national economic responsibilities in certain fields, there is still always likely to be scope in the future as a result of personal discussions. I thus cannot regard this in any respect as posing a threat to the future development of Europe.

Mr President, I should now like to make two points which strike me following this debate. Firstly, on the

principles underlying the development of the European Monetary System and the basic idea behind this. Once again, I have gathered here — and I think this is worthy of note — that all Groups have great hopes for the continuing intensification of relations between the individual Member States of the Community in the future and with this in mind — I am thinking here in particular of what Mr Bordu said — regard it as essential for this system to have the necessary freedom. If, however, — I say this in reply to the criticism that has come from this side of the House — such a system is to be set up in an atmosphere of freedom, then that also means freedom of movement, that also means open borders, and that leads to the need for a system which must by its nature constantly attempt to adjust and regulate itself. Therefore, I think, it is not possible to have your cake and eat it — to have a fundamentally free, united Europe and to reserve the right to take all individual decisions at national level. That is a contradiction in terms, and anyone who does not see this contradiction or consciously ignores it will be incapable of laying any sound foundations, or of contributing to the construction of a united Europe.

It must, however, be recognized that this extension of freedom in the Community, the freedom of trade in goods, will clearly not be without its problems. In other words, the structural change, which is in any case being felt in the world economy, is bound to be speeded up rather than slowed down by open borders in the Community, as is already becoming apparent. I would stress that that was and is also part of the aim of an enlarged market, namely to open the way to increased productivity for the benefit of consumers and ordinary people in Europe. There is no doubt, however, that this structural change must also be seen in the context of the transfer of resources. It would perhaps be wrong — I say this on behalf of the Council — to underestimate the extent to which the transfer of resources is already taking place, and no-one would deny that this is a further task.

Mr President, ladies and gentlemen, in connection with this Mr Cunningham said some very basic things about the logic of the European Monetary System, and I should like to relate this too to my basic point, namely the question of whether it is possible to have a European Monetary System with a unifying effect and at the same time make the stipulation that we must keep certain national intervention measures for ourselves. Now Mr Cunningham said that in future the adjustment of exchange rates would not be made in the same way as before and that — if I understood correctly — this would lead to a handicap for those who currently have lower productivity.

Mr Cunningham, I should like first of all to point out that in paragraph 3.2 of the agreement — which in fact represents the system accepted by all heads of government, all the members of the European Council — specific reference is made to the adjust-

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ment procedure, i.e. the possibility is not excluded that adjustments will be made in the future, but an attempt is simply made to coordinate this process of adjustment in a European way.

I should like, however, to say a word of caution about our being content with historical comparisons, particularly in view of the fact that at present within the Member States — which after all present monetary units — there are still regional differences, so that it would be wrong to conclude that creating a unified monetary system will in itself lead to the elimination of regional differences. Your reasoning is clearly valid to a certain extent; it is just that one wonders whether the creation of a unified monetary system cannot also contribute to removing regional imbalances.

Then again, I would think that a hundred years ago the regional differences in the individual countries were greater than today and that despite all the differences we still have the unity of the economic system, together with a deliberate policy of equalizing resources within this system — but above all, I think, this unity itself — has meant that the gap, which was previously much more noticeable than today, has narrowed. I believe, therefore, that with increased unification of the monetary system we in the European Community are making progress towards regional balance, although, as has been recognized, this must be supplemented by the transfer of resources.

I do not intend, Mr Cunningham, to answer as it were tit for tat and say that we had the lowest rate of unemployment in the European Community at a time when we had fixed exchange rates, i.e. before 1973. That would be a natural response, to prove that we only needed to return to fixed exchange rates in order to end the present unemployment. That would clearly be too simple, but it seems to me your remark was also too simple to provide a justification for keeping exchange rates infinitely variable with the aim thereby of compensating for the varying degrees of competitiveness between the Member States.

Mr President, I now come to my second point. This relates to what, to my regret, Mr Brown said — to my regret because the German Presidency, like previous presidencies and, I am sure, the next presidency will do the same, has endeavoured to cooperate closely with Parliament. I at any rate was somewhat taken aback to hear, Mr Brown, that you have the impression that in the last six months the Council has essentially concentrated its efforts — if I understood you correctly — on fighting Parliament. I have not detected any such mood in the Council, and while there may well be various views in the individual Member States and — if I may say so — different individuals may have various opportunities of speaking with people who have differing views on the European Parliament, there are also, here in Parliament,

various opportunities for carrying on such discussion with the national governments. In the Council, however, there has been no sign of any such attitude of confrontation with Parliament. You are, of course, right, Mr Notenboom, that the consultation procedure was not adopted during the German Presidency but we have perhaps for the first time felt — if I may say so — the full burden of the four consultation procedures which we have, patiently and with demands on your patience too, endeavoured to resolve. I admit, we have not yet succeeded, but still there has not been the confrontation described by Mr Brown.

On the contrary, Mr President, since this point has been raised by members or a member of this House, I should like to take this opportunity of thanking the honourable Members and the Bureau for the patience that Parliament has shown over the past six months — at least as far as I am concerned.

President. — I note that there are no more requests to speak. The motion for a resolution and the amendments tabled to it will be put to the vote during voting time this afternoon.

The debate is closed.

The proceedings will now be suspended.

The House will rise.

(The sitting was suspended at 3.15 p.m. and resumed at 3.25 p.m.)

IN THE CHAIR : SIR GEOFFREY DE FREITAS

Vice-President

President. — The sitting is resumed.

7. Urgent procedure

President. — I have received from Mr Klepsch and others, on behalf of the Christian-Democratic Group (EPP), with a request for urgent debate pursuant to Rule 14 of the Rules of Procedure, a motion for a resolution on the dissolution of trade unions and the violation of human rights in Chile (Doc. 519/78).

The authors base their request for urgent debate on the fact that it is shortly to be decided in the United Nations whether or not to renew the mandate of the *ad hoc* group appointed to follow the question of violations of human rights in Chile.

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

8. Question Time

President. — The next item is the second part of Question time (Doc. 501/78). We shall first take the questions to the Council.

Question No 32, by Mr Dalyell :

President

Since November, what action has the Council taken with regard to non-utilization of appropriations for payments from the Social and Regional Funds, as illustrated in the report on the Financial Situation of the European Communities on 30 June 1978 recently submitted by the Commission to Council and Parliament, and what action does it plan to take?

Mr von Dohnanyi, *President-in-Office of the Council.* — (D) I can inform the honourable Member that the degree of utilization of appropriations from the two funds has improved since October. However, the situation is still not satisfactory, and we must try to get the appropriations made available more quickly. I would point out, in this context, that the delay in adopting the basic Regulation on the Regional Fund — and this is connected with the concertation procedure between Parliament and Council — is one of the factors impeding the flow of funds. There are a number of projects which could be financed once the Regulation has been adopted.

Furthermore, I would remind you of the statement made by Mr Tugendhat before the European Parliament on 24 October to the effect that the Commission intended to submit a detailed report on this problem to the European Parliament's Control Subcommittee. It is on the basis of this report and in the light of the degree of utilization of appropriations at the end of the financial year that this problem must be examined anew and the most appropriate solution sought.

Mr Dalyell. — The answer reveals that the German Presidency has gone about this deep-rooted problem in the serious way we would expect of them. Is Mr Dohnanyi aware that none of us are silly enough to expect that he can wave a magic wand and do away with the problem? Could we ask him whether he is prepared to talk seriously to his French successors, because this is one of the situations where the rotation of the Presidency could have its disadvantages, and could he explain to the French that it is a matter of considerable urgency and urge them to tackle it as seriously as the Germans have done? And may I give notice to my colleagues that in January and February I shall be taking time off from the important referendum in Scotland to come to the Parliament to put the same question?

(Loud laughter)

Mr von Dohnanyi. — (D) I think it goes without saying that my French colleague takes this matter just as seriously as we do. In fact, he is here today, and this shows just how seriously he is taking the French term of office. We shall certainly pass on our experience on this question to our French successors, and my colleague has now been given advance warning that he will not be able to escape your questions.

(Laughter)

Mrs Kellett-Bowmann. — Would the President-in-Office not agree that the failure to agree on the terms of the new Regional Fund Regulation inhibited a number of inquiries and requests for aid which are now coming forward? Would he not further agree that more must be done to ensure that national governments use the aid from the Regional and Social Funds fairly to give additional help to their regions?

Mr von Dohnanyi. — (D) Mrs Kellett-Bowman, I agree completely that the various possibilities must be taken into consideration in regional policy, and that, if aid is to be made available for structural policy from the Regional Fund, this must naturally be coordinated with the national measures.

President. — Question No 33 is postponed to a later part-session.

Question No 34, by Mr Seefeld:

Can the Council state the reasons why the negotiations on the accession of the Community to the Mannheim Convention and its participation in the work of the Central Commission for the Navigation of the Rhine have reached deadlock, and also which Member States have expressed misgivings, together with the nature of these misgivings?

Mr von Dohnanyi, *President-in-Office of the Council.* — (D) It has not been possible to date to undertake negotiations on the question mentioned by the honourable Member. At its meeting on 23 November 1978, however, the Council adopted, on the basis of a proposal from the Commission, a decision on the adoption by certain Member States of the Community of an Additional Protocol to this Convention. The Council also instructed the Permanent Representatives Committee to examine in greater detail that part of the proposal which had not yet been settled. This part includes in particular the questions regarding a mandate to be given to the Commission concerning the possible accession of the Community to the Act of Mannheim. Furthermore, in accordance with the rules it has always followed, the Council cannot give details of the positions adopted by the various Member States within the Council.

Mr Seefeld. — (D) Can I therefore assume that one of the reasons why no mandate has yet been given is that the value of the Mannheim Convention in relation to the common transport policy has not yet been fully established? Is it also true, Mr President-in-Office, that some of the Member States feel that the Mannheim Convention should first of all be revised — changes, for instance, in the charges per kilometre, in fiscal harmonization, in price policy and in capacity policy — and that the Community cannot accede to the Convention until this has been achieved?

Mr von Dohnanyi. — (*D*) Mr Seefeld, it is easy for me to say that some of the points you have mentioned are related to the fact that the Council has not yet reached a final decision on the accession of the Community to the Mannheim Convention, but I would not like my reply to be taken as confirmation that all the points you listed are involved.

President. — As its author, Mr L'Estrange, is absent, Question No 35 will receive a written answer.¹

Question No 36, by Mr Broeks:

Does the Council share the view that, as the directly elected Parliament will be a direct continuation of the present Parliament, the provisions of Article 138 (3) of the Treaty of Rome have now been satisfied and that the only modification to this Treaty has been to the number of Members referred to in Article 138 (2), and that, consequently, all the rights and obligations of Parliament may be determined only by Parliament itself?

Mr von Dohnanyi, President-in-Office of the Council. — (*D*) The Act of 20 September 1976 concerning the election of the representatives of the Assembly by direct universal suffrage in no way alters the powers conferred on the Assembly by the Treaties. The Council would also point to the second subparagraph of Article 4 (1) of the EEC Treaty — and the corresponding Articles of the ECSC and EAEC Treaties — which states that:

Each Institution shall act within the limits of the powers conferred upon it by this Treaty.

Mr Broeks. — (*NL*) Let me first of all point out that there is a lot of talk about the new, directly elected Parliament, but it is not going to be a new Parliament at all — it is a continuation of the old Parliament. Can Mr von Dohnanyi now tell us whether Parliament has the right to fix its Members' remuneration and pensions — particularly as regards wives and children? Can this Parliament settle such matters as travel and accommodation expenses and compensation to Members who are not re-elected? And if not, what are the Council's grounds for thinking that this will have to be done by another institution?

Mr von Dohnanyi. — (*D*) Mr Broeks, I said that Parliament, as it is at present composed, has the powers conferred upon it by the Treaty, and it can act within the limits of these powers.

Moreover, the Act on direct elections involves certain legal consequences such as those contained in Article 13 of the Act. You can hardly expect the President-in-Office of the Council to interpret Parliament's powers in the way you have suggested. I can only refer to the powers conferred by the Treaty.

Mr Eberhard. — (*F*) Does the Council not think that the statements made by certain Heads of State — particularly Mr Schmidt and Mr Thorn — on the increased powers which the directly elected Parliament will be demanding are in conflict with the Treaties and with the French electoral law, which states explicitly that the election of the Parliament by direct universal suffrage will in no way alter its powers?

Mr von Dohnanyi. — (*D*) Mr Eberhard, I am not aware of any statement from any quarter whatsoever to the effect that the directly elected Parliament will depart from the basis of the Treaties. The question is sometimes one of a difference in interpretation between the Council and the Parliament. We have gained a certain amount of experience in such matters, for instance with the concertation procedure, and I therefore do not quite understand your question. As far as I am aware, neither Mr Thorn nor Mr Schmidt has said anything about Parliament's departing from the basis of the Treaties.

Mr Mitchell. — I would like to ask a very precise question. Which section of the Treaty gives the Council of Ministers the right to settle the salaries of the new Members of the directly-elected Parliament?

Mr von Dohnanyi. — (*D*) I referred before to Article 13 of the Act on direct elections, and in this context there are certain legal principles for consultation between Parliament and the Council and certain legal principles for decisions, but this is only one aspect of relations between Parliament and the Council, and we do not have to exhaust every legal opportunity in every single case.

Mr Brown. — In order that we could understand more clearly what the President-in-Office is saying, could he read Article 13 for us, because there is some dispute as to whether his interpretation of that follows the interpretation that some of us have been placing on it?

(*Laughter*)

Mr von Dohnanyi. — (*D*) I do not have Article 13 in front of me, but perhaps, Mr President, I can come back to this in connection with another question when I have this Article available. However, Mr Brown, I do not think that quoting this Article will change anything as regards what I was trying to say about applying legal principles.

(*Laughter*)

Mr McDonald. — Does the Council really think that it has the power to set the salaries of the directly-elected Members of Parliament in such a manner that some Member sitting in the House will be paid at a rate five times as high as the guy sitting next door to him? We are used to this imbalance if we talk about

¹ See Annex

McDonald

regional imbalances, but why bring it into the centre of the House ?

Mr von Dohnanyi. — Let me repeat that there are certain legal principles for fixing the salaries of the Members of this Parliament, including Article 13 of the Act, as I said. I would also repeat, however, that the solutions to be found in this context need not necessarily involve exhausting all the legal possibilities available.

Lord Bessborough. — Surely, even if he hasn't got the article before him at this moment, would not the President-in-Office agree that there is nothing in Article 13 which says that the Council may fix these salaries ?

Mr von Dohnanyi. — (D) I can now reply by quoting Article 13 of the Act of 20 September 1976. It runs as follows :

Should it appear necessary to adopt measures to implement this Act, the Council, acting unanimously on a proposal from the Assembly after consulting the Commission, shall adopt such measures after endeavouring to reach agreement with the Assembly in a conciliation committee consisting of the Council and representatives of the Assembly.

This is what I was referring to before, and this literal quotation is my reply to the question I have just been asked.

Mr Yeats. — Insofar as the Council claims the right under Article 13 to fix the salaries of the Members of the directly-elected Parliament, will the President-in-Office agree that, in fact, the Council have as yet taken no decision whatever and the matter is still an open one ?

Mr von Dohnanyi. — (D) I can confirm that.

Mr Sieglerschmidt. — (D) Is it not the case that your interpretation of Article 13 is one thing and the Council's views on the Article another ?

Do you not feel that this interpretation is legally very risky and in any case very unparliamentary ?

Mr von Dohnanyi. — (D) Let me say first of all that I did not give any interpretation — all I did was read out Article 13. The only interpretation — if you can call it that — which I added was that, as regards certain decisions closely concerning Parliament and the Council, it was not absolutely essential to exhaust every possible legal channel. I hope you will not call such an attitude unparliamentary.

Lord Bethell. — I listened very carefully while the President-in-Office was reading out Article 13. Would he not confirm — as a matter of fact, not as a matter of interpretation — that there is nothing whatever in that Article concerned with the salaries of directly-elected Members ? Nothing whatever !

Mr von Dohnanyi. — (D) What it says is : 'Should it appear necessary to adopt measures to implement this Act'. I would repeat that it is not essential to go through legal channels alone in order to reach agreement on this issue.

(Laughter)

President. — As its author, Mr Dondelinger, is absent Question No 37 will receive a written answer⁽¹⁾.

Question No 38, by Mr Bordu, for whom Mr Eberhard deputizing :

Can the Council describe the numerous forms of pressure being exerted by the United States during the multi-lateral trade negotiations in Geneva ? Has it given Commissioner Haferkamp specific instructions to resist this pressure ?

Mr von Dohnanyi, President-in-Office of the Council. — (D) In any negotiations, and particularly in the final stage of important negotiations, each partner strongly defends its positions in order to obtain the compromise which is best for its particular interests. The Geneva negotiations are no exception. There is no reason to be surprised or to feel upset. The Commission has clear and detailed instructions for these negotiations in the directives approved by the Council. The directives provide in particular that the final outcome of the negotiations must be both substantial and balanced, that the negotiations should form a consistent whole, and that the outcome of the negotiations should be assessed by the Council in terms of all advantages and concessions in the various areas of negotiation. The Council is following the negotiations closely. Only yesterday we had a long meeting on this question, and we are committed to achieving these aims. The Community is therefore defending its own particular interests just as strongly as its partners. I would remind you particularly, by way of example, of the position adopted towards the United States on countervailing duties, when the Community stated quite clearly that it could not see its way to concluding the negotiations unless the American Congress extended the waiver to the Trade Act. I would add that the Community thinks there is still a considerable effort to be made if the desired balance of results is to be achieved, as we do not feel it has been so far. After the Council meeting yesterday we made it quite clear that the Commission should continue the negotiations with a view to achieving such a balanced outcome.

Mr Eberhard. — (F) Quite so. The Commission met yesterday and submitted to the Council a draft

¹ See Annex

Eberhard

agreement in which it 'undertakes to tighten up its subsidy policy'. What was the Council's attitude? Does this represent an attack on the Common Agricultural Policy?

Mr von Dohnanyi. — (D) Certainly not, Mr Eberhard. I would say it is one of the major successes the Commission has achieved in its negotiations to date that our partners have been left in no doubt that we will stand by our Common Agricultural Policy. They are under no misapprehension on this point.

Mr Fitch. — The Council has said that negotiations can only be concluded when the US Congress votes to extend the waiver. Does this not mean that the date of finalization of the agreement is being left in US hands?

Mr von Dohnanyi. — (D) That is essentially true. If we do not manage to get the waiver extended, we will not be signing any agreement.

Mrs Dunwoody. — Is the President-in-Office really saying that he intends to do absolutely nothing about the grossly unbalanced attitude of the Community towards the exports under its own agricultural policy, whilst he is going to ask the Americans to make very considerable concessions? If that is the case, does it not occur to him that as a trading bloc we shall be the people who suffer?

Mr von Dohnanyi. — (D) It is perhaps worthwhile pointing out that the United States has a considerable surplus in its trade in agricultural produce with the European Community.

I therefore cannot imagine that the export subsidies for European agricultural produce, to which you referred, are any larger than those in the United States. In fact, the United States is at a considerable advantage in this very sector, and will thus have to make the necessary concessions to the European Community.

Mr McDonald. — Can the President-in-Office assure the House that in the concluding GATT negotiations every effort will be made to redress the severe imbalance of trade, especially in agricultural products, that the Community is suffering at the present time?

Mr von Dohnanyi. — (D) Certainly. The object of the negotiations is to achieve a balanced outcome, and this applies to agriculture as well.

President. — Question No 39, by Mrs Dunwoody:

Can the Council report on the progress achieved at its recent meeting relating to the draft directive on equal treatment for men and women as regards social security?

Mr von Dohnanyi, President-in-Office of the Council. — (D) At its meeting on 27 November 1978 the Council resolved the last outstanding problems and recorded its agreement on the whole Directive in question, which will be formally adopted in the very near future after legal and linguistic editing of the text. In view of the different situations in the Member States and the significance of the problems to be resolved, the Council feels that this agreement marks an important step towards the elimination of discrimination based on sex in the field of social security. The Directive which has been approved is the third in the area of equal treatment for men and women and applies to the working population as a whole; it relates to statutory schemes which provide protection against the risks of sickness, invalidity, old age, accidents at work, occupational diseases and unemployment as well as to social aid measures. The Member States are called upon to abolish within a maximum of six years any national laws, regulations or administrative provisions contrary to the principle of equal treatment. I would add that this represents a considerable task for the Member States. The Council also undertook to adopt at a later date, on a proposal from the Commission, provisions to ensure implementation of the principle of equal treatment in matters of social security in occupational schemes not covered by this Directive.

Mrs Dunwoody. — I must say I am only partially thankful to the President-in-Office, because after all that is an astonishingly smug reply. Why is it, quite frankly, that if this Community wants to do something which affects its commercial interests it manages to bring in directives or regulations which are applicable immediately but if it wants to do something about redressing inequality — particularly the inequality of treatment between men and women — it then gives a derogation of six years to the Member States? Because that is the reality of what the President-in-Office of the Council is saying: That the Member States will be given six years to come into line. And if he is going to say that mine is one of the countries concerned, all I can say to him is that he treats my government more leniently than I would do in the same circumstances.

(Laughter)

Mr von Dohnanyi. — (D) In the first place, this kind of harmonization legislation often requires very considerable preparatory work. You may think six years is a long time, Mrs Dunwoody, but there are other cases — even in the commercial sector which you mentioned — in which we have had to allow a long time for the harmonization, because the legislation involved major financial and other consequences. In any case, in view of the different situations in the various Member States, we must naturally allow a longer period of adaption to those countries which have furthest to go to achieve harmonization.

Mr Brown. — I am able to draw the attention of the President-in-Office of the Council to the fact that, as my colleague has said, he is offering six years to the United Kingdom to get into conformity with this rule. May I draw his attention to their still not paying twenty-five upstresses the rate for the job yet? I raised this matter two years ago in this Parliament, and so the United Kingdom, poor souls that they are, obviously need a great deal more than six years to get into conformity with this provision, since they cannot honour the ones they should have honoured years ago.

Mr von Dohnanyi. — (D) I think it is the practice here for the President-in-Office of the Council to comment on problems confronting the Council and the Community, but not on problems confronting one particular Member State. I therefore cannot reply to your remarks from here.

Mr Cunningham. — Will the President-in-Office accept that some of us do acknowledge that six years is a very modest time to make changes in the kind of laws that we are now talking about, but will he also confirm that the one subject that the directive shies away from is the most important in this field — namely, harmonization of the age of retirement in state pension schemes, and will the Council of Ministers be very receptive to the idea of progressive harmonization in this matter, aimed at a flexible retirement age system throughout the Community?

Mr von Dohnanyi. — (D) I agree fully with the first part of your remarks, and I think you echoed what I have been trying to say — namely that six years is in many respects a short, rather than a long, transitional period if the legislation really is to achieve what it is intended to achieve. As regards the second part of your remarks, you were quite right in pointing out that there are major problems in this sector too, and I am sure the Council will approach this question not only with the necessary care, but also presumably with the necessary patience.

Lord Murray of Gravesend. — Whilst having no hope of becoming an equal of my friend and colleague, Mrs Dunwoody, I would like to ask the President-in-Office whether the figure of six years that he is giving is a firm figure, and whether we are not going to have next year and the year after a further lengthening of that period. How firm a guarantee is he giving that it is six years?

Mr von Dohnanyi. — (D) This is a firm figure, but I admit that, in similar cases in the past, there have occasionally been postponements in individual Member States. However, if our cooperation within the Council can make any contribution, we shall try to ensure that this deadline is met.

President. — Question No 40, by Mr Lezzi:

What was the outcome of the Council's discussions at its recent meeting on the Commission proposals for Social Fund measures to combat youth unemployment?

Mr von Dohnanyi, President-in-Office of the Council. — (D) At its meeting on 27 November the Council approved the Regulation on the creation of two new forms of aid for young people from the European Social Fund, which will be formally adopted in the very near future. By creating this new aid, the Council intended to make a positive Community contribution to the effort to combat youth unemployment and in this way to respond to the appeal made to it by the European Council in Bremen on 5 July.

As from 1 January 1979 the Social Fund will be able to contribute to the financing of the following two aid measures for young people under 25 years of age who are unemployed or seeking employment: aid to promote the employment of young people in additional jobs to be created in economic sectors; aid to promote the employment in additional jobs which fulfil a public need and which would be created in particular by area authorities which fall between central government and local authorities, and by public bodies etc. with the exception of the State. Assistance from the Fund is to be calculated on the basis of an amount not exceeding 30 u.a. per person per week for a maximum of twelve months.

Mr Lezzi. — (I) Figures in our possession indicate that the Council is currently making available to young people under twenty-five years of age appropriations to the tune of 72 million u. a. When we were studying the Commission's proposals last May, however, the sum involved was of the order of 110 million u.a.

We are deeply disappointed with the measures aimed at combating youth unemployment, and I would therefore ask you whether, in view of the fact that the Commission's proposed distinction between the public and private sectors no longer exists, you consider that any such aid will at any rate be directed towards those areas where youth unemployment is higher than the Community average.

Mr Von Dohnanyi. — (D) To answer the last part of your question first, these funds will naturally be channelled into areas where youth unemployment is particularly serious. As regards the differences between the Commission proposals and the Council decisions, I would emphasize that this decision by the Council represents a major step forward in Community measures to combat youth unemployment. However, because of the considerable regional and sectoral variations, youth unemployment cannot be tackled exclusively — or perhaps even principally — by Community measures, and for this reason it must remain essentially a matter for the individual Member States.

Mr Mc Donald. — Can the President-in-Office say what success each of the nine member governments has had to report in the field of youth unemployment up to now?

Mr von Dohnanyi. — (*D*) It is impossible for me here to give details of the measures being taken in each Member State to combat youth unemployment. I can only stress that my experience in the Council is that all the Member States regard action against youth unemployment as a matter of primary importance. However, since the problems differ widely from region to region and sector to sector, I think any comparison of success would be invidious and of doubtful value.

President. — Question No 41, by Mr Kavanagh:

Has the Council examined the situation relating to the distribution of the burden of taxation within the Member States of the Community, and is it satisfied that the economic policies being pursued by Member States will bring about an equitable situation, necessary if the 'economic and social progress' and 'constant improvement of the living and working conditions', of the Preamble to the Treaty of Rome, are to become a reality?

Mr von Dohnanyi, *President-in-Office of the Council.* — (*D*) The Commission has not yet submitted to the Council any proposals relating to the distribution of the burden of taxation within the Member States. It should, however, be pointed out that the Council takes account of Member States' taxation policies when planning its economic policy. In this connection, it has frequently recommended taxation policy measures to the Member States because of their effect on general economic policy. In addition, the Council has begun the process of harmonizing tax structures, particularly for VAT and excise duties.

Mr Kavanagh. — Does the President-in-Office not agree that in several Member States the wage- and salary-earners bear a disproportionate amount of the tax burden, and would the Council not take measures to see that other areas of economic activity and other groups bear their fair share of the tax burden? And would the Council not now, in accordance with the sentiments expressed in the Treaty of Rome and mentioned by me in the question, take some action to see that this burden is more evenly spread?

Mr von Dohnanyi. — (*D*) There can be no doubt about the objective of tax harmonization, and the Council, as I said, has already taken considerable steps in this field. Nor can there be any doubt that inequalities exist, but it must not be forgotten that many of these look different in practice than in theory, since the comparison is made very difficult by the differences in the actual amounts levied in taxes and other deductions.

President. — As their authors, Mrs Ewing, and Mr Howell, are absent, Questions Nos 42 and 43 will receive written replies.¹

Question No 44, by Mr Bettiza:

Could the Council give the reasons for the delay in concluding the EEC-Yugoslavia cooperation agreement, which should enter into force on 1 January? Is it aware of the negative impact which any delay would have on public opinion in Yugoslavia in particular and Eastern European countries in general?

Mr von Dohnanyi, *President-in-Office of the Council.* — (*D*) At the beginning of October, the Commission submitted to the Council a Recommendation for the new negotiating Directives with a view to the conclusion of the new Agreement envisaged with Yugoslavia in the spirit of the Belgrade Joint Declaration of December 1976. At its meeting on 16 and 17 October, the Council undertook an initial examination of this Recommendation. At its meeting on 20 and 21 November, it worked out guidelines for the main problems involved in drawing up the new negotiating Directives to be given to the Commission, in an endeavour to meet the intentions expressed by the Yugoslav authorities. Discussions are currently going on within the Council bodies, and the outcome will be submitted to the Council at its meeting on 19 December.

Mr Bettiza. — (*I*) I am not wholly satisfied with that reply, since the President-in-Office does not appear to have indicated the reasons why the Council did not approve the Commission's mandate.

I should like a precise reply as to the reasons for this delay in the Council's approving the Commission's recommendations.

Mr von Dohnanyi. — (*D*) The reasons are to be found in the complexity of the question as regards both the form and the content in certain sectors, and I can assure you that the Council has devoted considerable attention and energy to both these aspects. Moreover, the Commission has also repeatedly revised its own proposals on this matter.

I therefore feel that both the Council and the Commission have done everything that could possibly be done up till now.

Mr Edwards. — Would the President-in-Office not agree with me that the good hard-working people of Yugoslavia are likely to be frustrated about our Community by the long delays in expediting an agreement, particularly as some of the reasons for not signing the agreement are very trivial indeed?

Mr von Dohnanyi. — (*D*) Mr Edwards, we are trying to make the difficulties clear to our Yugoslav partners

¹ See Annex.

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— and, through them, the people of Yugoslavia — but I will not deny that the impression you have indicated may well have arisen.

President. — As its author, Mr Ryan, is absent, Question No 45 will receive a written answer.¹

Question No 46, by Mr McDonald :

In its report on the situation in the milk sector, the Commission gives as one of its main aims the encouragement of the consumption of fresh dairy products.

Would the Council confirm that in some member countries the rate of VAT on fresh dairy products (e.g., yoghurt) is higher than the rate levied on products which are in competition but which contain little or no dairy fat (e.g., ice)?

Mr von Dohnanyi, President-in-Office of the Council. — (D) The Commission report on the situation in the milk sector was received by the Council on 25 September 1978. The report gives a picture of the overall situation in this sector, the main feature of which is a persistent increase in production, and sets forth various topics for consideration, including the subject of this question, viz. the encouragement of the consumption of fresh dairy products. This report has yet to be studied in detail before it is debated by the Council at one of its forthcoming meetings. The Commission has not yet put forward any new proposals on this subject.

Nor has the Council received proposals from the Commission on the harmonization of VAT rates, particularly in the milk sector.

Thus the Council, as it does not have available an exhaustive list of the VAT rates to which milk products are subject in each Member State, is unable to adopt a more formal position on the question put to it. Nonetheless, from information it was able to obtain from the Commission, it would appear that in no Member State is the VAT levied on fresh milk and yoghurt currently higher than that levied on milk products such as ice cream which contains less fat.

Mr McDonald. — Is the Council satisfied that the nine governments of the Community are doing all that existing directives permit and are making full use of all the aids available in the Community in the interests of a greater consumption of fresh dairy products?

Mr von Dohnanyi. — (D) Since the Council is faced with rising production and surpluses, efforts are being made in all Member States to increase the rate for milk products. Different measures have produced different results in different Member States.

Mr Scott-Hopkins. — It is incredible that in one state, Denmark in this instance, there should be a 20 % VAT on food, which includes the subject of this particular question. Would not the President-in-Office

accept that VAT on these sort of things is — if we want to get rid of some of the surpluses — quite monstrous, and would he not agree that the best way of dealing with the surplus is to encourage by all means, as has already been said, the consumption of dairy products and liquid milk, and that the Council is dragging its feet in this?

Mr von Dohnanyi. — (D) The Council is of course aware of this need, but it is also aware of the need to stop excessive production. The problem of surpluses will hardly be solved simply by increasing consumption.

Mr Cunningham. — Will the President-in-Office take every opportunity to make the point that he has just made over and over again? Because if the Community is producing too much in the way of milk and milk products, then the solution, surely, is to stop producing it rather than to force it down the throats of our peoples. Will the President-in-Office bear in mind that it is certainly desirable that there should be no excessive taxes on the consumption of milk and milk products, and that we should do everything we can to encourage the consumption of milk by children, but that to encourage the consumption of fatty products by adults is going very much against modern medical opinion and the right solution is to stop making the stuff, rather than to get rid of it after you have made it?

Mr von Dohnanyi. — (D) The individual Member States have used their powers to introduce measures to promote the consumption of milk, and I am sure that they have taken due account of the health factors you have just mentioned. This is the first time I have heard that milk is supposed to be unhealthy for adults — to my own horror, I might add, since I have to admit I have sinned considerably in this respect. As far as the VAT rates are concerned, I have already replied on that particular aspect.

Mr Prescott. — As it is accepted that there is a strong correlation between price and consumption of agricultural products, and as the President-in-Office believes that the EMS will increase currency stabilities, can he justify to this House why we are intending to continue with monetary compensatory amounts, which only encourage greater surpluses and higher prices in this particular field?

Mr von Dohnanyi. — (D) One must distinguish between what general stability policy can contribute to economic policy, and hence to agricultural policy, and the particular difficulties facing agricultural policy. The Community has taken measures — albeit still inadequate ones — to try to contain the surpluses in the milk sector, and it has taken particular account of the fact that this can only be achieved if prices are kept stable and the producers somehow assume some of the costs for the surpluses.

¹ See Annex.

President. — Question No 47, by Mr Flämig :

What progress has the Council made in carrying out the terms of the Parliament's Resolution of October 12, which called upon the Council of Ministers to adopt, as a matter of urgency, outstanding Commission proposals on Community energy policy in line with the declaration made by the European Council at its meeting in Bremen, and how far does the Council feel that Community measures are needed to reduce the Community's dependence on imported energy sources?

Mr von Dohnanyi, President-in-Office of the Council. — (D) In spite of its efforts, the Council has not yet been able to reach agreement on the Commission proposals referred to in the European Parliament's Resolution of 12 October 1978. At its next meeting on 21 December the Energy Council will be called upon to resume its examination of these proposals on the basis, in particular, of the Presidency's draft conclusions on Community measures to be adopted in the coal sector, i.e. the establishment of a system of aid for coking coal, for coal intended for thermal power stations and for the construction of electrical power stations using coal. These measures, which are intended to safeguard the Community's coal production with a view to increasing the security of its energy supplies, confirm, if necessary, the import which the Council attaches to the adoption of Community measures to reduce the Community's dependence on imported energy.

Mr Flämig. — (D) Without wishing to know whether the President-in-Office himself is satisfied with the extremely meagre results achieved so far, I should like to ask whether he feels that the recent events in Iran and the likelihood that OPEC will increase the price of oil are not further and convincing arguments in favour of the Council's finally drawing up a Community energy policy, with the aim of improving coordination of national energy policies and reducing — as you said — our dependence on imported oil.

Mr von Dohnanyi. — (D) I will answer the first question you declined to put. I am extremely dissatisfied with the results achieved so far in this sector. Despite this, however, it must be pointed out that we are faced with a particularly difficult task. You rightly referred to new problems which only serve to underline the European Community's international dependence in energy supplies. However, this is something we were aware of right from the start, and we must therefore continue to devote our energy to achieving an energy policy.

Mr Dalyell. — I should like to ask the Council to turn a benevolent eye to three of the Community's projects. Firstly, as a non-Italian, could I put in a plea for giving every possible support to Ispra? Those of us who have been to Ispra can see the good work that is

done there and, in the opinion of many of us who are not Italians, both for the sake of Italy and for the sake of the JRC, every help should be given to Ispra. Secondly, could a benevolent eye be turned to the whole question of uranium prospecting, and what the Community is doing, and not least in Greenland? And, thirdly, I don't want to be frivolous about it, but considering the climate, not only in Luxembourg but up and down the Community, and the changes that we are faced with, please don't cut the allocation to climatology! Some of us want it a lot.

Mr von Dohnanyi. — (D) As far as Ispra is concerned, there is already a programme in this sector, and a follow-up programme is being drawn up and will be submitted next year. The Community must undoubtedly make use of its research and development bodies in order to solve this urgent problem of energy policy.

As regards your other two questions, I can only refer you to what I said before. We have not yet made sufficient progress on these questions, but we are taking account of the factors you mentioned in our efforts to draw up a genuine Community energy policy. The Council cannot but be dissatisfied with the present state of affairs.

Mr Osborn. — I am glad the President-in-Office referred to the financing of coal stocks, intra-Community trade, and the encouragement to the use of coal in power stations. Would he not agree that if that encouragement were extended to countries that have been causing difficulties within the Council of Ministers and where coal does not exist, this would be more acceptable to them? Does he accept that this should not be a responsibility of those who have coal, in particular Britain and Germany?

Mr von Dohnanyi. — (D) The Council is taking account of this situation in its efforts to reach a compromise on these questions. I do not wish to anticipate the forthcoming Council discussions on 21 December, but I can tell you that the Council is aware of these factors.

President. Question No 48, by Mr Holst :

In the context of the negotiations on Spain's membership of the European Community, does the Council intend to urge that country to hand over persons who have been convicted in Community countries for offences committed during the Second World War but who obtained political asylum in Spain during the Franco period?

Mr von Dohnanyi, President-in-Office of the Council. — (D) The Council considers that the question does not come within its competence and therefore cannot be answered here.

Holst. — (DK) You will hardly be surprised to hear that I am profoundly disappointed with this reply. We are all aware that the people of Spain have recently reaffirmed their wish to introduce democracy in Spain and to safeguard civil rights. The President-in-Office and his colleagues on the Council will also be aware that many war criminals obtained asylum in Spain after the last war. I need only refer you to the 'Economist' of 11 November. This draws attention to an interview with a former French Nazi war criminal who shared responsibility for the deportation of 75 000 Jews. I regard it as unacceptable and unsatisfactory that the Council cannot tell us at this stage whether the negotiations on Spain's accession to the EEC will naturally also go into whether war criminals from the present nine Member States who have found asylum in Spain can be extradited for prosecution. The interview and article in the 'Economist' concern someone who has been condemned to death in one of the nine Member States. I regard it as totally unacceptable that the Council is not prepared to include this question in its consideration of the possible accession of a democratic Spain to the EEC.

Mr von Dohnanyi. — (D) I do not think there is any Member State or any member of the Council who would not endeavour to achieve the extradition of the person you have just referred to. The other aspect of the case, however, is that there are the competencies of the Council and the competencies of the individual Member States in their bilateral relations with Spain which can be brought to bear in the individual negotiating positions. While I cannot speak on behalf of the Council here, I can assure you that I do not think there is anyone who would not take steps to achieve the result you referred to.

Lord Bethell. Would the President-in-Office be prepared, perhaps, to answer this question if it were addressed to the foreign ministers meeting in political cooperation, rather than to the Council?

Mr von Dohnanyi. — (D) Even when the Foreign Ministers of the Member States meet within the framework of European political cooperation, they have to deal with problems which face them as a Community, but I shall take steps to ensure that this question is again submitted to the Foreign Ministers personally.

Mr Eberhard. — (F) Mr President-in-Office, like everyone else, I am deeply disappointed at your reply, since we are currently witnessing an upsurge in neo-Nazism and anti-semitism.

However, it is only in Spain — where there has been a change of government — that there is a new situation. The war criminal Klaus Barbie, for instance, has taken refuge in Bolivia. I should like to know whether the Council can take steps to obtain his extradition.

Mr von Dohnanyi. — (D) I am afraid I can only answer this question in the way I answered the two previous ones. If I may say so, you cannot pick and choose the competencies at will. You cannot have the Council responsible for matters which are not contained in the Treaties. However, that was a personal remark.

The same naturally applies to this problem as applies to the problems raised by the other Members — the Foreign Ministers will look into the matter again personally.

President. As its author, Mr Fellermaier, is absent, Question No 49 will receive a written answer.¹

Question No 50, by Mr Osborn :

How far does the view, expressed by the President of the Commission (at a speech in London on 25 September 1978 to the World Planning Congress), that society must become less dependent on the car and revert to public transport, reflect the view of the Council of Ministers, and what in his view would be the impact of promulgating such a policy on the European motor industry, employment in the industry and the general economy and economic activity?

Mr von Dohnanyi, President-in-Office of the Council. — (D) In its Recommendation No 495 of 4 May 1976 on the rational use of the energy consumed in urban passenger transport, the Council recognized the importance of the problem to which Mr Osborn's question refers. That recommendation suggested a number of measures which could, *inter alia*, have the effect of promoting the use of public transport. However, responsibility for any concrete measures lies at present with the Member States, and the Council is not in possession of information which would enable an assessment to be made of the impact of such measures on the industry concerned, the economy in general or the level of economic activity.

Mr Osborn. — Is the President-in-Office aware that the speech by the President of the Commission has caused considerable concern in the motor industry, which is not looking forward to the expansion that it had hoped to see? Even if one recognizes the shortage of oil, the rising price of oil, and the views of commissions and governments and advisors, there is still a tremendous demand from people in the Community to own their own cars and to control and own their own transport. Bearing in mind the provision of the President's own country for the car, the autobahns, which started a phase of interest in Europe, and the fact that the Minister himself is an enthusiastic and far-seeing transport expert, is it not time that the Council sought information from the countries concerned on alternative methods of propulsion, whether hydrogen or the electric car, to realize the desires of the population of the Community?

¹ See Annex

Mr von Dohnanyi. — (D) The technical innovations Mr Osborn has just mentioned are naturally discussed in the context of Community cooperation, and the cooperation is of course particularly close between the national industries in these fields. However, I do not think there is any contradiction between trying to reduce dependency on the motor car and enabling everyone to have a car for those purposes for which it is essential. There need not be any contradiction between the speech by the President of the Commission and the aim of enabling everyone to have a car if they want to.

Mr Dalyell. On this subject, is not the perennial question of the Channel tunnel coming back into favour as a serious proposition?

(Smiles, applause from certain benches)

Mr von Dohnanyi. — (D) This question has already been touched upon in the general debate on the statement by the President-in-Office of the Council. All I can say is that the question has been studied from various aspects. I do not have an up-to-date report on the discussions in the two Member States concerned, but I should be glad to send you this information if you wish.

Mr Prescott. — Could the President-in-Office confirm that one of the amendments rejected by the Council concerned money for the preparation of studies for the Channel tunnel? And is that not a good decision?

Mr von Dohnanyi. — (D) If I were to confirm that here, I should be doing so without proper information. If you say this is so, Mr Prescott, then I accept it, but I was not aware of the fact.

If the plans on which the project is based are not yet fully-fledged, the necessary funds naturally cannot be made available at this stage. I would repeat that this is a question to be settled between those Member States which are directly involved. I think you agree with me on this, Mr Prescott.

President. — We now proceed to the questions addressed to the Foreign Ministers meeting in political cooperation.

Question No 51, by Mrs Ewing, for whom Mr Edwards is deputizing:

Will the Foreign Ministers coordinate their policies on child labour with particular reference to the United Nations Declaration on the Rights of the Child and the ILO Report on Child Labour, which comments on the fact that very few States have ratified the ILO Convention on Minimum Age for Admission to Employment; and will they raise the matter as an issue in dealings with Third Countries?

Mr von Dohnanyi, President-in-Office of the Foreign Ministers. — (D) This question has not been discussed within the framework of political cooperation, and I am therefore unable to indicate any common position of the Nine on the problem.

Mr Edwards. — I am sure the President-in-Office will agree with me that there is an appalling state of affairs in the world as far as the employment of young children is concerned. I understand from an ILO report that 45 million children under the age of 14 are in regular employment: some of these children are under 6 years of age, and some of them are actually working 7 days a week in brickyards. Surely it would be part of our ideology, when negotiating trade agreements with Third World countries, to use our good offices to get some of these countries to sign the ILO Convention, and at least reduce to some extent the dreadful exploitation of 5% of the children of the world?

Mr von Dohnanyi. — (D) The Council shares Mr Edwards' concern, but the scope of the Community or of individual Member States for bringing our influence to bear is limited. While some Member States have ratified the Convention, others have not yet done so, and the Community as such is thus hardly in a position to include this subject in its negotiations, for instance on economic cooperation.

President. — Question No 52, by Mr L'Estrange, for whom Mr Ryan is deputizing:

What is the attitude of the Ministers to the possibility of 'all-party' talks in Rhodesia?

Mr von Dohnanyi, President-in-Office of the Foreign Ministers. — (D) It is not yet quite clear what the effect of convening an all-party conference would be. The foreign ministers of the nine Member States are agreed that a lasting solution to the conflict can be achieved only through negotiations. They consider that an all-party conference offers a genuine chance of getting the dialogue between the two sides moving again and preparing the way for a solution to the conflict. They are therefore in favour of such a conference being held as soon as there is any chance of success.

Mr Spicer. — But is not the President-in-Office living in a slightly unreal world, because he talks of this being the only realistic way forward? Is he not aware that the leaders of the outside forces have rejected any question of an all-party conference and that they will play no part in it?

Would it not be more realistic for the Foreign Ministers to put their minds forward a little to next year, when the six principals will have agreed, once elections have been held, and think how they are going to

Spicer

approach the United Nations and ask for the removal of sanctions following that internal settlement and the internal vote?

Mr von Dohnany. — (*D*) What happened was that, initially, it was the front-line states and, under their influence, the Patriotic Front who were prepared to accept the principle of an all-party conference, while only the Smith régime was against it.

(*Protest from some Conservative benches*)

It is true that the situation is now reversed. The front-line states are still prepared to attend an all-party conference, but they insist that Salisbury must first accept the Anglo-American proposals as a basis for negotiation. Mr Smith, on the other hand, regards his internal settlement as the basis for such an all-party conference. This is the current deadlock. I would emphasize that, while it may be worthwhile convening an all-party conference, it will not necessarily solve the problems. We would welcome such a conference if it provided a real chance of getting the dialogue moving again and paving the way for a solution to the conflict.

Mr Hamilton. — Will the President-in-Office confirm that Mr Cledwyn Hughes is still the British emissary in Africa trying to get these talks going in line with the Anglo-American agreement on this matter, and in cooperation with the Nine, and will the President-in-Office confirm that that policy is still supported by the Nine, because to suggest that the internal settlement can be agreed to by the Rhodesian people is in effect to be living in cloud-cuckoo-land, since free elections cannot possibly take place within the present situation of increasing guerilla warfare inside Rhodesia, which is the direct responsibility of Mr Ian Smith and his cohorts?

Mr von Dohnany. — (*D*) Mr Hughes has been in southern Africa since 27 November. However, I think he is right to refuse to make any statement on how his exploratory talks are proceeding, and I should therefore prefer not to say anything about what I have learnt confidentially on how these talks are going. Nevertheless, it is true that the proposed basis for discussion is the Anglo-American proposals and not the internal settlement, and that this basis has not yet been accepted by all those involved.

Lord St Oswald. — Is the President-in-Office aware that I was in Rhodesia a week ago and, in contrast to his reply to an earlier question, I found the people — both black and white — confident that an internal solution could be found, returning a black government under a black prime minister and a black president by 20 April of next year?

Mr von Dohnanyi. — (*D*) I have the feeling that it always depends very much on who one talks to and

what one talks about, and after all we all only ever meet a limited assortment of people.

(*Laughter*)

We therefore tend to regard those we talk to as representative of a whole people or a whole section of society. On the basis of the documents reaching me and of a study of the situation, I do not think we can say that a majority of the people of Rhodesia or Zimbabwe are prepared to accept the internal settlement as a basis for discussion.

Mr Rippon. — Would the President-in-Office indicate if there is any degree of terrorism of which the present Council is prepared to disapprove? Will he also accept that many people have long believed that there should be recognition of an internal settlement in Rhodesia when the six principles have been satisfied? Is that still the position of the Council — that there will be recognition when the six principles are satisfied?

Mr von Dohnanyi. — (*D*) I take it the first part of your question is rhetorical. (*Protest from various quarters*) As regards the second part, I would reply that the Council is naturally continuing the work on the basis of the principle it had previously adopted — in other words, the foreign ministers of the nine Member States are continuing to press for a solution on the basis of the Anglo-American proposals.

Mr Cunningham. — Is it not the truth of the matter that there was no sign whatever that Smith was going to accept an internal settlement of the kind he says he would accept now until he was forced into by the gun, that the responsibility for that tragedy — and it certainly is a tragedy — belongs only to one set of people — Smith and the white population that supported Smith, and that it is too late now by ten, fifteen or twenty years for him to be trying to make the concessions which he should have made that time ago?

(*Applause from some benches on the left*)

Mr von Dohnanyi. — (*D*) I have already given the House my opinion on this question on previous occasions. There can be no doubt that the problems facing us in Rhodesia and in southern Africa are the result of the continued existence of régimes which practice apartheid to a greater or lesser degree.

President. — Question No 53, by Mr Mitchell:

Are the Foreign Ministers prepared to make representations to the Nepalese Government to secure the release of Mr Koraila, leader of the Nepalese democratic opposition, from his long-lasting imprisonment?

President

and Question No 54, by Mr Prescott :

Are the Foreign Ministers prepared to make representations to the Nepalese Government to secure the release of Dr. Kim Dae Jung, leader of the South Korean democratic opposition from his long-lasting imprisonment ?

The questions may be answered together.

Mr von Dohnanyi, *President-in-Office of the Foreign Ministers.* — (D) The foreign ministers of the nine Member States of the European Community have frequently had occasion to press for the implementation of human rights in all parts of the world. Only a few days ago, on the 30th anniversary of the adoption of the General Declaration of Human Rights by the United Nations on 10 December 1948, they issued a joint statement emphasizing the great importance they attach to this objective. In line with this attitude, the Nine have also issued statements on a number of individual cases. Moreover, on a bilateral basis, they have intervened with various governments in favour of the implementation of human rights in the countries involved. On the basis of this attitude, they will continue in future to speak up on behalf of individual persons. According to the information available to us, Mr Koraila returned voluntarily to Nepal at the end of August 1978 after a five-month period of convalescence in the United States, and on 30 August 1978 he was received by the King in an audience lasting one hour. In February 1978, Mr Koraila was acquitted on five of a total of seven charges and set free.

As regards the question on Mr Kim Dae Jung, this is a matter on which we have no specific information.

Mr Prescott. — I very much welcome the statement by the President-in-Office about this matter. However, I wonder whether he is aware that in the case of Mrs Kim Dae Jung the American authorities intervened, during trade and aid negotiations, to secure her release. As soon as the agreements were concluded, she was reimprisoned. I hope this will be borne in mind as a specific factor in these two cases. Further, does he recognize that South Korea seeks to distinguish itself from North Korea by saying it is more democratic.

Mr von Dohnanyi. — (D) To be perfectly frank, I have tried to establish whether the Member States, either individually or jointly, have made any moves in favour of Mr Kim Dae Jung. As far as I know at the moment, there certainly appears to have been no Community move. I note your remarks and will endeavour to have the matter looked into and, if necessary, joint steps taken.

Mr Spicer. — Will the President-in-Office accept that we are all naturally concerned about any problems that arise in South Korea ? If he is directing his attention to Korea generally perhaps he could also make some enquiries in North Korea, where, of course, there is no opposition party, and establish how many people are held in concentration camps, or who have died in concentration camps in that country in the last 30 years.

Mr von Dohnanyi. — (D) I am sure both the Council and the House are aware of how extensive violations of human rights and political persecution unfortunately are throughout the world. However, the foreign ministers of the European Community believe that we must give our help in cases in which there is a chance of our help being of some use, and this varies from country to country. Comparisons of the extent of violations of human rights between one country and the other get us nowhere and do not free a single political detainee. I therefore welcome Mr Prescott's suggestion that we make representations to a country in which there is a chance of our achieving something, even though this is unfortunately not the case elsewhere.

President. — Question No 55, by Lord Bethell :

Have various aspects of the Cyprus problem, in particular the General Assembly vote of 9 November 1970 and the forthcoming decision of the Committee of Ministers of the Council of Europe on the report of the Commission on Human Rights, been discussed within the machinery of political cooperation, and will the Foreign Ministers explain why it has not been possible to reach a united position on these two matters ?

Mr von Dohnanyi, *President-in-Office of the Foreign Ministers.* — (D) Both these questions have been discussed on various occasions within the framework of European political cooperation. The main objective of the Nine remains a solution to the Cyprus conflict achieved through negotiations between those directly involved. The Nine are endeavouring, in ongoing discussions, to work out joint positions which could help in achieving such a solution. As regards the European Council's deliberations on this problem, the Nine are trying to get a resolution passed which is in line with the provisions of the European Human Rights Convention.

Lord Bethell. — Is the President-in-Office aware that during 1977 the Nine produced split votes in the United Nations on nearly half the occasions when there was a vote, that on many occasions on the Cyprus issue in the United Nations the Nine have not voted together, and that in the Council of Europe on this matter of the Commission on Human Rights there have been consistent differences among the Nine in the way they have approached the problem ? Can we not try to obtain a coherent view from the Nine about the future of a European country, a member of the Council of Europe, and to contribute towards the solution of the many problems which obsess it ?

Mr von Dohnanyi. — (D) Firstly, I am aware of these split votes — and not just on the Cyprus issue. Secondly, we are striving, within the framework of European political cooperation, to do away gradually

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with these split votes, and we have already made undoubted progress in this. If we look at European political cooperation today, and then cast our minds back to what it was like ten years ago, I think it is clear how much progress has been made. As regards Cyprus, the Community realizes that this is a problem which concerns us directly because of Greece's forthcoming accession, and this why we are trying to achieve a common position on this issue.

President. — The second part of Question time is closed.

I call Mr Dalyell on a point of order.

Mr Dalyell. — Mr President, you will remember that last night, at the very end of the debate, some of us asked whether the Commission would have an opportunity of answering specific questions on pensions for staff of this Parliament from certain countries. Now there was, I thought, an undertaking that the Commission would have an opportunity some time today to answer questions on this point before the debate was closed. Could we have a ruling on the matter

President. — When we have finished voting, if the Commission wishes to make a statement, a statement will be made.

9. Votes

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

I put to the vote the motion for a resolution contained in the *Cointat report (Doc. 489/78): Discharge on implementation of the budget of the Communities for 1976.*

The motion for a resolution is adopted.

President. — We come to the motion for a resolution contained in the *Schreiber report (Doc. 502/78): ECSC levies and operational budget for 1979.*

I put the preamble and paragraphs 1 to 6 to the vote.

The preamble and paragraphs 1 to 6 are adopted.

On paragraph 7, I have Amendment No 1, by Mr Spénale, on behalf of the Socialist Group, seeking to reword the last sentence as follows :

7. ...; is, moreover, of the opinion that in the long term the ECSC budget must be *harmonized with the general budget of the European Communities*;

What is the rapporteur's view ?

Mr Schreiber, rapporteur. — (D) On behalf of the Committee on Budgets I ask you to reject this amendment. The motion for a resolution adopted by the

Committee on Budgets is quite clearly worded 'in the long term' By this we wish to express that in the course of harmonization the improved procedures of the ECSC are not to be jeopardized in negotiations. We therefore propose that the amendment be rejected.

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

I put paragraphs 8 to 14 to the vote.

Paragraphs 8 to 14 are adopted.

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

The resolution is adopted.¹

President. — We come to the *motion for a resolution by Mr Pisani: (Doc. 518/78): European Monetary System.*

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1, by Mr Hoffmann, on behalf of the Socialist Group, seeking to amend the paragraph as follows :

1. Considers that the creation of a zone of monetary stability in Europe is *one the prerequisites for the resumption of investment, . . .*

What is the rapporteur's view ?

Lord Ardwick, deputy rapporteur. — Only one or two words are different. I think that Mr Hoffmann's version is a little more precise and should be adopted.

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

On paragraph 2, I have two amendments :

— Amendment No 2, by Mr Hoffmann, on behalf of the Socialist Group, seeking to amend the paragraph as follows :

2. Is gravely concerned at the fact that not all the Member States felt able to *participate fully in* the system *at this stage*;

— Amendment No 6, by Mr Müller-Hermann, Mr Granelli and Mr Ripamonti, on behalf of the Christian-Democratic Group (EPP), seeking to amend the paragraph by adding the following :

... the exchange-rate system, *and appreciates the efforts made by Italy, which by joining, will be contributing to the achievement of a common and balanced economic and monetary policy*;

What is the rapporteur's view ?

¹ See OJ C 6 of 8. 1. 1979.

Lord Ardwick, deputy rapporteur. — I recommend that both amendments be adopted.

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

I put Amendment No 6 to the vote.

Amendment No 6 is adopted.

I put paragraph 2, as amended, to the vote.

Paragraph 2 as amended is adopted.

After paragraph 2, I have Amendment No 3, by Mr Hoffmann, on behalf of the Socialist Group, seeking to add a new paragraph :

- 2a. Draws the attention of the Council and Commission to the fact that, if care is not taken, the European monetary system could itself bring about new imbalances which steps should be taken to forestall ;

What is the rapporteur's view ?

Lord Ardwick, deputy rapporteur. — I recommend acceptance.

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

Amendment No 4, by Mr Hoffmann, on behalf of the Socialist Group, has been withdrawn.

On paragraph 3, I have Amendment No 7, by Mr Müller-Hermann, Mr Granelli and Mr Ripamonti, on behalf of the Christian-Democratic Group (EPP), seeking to reword the last indent as follows :

- remedying social, regional and national inequalities, particularly by making better use of the Community instruments *for the transfer of resources*, and especially the Funds, designed to reduce structural imbalances ;

What is the rapporteur's view ?

Lord Ardwick, deputy rapporteur. — I recommend acceptance.

President. — I put Amendment No 7 to the vote. Amendment No 7 is adopted.

I put paragraph 3, as amended, to the vote.

Paragraph 3, as amended, is adopted.

After paragraph 3, I have Amendment No 5, by Mr Bangemann, seeking to add a new paragraph :

- 3a. Calls in this connection on the Commission to submit without delay a proposal for a supplementary budget to provide the necessary appropriations for the aid measures referred to in Section B 1 of the European Council communique ;

What is the rapporteur's view ?

Lord Ardwick, deputy rapporteur. — I think this is an important amendment and should be accepted.

President. — I put Amendment No 5 to the vote. Amendment No 5 is adopted.

I put paragraphs 4 and 5 to the vote.

Paragraphs 4 and 5 are adopted.

I call Mr Hoffmann for an explanation of vote.

Mr Hoffmann. — (*D*) Mr President, I am sure you noticed that on one amendment there were several votes against. I am referring to the passage concerning the Italian Government. I do not think it is very good form to hand out marks before the vote which is being held in the Italian Parliament is even over. For this reason a number of Members voted against this point. Of course we support the motion for a resolution as a whole, but I just wanted to repeat this because we felt that this was not the right moment for it.

President. — I call Mrs Dahlerup on a point of order.

Mrs Dahlerup. — (*DK*) Mr President, may I ask you to be kind enough to look into the distribution of documents here in Parliament? There were rather a lot of amendments tabled on the last votes. Fortunately, my neighbours were obliging and I was able to see the amendments, but I would prefer to have the amendments under discussion available to all Members in all languages. I would ask the President to help in ensuring that this is in fact the case.

President. — Of course, I will take note of that. I am sorry.

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

The resolution is adopted¹.

10. Council statement on the draft general budget

President. — The next item is a statement by the President-in-Office of the Council on the draft budget of the Communities for 1979.

I call Mr Lahnstein.

Mr Lahnstein, President-in-Office of the Council. — (*D*) Mr President, ladies and gentlemen, in view of the meeting of the European Parliament's Committee on Budgets on 11 December and the plenary sitting on 12 December 1978, the Council — at its meeting on 12 December 1978 — subjected its attitude to the still outstanding budgetary problems to a thorough reappraisal. I should like, on behalf of the Council, to set out the results of this exercise as follows. Firstly, the Council solemnly reiterates the fact that it has no

¹ See OJ C 6 of 8. 1. 1979.

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intention whatsoever — either past, present or future — of encroaching upon the rights of Parliament. The Council's sole concern is to ensure that the budgetary provisions are applied carefully, sensibly and in a politically balanced manner. Secondly, the Council is always ready to cooperate actively in the search for a new top rate for non-compulsory expenditure, and — as I pointed out at the meeting of the Committee on Budgets — the Council is prepared to show a certain flexibility in quantitative terms. As far as the search for a new top rate is concerned, the Council's considerations proceed from two basic principles. The Council believes that the top rate laid down by the Commission on 1 May 1978 in accordance with Article 203 (9) sub-para 1 must remain the sole basis for this exercise, which means, in the Council's opinion, that the top rate laid down by the Commission before the budgetary procedure commenced must be respected by the Council and by Parliament throughout the budgetary procedure unless Parliament and the Council agree on a new rate. There can be no other interpretation of Article 203 (9) sub-para 3 and 4. The Commission has laid down a top rate of 11.4 % for 1979, and the Council has used up 7.76 % — or 182.1 million EUA — in its draft budget. Parliament was therefore left with its guaranteed half of the top rate of 11.4 %, amounting to 5.7 % or 133 million EUA. The amendments which Parliament has made to the budget and submitted to the Council go beyond this remaining margin available to Parliament. In the Council's opinion, the amendments which it has not turned down virtually exhaust the funds at Parliament's disposal. What we are talking about is, I think, the difference between 132.8 and 133 million EUA. As these amendments were written into the draft budget by Parliament and not by the Council, the Council regards it as not only injudicious and contrary to the Treaty, but also absurd to try to have these amendments charged to the Council's account.

In terms of the established budgetary procedure, this amendment is a decision not of the Council but of Parliament, and I should like to draw your attention here to Article 203 (4), which would make no sense at all if given any other interpretation. In other words, any attempt to go beyond this percentage increase requires the top rate to be raised by agreement between the Council and Parliament in accordance with Article 203 (9) final sub-para. Until such agreement has been reached between the Council and Parliament, we regard the budgetary procedure as not having been completed and the President of Parliament cannot therefore declare the budget to be final.

To avoid any ambiguities, I should like to repeat what I said at the beginning of yesterday's debate. Quite apart from any new attempts to go beyond the 133 million EUA limit, the top rate must be raised by agreement between the Council and Parliament if the European Parliament wants to retain the 480 million

EUA earmarked for the Regional Fund. This is the first basic principle governing the Council's attitude to the search for a new top rate.

Its second principle consists of adhering to the decisions taken on the Regional Fund at the meeting of the European Council in December 1977 and December 1978. Some work is still required on the technical details of applying the decisions taken by the European Council on 4 and 5 December 1978 on regional policy measures designed to assist the less well-off Member States. For this reason, the Council has unfortunately not managed — despite our attempts last night to reach a solution — to apply the budgetary consequences of this decision at the present stage, which might perhaps have helped us to reach agreement with Parliament.

However, these budgetary consequences may be expected in the very near future, and in the light of the problems which the rapporteur described as horizontal, the Council has once again empowered its President-in-Office to seek agreement with Parliament on the proposals which the President in Office put to the meeting of the Committee on Budgets on 11 December. The Committee on Budgets has so far expressed no clear opinion on these proposals, although my impression at least was that some members of the committee seemed to have considerable reservations. Finally, the Council is quite certain that if the budget is not passed, Article 204 of the EEC Treaty must be applied. Should this eventuality occur, I have asked all my colleagues and also the Commission to make vigorous use of all the facilities provided for in this Article to ensure the orderly and Community-orientated application of the budgetary policy.

In conclusion, I should like to point out to this House with all due gravity on behalf of the Council that the Council must adhere to its interpretation of Article 203 (9) final sub-para with regard to the computational method to be used to establish the top rate. The Council must therefore keep all its available options open against the eventuality of the budget being declared passed before the budgetary procedure has been concluded, in other words, without agreement being reached on a new top rate, which appears to be unavoidable in view of this House's declared policy.

The Council has adopted this position although it fully realizes that a conflict which it does not want and which it has not sought — whether it be pursued in a political or a legal context — is bound to lead to strained relations between the Community institutions, and we hope that the conflict will soon be solved. That is what I had to say on behalf of the Council.

(Mixed reactions)

Mr Jung. — (D) Scandalous !

11. *Customs union and development
of the initial market*

IN THE CHAIR : MR ZAGARI

Vice-President

President. — The next item is the oral question with debate by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Council (Doc. 513/78) :

Subject: Customs Union and the development of the internal market.

With reference to the Council's reply to the oral question on this subject during the sitting of 4 July 1978 and its second statement at the end of that debate, the Council is asked to state what progress has been made in regard to the realization of the Customs Union and the internal market

and the oral question with debate by Mr Nyborg, on behalf of the Committee on Economic and Monetary Affairs, to the Commission (Doc. 514/78) :

Subject: Customs Union and the development of the internal market.

With reference to the European Parliament's resolution of 12 April 1978, when is the desired multiannual programme to be submitted ?

How likely does the Commission think it is that the Council will try to give the matter higher priority and speed up the decision-making process ?

I call Mr Nyborg.

Mr Nyborg. — (DK) Mr President, I feel that this is not in order. These are oral questions to the Council and the Commission and, as far as I can see, no representative of the Council is present.

President. — I agree entirely. The sitting will be suspended until the arrival of the President-in-Office of the Council.

The House will rise.

(The sitting was suspended at 5.30 p.m. and resumed at 5.40 p.m.)

President. — The sitting is resumed.

I call Mr Nyborg.

Mr Nyborg. — (DK) We have said on occasion that we have been waiting 20 years to implement the customs union. Now at any rate it has been put back by a further 10 minutes.

The Commission and the European Parliament have for several years been trying to make the Council appreciate that we are moving too slowly towards the achievement of the customs union and the internal market, towards the abolition of all frontier formalities which still, 20 years and 10 minutes after the establishment of the customs union, make it difficult for people to feel that they are part of a Community. You will also remember that there was a noteworthy development during our debate with the Council in July. The first answer which the President of the Council gave consisted in fact of a recital of former triumphs. However, after hearing the debate here in Parliament, the President of the Council admitted that the Council had no reason for self-satisfaction in this matter. The President of the Council gave an undertaking that during the German Presidency this question would be studied carefully and he expressed the hope that it would be possible, on the basis of the experience gathered, to make some suggestion on the way in which many decision-making processes might be expedited. There has been far too much talk and not enough action in this field. The purpose of the question which the Committee on Economic and Monetary Affairs put to the Council is therefore to establish what specific proposals the Council has adopted in this matter and what conclusions the President of the Council has reached on the possibility of expediting the decision-making processes. I hope and expect that the answer which the Council will give us today will show clearly and unequivocally that the Council has realized that far too little attention has been paid to this matter and that the Council will now change its attitude.

I hope you will allow me to voice some misgivings. We all realize that the Member States have been obliged for security reasons to tighten up identity checks. We are not questioning the need for this but these identity checks are a police function which is carried out partly — but not solely — at frontier crossing points and the committee is not convinced that such identity checks at frontier crossing points are particularly effective. There are other and more effective ways of catching terrorists and criminals than frontier patrols, but even if such checks at internal frontiers are still necessary, this should not be an excuse for continuing to subject millions of road, rail and air travellers to what is basically the same kind of frontier identity check that existed before the Community was established. Let us therefore not get the question of identity checks mixed up with the implementation of the customs union and the internal market. They are two quite different things even if identity checks have been a tempting excuse of which the Member States of the Community have often availed themselves in order to avoid abolishing frontier formalities.

I should also like to make a couple of comments in relation to our oral question to the Commission. The

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second question is directly linked with the question to the Council. The first question is prompted by the European Parliament's recommendation to the Commission in April that it should update its work programme for the internal and external achievement of the customs union and should consider drawing up multinational programmes to be updated at regular intervals.

Mr Davignon has given an assurance on this point and the Commission will, in addition, draw up specific programmes of work for the coming periods of 6 and 18 months. Mr Davignon also suggested that progress towards a customs union should be a factor in the assessment of any Presidency. Let us see today what more reasonable and effective steps we can take to ensure the achievement of the customs union and the internal market than we have previously taken and let us hope that the Commission and the European Parliament, which have for many years been agreed on this subject, will gradually win the Council also to the view that something really must be done, and be done now, to turn the customs union and the internal market into something effective which works as it was meant to and which shows the individual citizen that he is part of Community.

President. — I call Mr von Dohnanyi.

Mr von Dohnanyi, President-in-Office of the Council. — (D) Mr President, I should like to apologize for being a few minutes late, but as well as trying to get a late lunch, I had some Parliament business to attend to — some conciliation matters. I apologize.

I should like to stress that the Council shares the honourable Member's concern. We have continued trying to make rapid headway on these issues, as I told the Council we must a few months ago, and we shall go on in the same way. If a balance sheet has to be drawn up of our achievements, I must in all honesty admit that it is more modest than I had hoped, despite the considerable efforts which, I can assure you, we have made in this area, and despite the trouble we have taken privately in discussions with the relevant delegations and representatives of Member States. You realize that in the field of harmonization of laws, since what is once achieved cannot be called into question, progress is achieved very slowly. Laws still differ on many points and cannot be harmonized completely from one day to the next. In addition, as you will be well aware, certain practices become established and we will need perseverance if we are to get changes accepted where they are needed. So I am in full agreement with Mr Nyborg's aims and criticisms.

Be that as it may, the result is nonetheless positive, albeit not so far-reaching as I had hoped. Firstly, certain very tangible results have been achieved.

As from 1 January 1979, the Common Customs Tariff will refer to the European Unit of Account for those tariff headings where the old unit of account was used in the past. Similarly, the European Unit of Account will be introduced for the flat-rate charges on importation of goods of a non-commercial nature. Lastly, a Directive on arrangements for standard exchange of goods exported for repair has been adopted. A second positive aspect resides in the fact that in a number of important matters, such as tax reliefs allowed on travellers' personal luggage and small consignments of a non-commercial nature, the repayment and remission of import or export duties, *post facto* recovery of import or export duties and the entry for free circulation of goods, progress has been made within the Council, even if agreement has not been reached so far. A proposal is awaited from the Commission regarding the declarant for customs purposes, and it is hoped that this will facilitate agreement on the last three Directives mentioned. One last positive point which we must not forget is that we have resumed our work on customs matters with renewed vigour enabling us to create a positive atmosphere of cooperation which will certainly assist our future activities.

As I said at the beginning, there still remain, and I do not wish to disguise the fact, other issues on which we have not yet been able to achieve the same results. I am thinking in particular of processing under customs control — an area in which discussions are currently under way with the Commission — mutual assistance between the Member States and the Commission to ensure smooth application of Community regulations on customs and agricultural matters, and the proposal to abolish customs charges on consignments of a non-commercial nature.

While the customs sector is not the only one to contribute to the smooth operation of the internal market, I do not wish to bore you by drawing up a balance sheet for each of the parallel sectors. May I confine myself to pointing out that the Council has been continuing its efforts, as earnestly as in the past, to abolish non-tariff barriers to trade, especially technical barriers. By 'as earnestly as in the past' I mean with the personal commitment of the President-in-Office of the Council, who has frequently held private discussions with opponents of the various aspects, in order to get things moving.

It is, of course, not yet possible to give a proper assessment.

The Council is grateful to the European Parliament — and particularly to the Committee on Economic and Monetary Affairs — for its continued vigilance regarding anything which could jeopardize this, one of the prime objectives of the treaty. I repeat what I said before — we need your encouragement in this matter, although, speaking for the Presidency, we too have tried to do our best, under our own steam.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, on 12 April Parliament adopted a resolution on the creation of the Customs Union, which, as the rapporteur pointed out, is an extremely straightforward matter, but an emotional one where public opinion is concerned. This resolution was penetrating, firm and undogmatic. It was supportive of the Commission and so, on behalf of Mr Davignon, I am pleased to say that work on the Customs Union will shortly be completed along the lines of this resolution.

The Commission has actually drawn up a multi-annual programme of work to establish the Customs Union, which was presented by Mr Davignon at a meeting of the Commission on 6 December 1978 after thorough discussion with the national authorities of Member States.

The Commission has decided to defer approving and submitting the proposals for five weeks, until the second half of January, in the belief that consideration should be given at the same time to the supplementary memorandum and the 1979 programme on Economic and Monetary Union.

The programme the Commission intends to propose is a long term one. As you demanded, the programme it prescribes the conditions the Customs Union must satisfy to underpin a common policy, and thus fulfils the basic requirements for a strengthened intra-Community market. At the same time it constitutes a work schedule for 1979. It was drawn up with approval of the heads of customs service, as I said, and reflects the real potential for progress towards Customs Union as it is the Commission's intention to submit each year an updated programme for the following year, together with a progress report, Parliament will have the chance to monitor how it is put in to practice.

In the light of the backing we sought and received from the national administrations when drawing up the programme, we are optimistic that the Council, to whom Parliament's oral question is addressed, will speed up its decision making process. The events of the last six months are encouraging. More dynamic decision making is already in evidence. Experts are consulted more frequently, and more is being done than previously at the political level.

Specifically Mr President, the results of the Council's deliberations will be made public after the Council meeting of 19 December. (for paragraph 12 of Parliament's resolution is quite specific). Some points are already clear or will shortly become so. The President-in-Office of the Council has referred to some of them,

for instance, the application of the unit of account for Custom's purposes, rules for standard exchange of goods and the duty on consignments. The President-in-Office of the Council has also pointed out that the Council ought soon to be reaching a conclusion, possibly on 19 December, on two items: namely the rules of refunds and waivers of duty, and the rules on deferred payment of duty. Other important proposals, to some of which Mr von Dohnanyi has referred, might be adopted in later sessions. You can at all events be sure that, with Parliament's support, the Commission envisages the kind of headway for its multi-annual programme that I have indicated on behalf of Mr Davignon.

President. — The debate is closed.

12. *Renewal of the Lomé Convention*

President. — The next item is the report by Mr Broeks, on behalf of the Committee on Development and Cooperation, on the negotiations for the renewal of the Convention of Lomé (Doc. 487/78).

I call Mr Broeks.

Mr Broeks. — (NL) Mr President, ladies and gentlemen, we have asked the Bureau of Parliament to allow us to produce an own initiative report on the renewal of the Lomé Convention. Our Committee on Development and Cooperation felt that this was the best way to exercise some influence on the negotiations. A report has now been produced accompanied by a motion for a resolution, and the Commission and Council are asked to give serious consideration to the points made in the resolution.

On 21 December next the ministers of the nine Member States will be meeting the ministers of the ACP countries and although serious negotiations are already under way, I think that we can safely assume that it will be some time before the parties concerned come to a final decision as to the results. It will not be the first time that a decision of this kind has to be taken at 5 minutes to 12, as they say. That is why we have requested, in paragraph 19 of the motion for a resolution that the committee should continue to follow the negotiations in the next few months.

But in these negotiations some points have already come up for discussion which are of interest not only for our committee, but for all of you. Before I go on to talk about them, I should like to make one comment.

In my first years here, when I concerned myself with development matters, I often wondered how it came about that here was such a difference between our aid to the peoples of Africa and our aid to those in Southern Asia. Was this simply due to that the

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Yaoundé Convention was already in existence, and how had this Convention come into being? If we ask ourselves now whether it is possible to do the same for the poor countries throughout the world as we do for the countries within the Lomé Convention, the answer must unfortunately be 'No'. The Community's resources would be inadequate. But even if it were possible, it would certainly be wrong if countries like America, Canada, Japan, the EFTA countries and the countries of the Eastern Bloc did not contribute to the aid. It is in any case regrettable that only one of the nine Member States has honoured the commitment to make 0.7 percent of its gross national product available for development aid.

When one considers that there are 700 million people in needy and sometimes extremely needy circumstances. I think that even Mr Genscher — who spoke on this subject at the last plenary sitting and pointed out that every German citizen was contributing 55 dollars every year — would agree with me that in the circumstances that is still not enough.

Even the aid from private organizations, the NGO's, is directed more at Africa than at Southern Asia. In the first half of 1978 approximately 2/3 of the aid, or 8 million units of account, went to African countries, while 3 million units of account went to Southern Asia.

Let us not forget that the population of India is 50 % greater than the population of all the 56 countries in the Lomé Convention put together.

But that country receives only a fraction of the aid granted to the Lomé countries.

When we have another opportunity to discuss aid to the rest of the world, we must give serious attention to this situation.

We must also decide whether the number of countries coming under the Convention — at present there are 56 — can be increased. This will certainly have to be considered if countries like Zimbabwe and Namibia become independent and if there are applications from other countries, such as Mozambique and Angola. And that will still leave a number of countries — some of which are among the poorest in the world — that cannot receive aid. Some of these are shown in Annex I, but the Report also explains why it will not be possible for the Lomé Convention to include the first three on the list, which are among the poorest.

The question is whether the Commission and the Council are prepared to consider including a democratically-governed country like the Yemen — but also one like Haïti — in the Convention. These countries are also among the poorest in the world, and they fulfil the necessary conditions for inclusion.

Of course, like all of you, I realise that this can only happen if the countries concerned actually apply for

inclusion, and I shall therefore not discuss this point any further.

One important aspect is the duration of the Convention. Many people advocate unlimited duration, but we are not in favour, of that because the economic conditions at the time of the renewal will, after all, be unfavourable, and if there is a revival of the world economy in the next few years the terms of the Convention could be made more favourable than is now possible.

On the other hand, the present duration of five years is obviously inadequate, if we bear in mind that a good deal of time is needed to prepare a new Convention — negotiations have to begin a year and a half before the Convention expires. And the remaining period of three and a half years is too short to permit an assessment of whether the Convention has fulfilled its purpose.

I now come to a point which has already received a great deal of attention — that is, whether or not reference should be made in the Convention to the Universal Declaration of Human Rights. To be quite frank, I think this is a rhetorical question. All the countries belonging to the United Nations have signed it or are tacitly bound by it. Also one can imagine, if one reads through the thirty articles of the Declaration, which is appended to the Report, that many countries are not particularly willing to commit themselves to the Declaration yet again, because they are simply not in a position to abide by several of its articles.

The Universal Declaration was drawn up to reflect the democratic order which it took us many centuries of struggle to establish in our countries.

Why has it in fact been suggested that the new Convention should make some reference to human rights? It is because in a few countries there have been such violations of human rights that one must ask whether we should still go on helping the governments of the countries concerned to improve their economic situation. Whatever misgivings one may have about including clauses on human rights in the Convention, no-one can condone murder, the elimination of political opponents, torture and imprisonment without trial.

None of the countries which oppose the inclusion of clauses on human rights have ever condoned such actions. But we should not close our eyes to the fact that the public in our nine Member States is bound to wonder why we go on supporting countries where such things happen not once but many times. If we want to stop supporting them, there must be some mechanism for dealing with such offences. As things stand at present, there is absolutely no legal basis for action against the countries concerned. We therefore urge the Commission and the Council to give the

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most serious consideration to the criteria set out in paragraph 17 of the motion for a resolution. We realise that the debate on the subject of human rights will go on, and that is why the motion also mentions the decisions on this subject at this year's ACP-EEC Consultative Assembly.

So we must now decide what our starting point is to be for the new Convention. Our committee has emphasised that our prime concern must be to help the most needy sectors of the population. All proposals made to the EEC regarding development aid must be assessed first and foremost in this light. It can never have been our intention to increase the wealth of a small 'upper crust' of the population, leaving the poorest as poor as they were before. This is amplified in paragraph 4 of the motion. We have stressed the need to develop small-scale agriculture because we think that self-sufficiency in food products is of the greatest importance for the countries concerned. But the same applies to craft trades and small-scale industry; and we also stress the importance of a good education system, an efficient health service, a sound housing policy and — not only for the sake of agriculture, but also for other reasons — good water supplies. One of the most prominent features of the Convention which is about to expire was the STABEX system. We have not asked for the number of agricultural products to be increased because we as a committee are not very clear as to which commodities could be added. But another point is that the STABEX system currently includes mainly commodities. That are produced or can be obtained relatively easily in the countries concerned, whereas products to which value is added by processing in those countries are mostly outside the system. This is most regrettable, and we feel that if we really want to help a country, we must see that as much as possible of the processing of its raw materials is done on the spot. That is why we think that more processed products should be included in the STABEX system. We quite understand that we cannot do more for copper, phosphate and bauxite, than has been done for iron, but then a system like STABEX would be inappropriate for these raw materials. As you know, such a system would cost a great deal of money, and we feel that it should be so organized that the 'multinationals', the international companies trading in precisely those products, are unable to reap the benefits. It will become clear in the course of the negotiations whether such a system is possible and we hope to be able to give an opinion on the subject in a future report.

As soon as the new European Development Fund to be financed by the Community's own resources has come into being, approval of the fund allocations ought to be a matter for the European Parliament alone. This is also stated in the motion. We feel that it would be most undesirable for fund resources to be divided up into a large number of 'mini-funds', as the

ACP countries have suggested; we are afraid that this might result in an over-complex system of financing, without any clear demarcation between the areas covered by the 'mini-funds'. We are all in favour of economic cooperation based on a regional approach, especially along the lines of selective investment schemes. We also consider that if there are any changes in the structure of functions of the Joint Committee or Consultative Assembly — and such changes are desirable — the bodies concerned should be consulted and not simply informed after the event of what has been done with their already limited powers.

I sincerely hope that the resolution will be adopted unanimously. There is no doubt that the new Lomé Convention is of the utmost importance for many poor developing countries, i.e. for many ACP countries, which as you know are among the poorest in the world. We also hope that the results of the negotiations will be favourable for the very poorest of the 56 countries. I shall now give my opinion on the seven amendments.

I shall begin with Amendment No 1 by Mr Dewulf. I propose that it be rejected, for there is something odd about the argument that the fundamental needs of some developing countries cannot be satisfied because they do not honour the fundamental rights of man. I think that is a completely unfair stance and I therefore reject it.

The amendment proposed by Mrs Squarcialupi is a little difficult. I know that the Commission has looked at the innumerable ILO resolutions that have been adopted and selected a 'package' whose terms are such that one can reasonably expect the third world countries to abide by them. Perhaps Mr Cheysson can tell us whether this plea for the rights of female workers — which we in the Nine consider to be completely reasonable and necessary — comes into that category.

Amendment No. 3 has been proposed by Lord Reay. Here again I have some difficulty. What is the purpose of the motion for a resolution? It is to tell the Commission and the Council, in concrete terms, what form we would like the new Convention to take. I myself asked for some details regarding current developments in imports and exports from non-member countries, in question No 18 at Question Time. But we are asking for steps to be taken *now!* And when they are taken, we will probably ask for them to be followed up in the Lomé Convention — that stands up in reason! I do not therefore agree with Lord Reay that we should include this in the new Convention. I think that our proposals must be presented to the Commission now, and if the Commission takes any action they should naturally be incorporated in the Lomé Convention. The same applies, more or less, to Lord Reay's proposal in the fourth amendment. Here I

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would also object to his idea of taking precautions against political risks, which is an extremely vague business. I don't quite see what is meant by political risks. When the government changes in a country and a conservative administration is replaced by a more progressive one, is that a political risk or not? The whole matter is so vague that I would rather leave well alone.

Then we come to Amendment No 5 in which Mr Croze asks us to remove the words 'the report of the Committee on Development and Cooperation' from the preamble. But this is a perfectly normal wording appearing in every motion for a resolution and anyway I do not see why we should remove the name of our committee and leave the other one in. This is a mystery to me. Mr Croze also asks for the words 'and in order not to lose the support of public opinion' to be removed from paragraph 7.

I think Mr Croze will understand that I have no alternative but to reject this. The resolution was approved unanimously. I admit that Mr Croze was not present, but that is not the fault of the committee and it would not be right to amend the resolution now, after it has been unanimously approved.

Then we have Amendment No 7, also from Mr Croze: he is asking for something that was recently included in the 1979 Budget as an amendment. Then more than 100 members voted in favour, and we simply want to repeat it. Mr Croze also wants this to be ratified by the national parliaments once it has been approved by the European Parliament. But that is more a problem for the national parliaments than for us. If Mr Croze thinks that his national parliament should make an effort to do this, then it is up to him to make sure that there is a majority in favour in his parliament. And to be quite frank I should add that I hope the proposal is rejected, because I do not think that it is right. If something is being financed by the Community and has been approved by the Community, and then approved by Parliament too, I think it is wrong for it to be ratified by the national parliaments as well. That would mean giving away powers which we would rather retain.

President. — I call Mr Bersani to present the opinion of the Committee on External Economic Relations.

Mr Bersani, draftsman of an opinion. — (I) Mr President, ladies and gentlemen, we are all conscious of the importance and significance of this debate which takes place on our initiative and confirms the responsible interest which Parliament has always taken in the development, strengthening and improvement of this type of policy, which everyone agrees constitutes one of the pillars of Community integration.

We wanted this report, which Mr Broeksz has drawn up with his usual extraordinary enthusiasm. It has many aspects which reflect many of his ideas. On some statements we expressed our reservations in committee and repeat them here. The motion for a resolution represents a synthesis of many elements: eventually we all agreed on it, and I share Mr Broeksz' hope that it may be unanimously approved, because of the significance which such unanimity of political will can have at this moment. It is an important one because, since we are on the eve of the joint Council of Ministers to be held on 21 and 22 December, and hope that agreement in principle may be reached before the UNCTAD Conference in Manila in May 1979.

We are dealing, then, with the Lomé Convention and its renewal. We are half-way through the period of validity of the current Convention and therefore have significant body of experience to draw on. Today in particular, this experience is being subjected to a committed and critical appreciation. I think we can say — not only for our own part but also because we must be open to the appreciations and assessments of others, and especially of our ACP partners — that many developments have survived the test of time.

Of course, this assessment has its negative side, and there are calls for far-reaching revisions or substantial updating of the present Convention. The initial positions in the negotiations differed widely. Is this merely due to a sort of negotiating rite which has now become traditional? I am not very enthusiastic about this way of tackling the problem.

The basic, new, and original aspect of the Convention is that it involves a contract in which the two sides put themselves on the same level, and on this basis of legal, moral and political equality, seek progress in their agreements. With the initial positions so far apart, not only in a quantitative but also in a qualitative sense, serious concern seems to be justified. However, we draw confidence from the solid friendship which has developed between the two sides over such a long period, as well as from the action which Mr Cheysson will be able to take with his customary vigour. At present, however, the negotiating issues remain complex and difficult — hence the significance of this debate and of the contribution which it can make.

As to the Committee on External Economic Relations, for which I am acting as spokesman, I would say that it has carefully examined those aspects falling within its competence. There may have been fears that the special preferences which caused many controversies in the initial stage of our cooperation with the African countries might be abandoned. Instead, generosity and an enlightened and open-minded view of the situation and its requirements, material and otherwise, once more led to good economic and trade results for both sides.

Bersani

Indeed, there have been positive structural developments in the economic and trade field, especially last year. Exports from the ACP countries to Europe increased by 19 % — an improvement of 6 % on the previous year — while EEC exports to the ACP countries increased by 27 % — a distinct improvement on earlier years, maintaining the advantage of the ACP countries over the other regions of the Third World, for which the increase in European exports was on average 20 %. Other aspects of economic relations also showed positive trends: indeed, the trade balance between the two areas is now more or less in equilibrium, and all the signs are that this tendency can be further strengthened.

If we look closely at some of these points, we can observe how some of the concern particularly widespread in the ACP countries turns out to be exaggerated. Among these I should like to mention the delicate problem of freedom of access to the Community market for ACP products. We all know that, for industrial products, there has for some time been complete freedom of access; the remaining questions therefore concern agricultural produce. On this aspect, to which the ACP delegations keep returning, we must stress above all that overall free access for ACP products, whether industrial or agricultural, reached 99.4 % in value terms last year. That said, it must be remembered that agricultural produce not subject to the Common Agricultural Policy — which also has complete freedom of access to the European market — represents 91.3 % of ACP agricultural exports. The remaining 8.7 % which therefore comprises products subject to the Common Agricultural Policy, enters mostly at a zero tariff, that is 94.2 % of it. This leaves a tiny fraction, corresponding to 5.8 %, and even that enjoys more favourable treatment than is given to other third countries.

In the face of the possibility of total liberalization, with a concomitant abandonment of any safeguard measures, there seem to be not so much grounds for defending ourselves against these exports from ACP countries as an objective concern about the agricultural produce originating from all the other areas of the world, which already regard the Lomé policy as one which discriminates against them. All this is a factor in reaching an objective judgement on the facts in certain situations. Moreover, nobody intends to draw from this reassuring conclusions on the basic issues. In the view of the Committee for External Economic Relations, something very different is required if our response is to measure up to the seriousness of the problems of the developing countries and consistent with the responsibilities which derive from the Community's democratic vocation and its participation in world trade and economic relations.

We must therefore give way on many of the requests made by the ACP countries. Even if the list they have

presented is very long, there is no doubt that among the many items there are several requests which we must consider with great attention and responsibility. They certainly concern economic aspects above all — and therefore the development of trade, the problem of erosion of preferences, and so on — but they also concern the enlargement of STABEX, the strengthening of industrial cooperation, the broadening of financial cooperation and a different approach to the question of cooperation in the major rural areas of the world.

In all these fields we think we must look for balanced measures which would nevertheless mark a decisive step forward. We cannot confine ourselves to a position of mere consolidation, as is repeatedly said in the policy statement which the Council of Ministers has presented. Although the European Community is going through a crisis, with worrying social and economic repercussions which are familiar to us, the Community response must be commensurate with its responsibilities. Our response must therefore mark a significant step forward in these economic, social and financial matters, and there must be a readiness, on the part of the ACP countries as well, to rethink positively the overall strategy of our cooperation. There must be substantial willingness on both sides to improve the agreement as a whole in quantitative and qualitative terms. I have mentioned the problem of freedom of access to Community markets for agricultural produce, — and this is an example of how only an objective and calm assessment the situation can enable us to make a positive response to the need for wider agreements in the agricultural sector. In this context, there are still some specific problems concerning for example bananas, rum etc. I think that the suggestions for trade on which our partners insist could be accepted in part.

With regard to the agricultural sector, however, I myself still believe that a different overall approach is required. We are approaching the start of the third decade of development aid. This has enabled the various international bodies involved to note once more that we have taken a step backwards with regard to the basic needs of individuals and peoples — a big step backwards! In this respect the future looks bleak. The resources available in the world are vast, and those in Europe are considerable: it should be admitted frankly that a large proportion of these is not properly utilized. This is obviously not solely the fault of the Lomé Policy, but if it is true that the problem should be seen in a wider context — and it is possible that the objective included in the strategy for the third decade it must be regarded as indispensable to devote renewed attention to it and to handle in a different way such a wide-ranging and fundamental question.

In conclusion, Mr President, I should like to say that the Dewulf amendment, on which the rapporteur

Bersani

expressed a negative view and on which we will probably not insist, nevertheless reflects a worthy and well-founded concern. The problem of human rights was not — in my view — always presented in the most suitable terms initially — the negative aspect was stressed at the expense of the positive. It would have been better to make a clear declaration of principle justifying to all the ‘human face’ of his great meeting of 600 million people. Just as the European Community decided to inscribe on the pediment of its construction a reaffirmation of the principles of democracy, so the affirmation of human rights could have had an important positive significance. Instead it seemed — from the way in which some Members, inspired by the best and most praiseworthy intentions, dealt with this important problem — that the question of Europe was almost an alternative to the equally essential one of basic human needs. Mr Dewulf therefore sought to find a formula which would link the two elements. Since, moreover, misunderstandings can arise which given the subject-matter, would be doubly unwelcome, I think that to permit a wide measure of agreement on the resolution, we shall not insist on a vote, while still confirming our agreement on the proposal. The Lomé Convention, therefore, must go forward in quantitative terms, but it must also make significant progress in qualitative terms — in its human and social aspect, involving the participation of the social partners, protection of the interests of ACP workers and students in Europe, and the further development of cooperation in other spheres, e.g. cultural and social. It is a new dimension which ought to be strengthened and incorporated into an overall context — as a consistent entity, to be constructed together, with no pretensions other than that of achieving a higher level of partnership. We should be spurred on to this also by consideration of the disruptive effects which our colonial presence unfortunately had on the very heart of many African societies, and of the significance which a new meeting on the common values of culture and tradition could have.

Mr President, ladies and gentlemen, these in brief are some of the observations which I wanted to make in explaining the opinion which I had the honour to present on behalf of the Commission for External Economic Relations.

President. — I call Lord Castle to speak on behalf of the Socialist Group.

Lord Castle. — Mr President, many of us will count it a great honour to have been associated with two such practical idealists on the committee as the two speakers who have opened this debate. I commend both of them.

But, of course, today I particularly commend my colleague and comrade who has produced this report,

which amounts to guidelines for action, a commandment, as it were, basic to our approach to the ACP countries. True, it exceeds the length of the Ten Commandments, and perhaps will never have quite as widespread and prolonged effects as what came down from Sinai. It is just twice as long, but I am sure the Commission and the negotiators will know how to deal with it. I am sure, in any case, that these ‘Ten Commandments’ will by general consent replace the Sermon on the Mount’ which was offered to us by Mr Dewitt — but then we are used to Mr Dewitt’s very well-intentioned, very eloquent, sermons on this matter.

Sir, there is very little to say in view of what has happened before, but I would like to welcome, on behalf of my group, this report and even particularly the first paragraph: the fact that we are no longer going to be purely and simply a leftover from imperialism. After all, we all know the origin of the Lomé Convention. Here, however, we have no regard to what these developing nations were before on what nations they were developed with; we say that the only criterion which shall be exercised by those who have to make the judgement shall be whether they are the poorest nations in the world. That shall be the criterion: not whether they *were* associated with this or that empire, but whether they *are* the poorest people in the world.

There are elements in this report, of course, of what has happened so far which will still disturb some critics. I count myself, perhaps, among them, because I was one of those who found it very difficult to reconcile myself to what I thought was a retreat from our assertion of our belief in human rights, only a year ago! But, thank Heaven, we have found a formula, it seems to me, which without equivocation does assert certain fundamentals which we believe in.

But we still face the application of that doctrine — our belief in human rights. And, in our proselytization in the African and other countries, we face the difficulty that if we go on asserting too strongly what we believe in, we are going to be asked: How do you apply it?

The question of sanctions sticks in my gullet, as it does in others, I am not prepared, Sir, and I do not believe many people in this Assembly would be prepared, to starve the ordinary population of any of these countries into acceptance of our code of morals. So we have got to continue in the world we live in and accept the fact that, in addition to being of different colour from ourselves, people may place different emphases on what is virtue and what is not.

There is another thing which I thought was peculiarly helpful in the approach that we had today: a re-emphasis by Europeans, by the Community, of the

Lord Castle

need to encourage industry. And we know that in doing that we are perhaps doing it to our own detriment. It means that we are calling on the European nations to exercise a certain amount of self-sacrifice, because, as has been stressed at meeting after meeting of the Committee on External Economic Relations and in plenary sittings, there are flooding into Europe — to the disadvantage of Europe — goods produced abroad at a horrifying rate and for shockingly low wages and salaries.

Sir, we must accept that fact.

We in the Committee on Development and Cooperation have accepted that there is a tremendous field for work in cultivating more technical skills, more know-how, more salesmanship in the developing countries. At the same time, however, I am proud of the fact that the ILO is going to have a role to play in properly supervising the standard of wages — which means the standard of living of the ACP countries — and ensuring that exploitation is reduced to a minimum. We also hope that the emphasis upon small and medium-sized businesses will be heeded in the countries to whom we are giving aid or whom we are helping with restructuring, because we do know, those of us who attempt to keep abreast of these matters in the committee, that too many multinationals have been the beneficiaries, to the disadvantage of the native populations. Necessarily, from these benches we welcome the ILO's future.

Then, Sir, if I may, I should like to comment on something that somehow stands out like a sore finger: on the fact that we mention one particular region — that is to say, Southern Africa, in paragraph 16.

This refers to the 'dramatic problems affecting southern Africa.' Now that is not such restrained language as characterized the rest of the report, but I think it is fully justified, because all of us know that there is an explosive situation there and we are ourselves bewildered. We make postures and we make statements on this; but do we always face up to the consequences of our own professions?

We want to help Southern Africa out of its horrifying position today, but when the words 'exceptional aid to be granted ... in the struggle against continuing racism and colonialism' are used, I agree with it. I am afraid, however, that there will be some timorous souls who will wonder what that means. 'Exceptional aid': do we mean support for revolutionary movements against racialism and colonialism?

This has been a subject of discussion in the World Council of Churches, and so on. We have all got to search our conscience and our own political beliefs to work out what in the end we believe to be 'exceptional aid'. All I know is that I am glad to be associ-

ated with that remark, because I think of this report as a milestone on the West's road away from colonialism.

What remains of colonialism is terrifyingly illustrated in South Africa — and let us thank God that that appears in this so tender, so reasonable report.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, it is a great pleasure for the Commission to reply to the two rapporteurs, to the two Committees, and to take part in a debate which was preceded by very remarkable work on the part of these rapporteurs and these Committees; I have in fact been involved myself in some of this work.

You will understand that I have to be rather careful in my comments and replies, as I am involved in difficult negotiations. Moreover, I do not wish to enter into technical details, but with your permission, Mr President, I should like to submit some observations to the House, in the order in which the various points the motion for a resolution are set out.

First, some general remarks. The motion for a resolution starts by dealing with the geographical scope of the Convention. The rapporteur quite rightly said in his report and repeated in his speech today that the Community cannot do everything. It cannot cover all the developing countries. We are, moreover attached to, the regional framework, in which we have set this special type of relationship. It so happens that the regions were chosen for historical and economic reasons and also because they contain some of the poorest countries in the world. Can we go beyond the regional framework as at present defined? This is not the predominant view either on the ACP side or on the Community side. Mr Broeks mentions North Yemen, but then why not South Yemen? Mr Broeks mentions Haiti, but then why not the other half of the island, the Dominican Republic? And where do we go from there? We see no real possibility of extending the geographical scope of the Lomé Convention. But the rapporteur is right when, in stressing in paragraph 10 of this report that solidarity ought not to be limited to these countries. This is true. It is true with regard to bilateral measures by our governments — and let us not forget that governments and Community form a single whole. It is also true with regard to our activities, and the essential part of our food aid from the Community budget, the essential benefit from generalized preferences in fact goes to countries other than ACP ones.

My second general remark relates to duration. The rapporteur stressed that a short duration would make

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renegotiation necessary too soon, given the time needed to implement a Convention, and involved difficulties. He also stressed that an unlimited duration would create particularly delicate problems. On these two points, the Commission is in complete agreement with him. What should we aim at? We would like our ACP partners to put proposals to us first. They have been prevented from doing so up to now by a certain diffidence, because they are aware of the difficulties and know that any long duration would create embarrassing problems connected with the future developments clause. We await their proposals.

One last general remark: Parliament's role in the approval of and the follow-up to this Convention clearly depends on the inclusion in the budget of the funds appropriate to the future Convention.

The Commission has several times stated its position unequivocally to Parliament, undertaking to support inclusion in the budget, and it has asked the Council to act accordingly. This has already been done for other agreements of a similar kind, with the Maghreb, the Mashreq and Israel and the Commission sees no reason for not doing the same for the future Convention on the contrary it sees every reason to do so. Can we conclude that approval by the European Parliament will be sufficient for this Convention? I am unwilling to commit myself on this question until we know exactly the fields covered by the Convention, since it may include, as did the Convention with the Maghreb, matters falling within the internal competence of our Member States. This was so in the case of the Maghreb, with the question of migrant workers, a matter which does not come under Community competence and which therefore requires approval by the Member States according to their constitutional procedures.

I now come to the subject of the Convention itself. And I shall begin by what seems to me, in the framework of the Lomé Convention and in the general terms to be the basic theme in our external relations, the struggle against protectionism in all its forms. This is indeed an essential element in development and duty towards ourselves, since any form of protectionism is ultimately suicidal.

I am glad that the rapporteurs took up such a clear position, and I hope that the resolution will be adopted as it stands with its very concise and determined wording I also thank the principal rapporteur for denouncing the fallacious character of some declarations, and for being suspicious even of recent proposals of the Commission — I am alluding to our proposals on respect for the international labour standards. It was only after they had been grilled at length by the Committee on Development and Cooperation that the rapporteur and his fellow committee members decided to accept the fact — now included in the

report — that our proposal has an important positive aspect, precisely with regard to protectionism.

What are we proposing? That basic labour standards be respected in the countries which we are helping to industrialize: young children at work (the subject has been previously raised in this House), non-discrimination in recruitment, maximum weekly hours of work. These quite basic standards were selected after careful consideration by ourselves and our friends in the ILO. Should they be extended? One day, certainly. But the spirit of this initiative is so new that I would ask Members not to be too ambitious in this first attempt, but simply to accept standards which are entirely fundamental in the view of anyone in the whole world. We particularly want to oppose any formula which, on the pretext of respecting international labour standards, would introduce protectionist practices by forbidding the import into our countries of products of suspect industries. This is not a casual remark of mine, for you know — and the report says so — that our American friends would prefer to deal with the problem in context of the GATT, whereas we do not regard this as the best formula. We prefer to deal with it — as the rapporteur indicated — with the support of the International Labour Organization and without any possibility of our introducing a protectionist measure which would close off our market.

It is also with a view to avoiding protectionism that we, the Commission, recommend that sectoral consultations should take place systematically in our partners' expanding export sectors, so as to enable us to take account in advance of the increase in these exports. I shall return to this in the context of international cooperation.

All the speakers up to now have mentioned human rights. May I be allowed rather to speak of respect for the human person. I know how dear this subject is to Mr Broeks. He drafted the relevant parts of his report with the necessary subtlety and firmness, and if he will allow me to say so, understanding of the situation. What are we aiming at? To be able to denounce what we regard as excesses? Yes, but also to influence situations which we regard as bad. We do not want merely to have the right to deliver sermons. We want to try to help the people whose elementary dignity is impaired when such excesses take place. We shall not do this if we deprive them of food, or by abandoning them to dictators.

Lord Castle said this very clearly. What is required is that we should have the right to raise these subjects with our partners, and therefore that it be clearly stated that our cooperation is intended to serve human beings — that is its basic aim. It is also necessary that we should have the chance to check that our aid cannot be diverted from its object — the service of human beings. Where a suspicion exists, the check must be even stricter.

Cheysson

I therefore have reservations about the word 'sanction' and the expression 'guarantee respect for' in a draft amendment which has now been withdrawn. I do not think that we shall find a method of compulsion, for there is no legal system which will enable us to enforce respect for human dignity. It is necessary to create a climate of opinion among the industrialized countries — Scandinavia, the Community, Canada, and the United States — and to encourage Third World peoples to adopt it. We ourselves should remember the desirable changes which have taken place in our own countries. Would have been speeded up by foreign speeches, uttered in foreign languages, and based on foreign cultural models? Of course not! The subject should be discussed. It cannot be dealt with by a legal system. And of course there must be reciprocity. How can we dare to say that people are not treated with dignity in an African country, if that country does not also have the right to say that sometimes migrant workers are not treated entirely as human beings in our own countries? This subject must therefore be examined, as it has been between the EEC and the ACP countries in this very Chamber, attentively and with a high sense of responsibility.

I shall now move on to more specific matters. The observations made on STABEX and especially paragraph of the motion for a resolution seem to us to be excellent. We thank you for supporting the Commission proposals that the STABEX transfers be utilized for the purposes envisaged. In passing, I should mention that a small error has slipped into the report with regard to the repayments due from the more advanced of the ACP countries to the STABEX compensation fund. So far, two of these countries have already made a repayment; others will follow.

Mr Broeksz stresses the deterioration in the terms of trade and hence the need for a kind of indexation in the STABEX terms of reference. The problem is an extremely difficult one, and personally I do not believe that it can be dealt with on the basis of two regions. If we artificially increase our partners' terms of reference, we are surely encouraging our countries to turn elsewhere to buy raw materials, to buy the products which would not suffer — in their view — from this type of indexation. An extension of the list of products covered by STABEX is of course something to be considered; processed products already appear on the list — groundnut oil cake, for example — and others will have to be considered.

Mr Broeksz brushed aside the problem of ores, rather too rapidly in my view. The reasons he put forward are very cogent ones: not to play into the hands of the multinationals, not to tackle a problem which is basically different from that of agricultural produce, since in the latter field it is the fluctuation in supply which creates the variation in prices, whereas in the ores sector it is the fluctuation in demand. These are

two distinct types of problem, but it seems to me that in view of the spirit of our cooperation it would be difficult for us not to consider what can and must be done in the ores sector.

Your resolution does not mention sugar. I wanted to point out this omission, which seems to me to be justified. At the risk of being indiscreet, I can inform you that the negotiation does not cover sugar either, for all our sugar-exporting partners — and I wish to say so in this House which has sometimes unjustly accused us on this point — know that the sugar protocol is small miracle which must not be tinkered with in any circumstances. Their most pressing demand is above all that it should not be discussed, so that it may be kept unchanged in its entirety, which is greatly to their profit and will permit them later to use different terms each year to describe our avarice and lack of understanding.

With regard to fisheries, I agree with the rapporteur. This is an important development sector for our partners, in the context of regional cooperation under the Convention. On the other hand, I hope he will allow me to say that the negotiation of fishery agreements between the Community and the maritime ACP countries does not come under the Convention. It must be looked at separately. I would reassure Mr Broeksz, moreover, that this has already occurred: seven or eight negotiations are in progress, and others will begin very shortly.

Industrial cooperation is in our view the most important of the themes on which progress must be made. We have made amply clear our wish to support the industrial development of our partners, we have set up an industrial development centre which can be improved, we have devised financing procedures and developed marketing procedures which can be expanded. But — and the motion for a resolution rightly stresses this — there are basic problems of industrial cooperation which have not been tackled. Large-scale and long-term investments in Africa are declining. In some sectors, there is no risk of their falling any further as they have reached zero. This is very dangerous for our partners and for ourselves. To fail to reflect on it and deal with it would be in contradiction to our wish for industrial cooperation. There can be no doubt about that. Moreover, we know that the industrial development of our partners will have an effect on our economies. This effect should be taken into account. In other words, we must think about the restructuring problems involved in our exports to the Third World — i.e. a positive restructuring — and in imports from the Third World, which involve the need for some anticipation and foresight. It is in this context that our recommendation on the development of sectoral consultation — which the motion rightly mentions in its paragraph 13 — should be seen, and I stressed its importance just now.

On financial cooperation, Mr President, I can of course say nothing at all about the amount of this

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financing. Moreover, it is no secret that this amount, as well as the criteria for adapting the present European Development Fund to create the fund of the future, will be discussed only at the last moment. It is in this general framework of financial cooperation, and without trying to divide the EDF into tranches, that we must deal with priorities which are rightly stressed at many points in the report and the resolution: priority for the poorest countries (we are already doing a lot — can we do more?), emergency aid in cases of natural disaster, special treatment for the countries which suffer from exceptional difficulties in southern Africa (for my part, I do not see the problem in the same terms as Lord Castle: for me the question concerns the member *countries* of the Lomé Convention — an intergovernmental convention which enables us to act only for the benefit of the countries through the agency of their governments); priority also for regional development within each country, attention given to small and medium-sized undertakings, agricultural development, development of water resources, fisheries, etc.

New ideas are also put forward. The Commission will put before Parliament in the next few days a document dealing with one of these which in my view is of great interest, relating to our cooperation in the energy field with the ACP countries. Some projects are already being implemented, but the ACP countries' rate of consumption shows what hope there is for significant progress.

My last theme is the institutions. We are all glad of their existence; we all believe that improvements are possible in the Joint Committee and Consultative Assembly. The Joint Committee must obviously be consulted throughout the negotiations; this will also be true in two months' time at Bordeaux. We also think that this is the appropriate body for consultation of the economic and social forces.

Mr President, in his motion for a resolution the rapporteur stresses, in the preamble — and I quote — the 'specific and original example' to be set by this type of relationship. He puts it in the perspective of a renewed development strategy. All this seems very fair to me. I would say that this Convention now has an enviable reputation. There must be good reasons for this. For my part, I think that these reasons are linked to the basic criteria of this Convention, operating as it does from region to region. We deal with Africa as a unit (the reference to a 'balkanization' of Africa in Mr Borek's report surprised me somewhat), on the basis of a contract, within a legal framework and in a comprehensive way. We seek — and I think it was Mr von Dohnanyi who used this expression — a pact for progress with them. That is exactly what is at issue.

Parliament has a considerable role to play. One of Mr Broeks's sentences contains an element of bitterness, but also an element of that enthusiasm which all the speakers have noted. The Committee for Develop-

ment and Cooperation, and the European Parliament itself, are obvious lobbies for the interests of the developing countries. This is our fervent hope.

President. — I call Mr Verger to speak on behalf of the Christian-Democratic Group (EPP).

Mr Verger. — (*NL*) Mr President, ladies and gentlemen, the Christian-Democratic Group thinks it was a good idea of the Committee on Development and Cooperation to draw up this report. It was a good idea because by holding this public debate, this House now at least has a chance to exert some influence on the result of the negotiations.

The Christian-Democratic Group is full of praise for Mr Broeks's report, which is a good, sound piece of work. This does not mean to say, however, that we are able or prepared to give our full support to every part of the report. We consider ourselves fortunate that, as a result of a fair number of amendments made to the draft motion for a resolution in the committee, the motion has undergone sufficient change to make it acceptable to us.

I should therefore like to congratulate Mr Broeks on his report. Now that negotiations are in progress between the Community and the ACP countries on a new Convention, we should take this opportunity of emphasizing that the Lomé Convention represents a unique example of multilateral cooperation between industrialized and developing countries. We are duty bound by virtue of this important agreement to continue striving for progress in terms of the economic development of the ACP countries in particular. This especially should be our guiding principle in the negotiations on the new Convention, and the gains resulting from the first Convention should act as the main buttresses of the new one.

The Broeks Report has already been the subject of extensive discussion at a number of meetings of the committee, and so I shall refrain from going into too much detail. I agree with the rapporteur that an abiding major problem will be to obtain sufficient guarantees that the aid is really reaching those for whom it is intended. This is why we meet with a certain amount of resistance in our countries when the talk turns to development cooperation. Those sections of the population for whom the aid is primarily intended are the most frequent victims when funds intended for economic development are misused. What we are faced with here therefore is an extremely tricky problem, and I do not personally believe in the option expounded by the rapporteur, that is, to grant loans to those countries which are pursuing a policy of reducing the incomes gap. I am not against the policy as much, but I think it would be too simplistic to regard it as an important tool in our efforts. What I think is far more important is that

Verger

we should keep something like a permanent dialogue going with the ACP countries on this basic point. I am also sorry that the rapporteur, who is aware of my views on this matter, persists with the view set out on page 16 of his report that the Committee on Development and Cooperation is practically the only potential lobby for the interests of the developing countries, thereby implying that the rest of this House should have nothing to do with the subject. In my opinion, this kind of attitude should have no place in this report. There is no way of justifying such an attitude, and, to be quite honest — and I hope the rapporteur will not take offence at what I have to say — I think it does injustice to a large number of the Member of this House.

The motion for a resolution contained in the Broeks report on the negotiations for the renewal of the Convention of Lomé comes at a crucial moment in view of the fact that the first phase was devoted mainly to studies and technical questions. The ACP countries have presented a list of requirements and the Commission, under the terms of its negotiating mandate, has given consideration at a technical level and in various working parties to ways of meeting these demands.

In the opinion of the Christian-Democratic Group, we are now approaching a more political phase. The negotiations must now cease to concentrate on the technical aspect of the problems, and we must now pay particular attention to bringing out the common will of Africans and Europeans to establish a genuine partnership and to find a solution to the new cooperation problems. I am thinking here in particular of energy, raw materials and investments.

Notwithstanding the continuing crisis which is currently affecting all western countries, the European Community should not restrict itself simply to consolidating the Convention currently in force, but must meet the most urgent demands put forwards by our ACP partners. As far as financial commitment is concerned, the Europeans are still well short of the target of earmarking 0.7 % of their gross national product for development aid.

In the course of the negotiations, we will inevitably come up against the vexed question of human rights. It is true that the Convention of Lomé is primarily an economic and trade agreement, a model of cooperation, the only one of its kind in the world, and one which is not linked to a particular ideology. We must at all costs stick to this view. Nevertheless without running the risk of betraying this principle, we can ensure that the human element is central to any development. Ultimately, our concern must always be the free development of the individual human rights and basic human needs. Every form and every facet of human rights and liberties is a sacred trust which we must bear constantly in mind. However, it is and

remains a problem that something which we regard as perfectly normal may be regarded by others as excessive, and there is a great danger that we might be tempted to impose our own standards and our own practices on others.

Moreover, in my opinion — and a debate like this is the best place to express such an opinion — we are far too quick to close our eyes to our own faults on this vital subject. After all, people are discriminated against just as much in our own countries on the basis of sex and race. Do we, for instance, always adopt such a caring attitude in our own countries to foreign workers and their families? And is it therefore all that surprising that the representatives of the ACP countries — many of which, let us not forget, were formally colonies — now hold up a mirror to us? Our concern for human rights is undoubtedly well-founded, but I feel there is also room for a certain degree of restraint especially with regard to those countries in which the West — up to not so long ago — was itself not so desperately concerned about the protection of human rights and liberties.

Moreover, I do not believe that respect for human rights can be bought by a bit more development aid here or there. It is just as important that we should keep up a dialogue — in which I am sure that our ACP partners are prepared to take part — on the question of human rights. And so long as we tackle the question of human rights in what I believe to be this positive fashion, rather than adopting a one-sided approach, there is nothing to stop us reaching agreement with our associated partners.

The term 'human rights' may be applied just as validly — and this is something which is all too often forgotten — to very specific and positive aspects such as aid to the less well-off sections of the population in the ACP countries, not to mention the status of foreign workers in the ACP countries, themselves as well as Europe. It is against this background that I think our rapporteur must view Mr Dewulf's amendment, which is aimed at making the point once again that the provision of aid on the one hand and the recognition of basic rights on the other, go hand-in-hand and are inextricably linked in all considerations relating to the satisfaction of basic human needs. As far as we Christian-Democrats are concerned, the new Convention of Lomé represents an important step in the continuing North-South Dialogue. The negotiations must not be allowed to fail. The success of these present negotiations is at the same time — and I think this is an important point — a test of Europe's creditability for the forthcoming global scale negotiations, and I am thinking here in particular of the fifth UNCTAD and the special meeting of the United Nations at the beginning of 1980.

Allow me to finish with another word of praise for this report and to express my thanks to the rapporteur

Verger

for meeting us halfway on a number of points in committee, and let us hope that the negotiations will reach a favourable conclusion.

IN THE CHAIR : MR YEATS

Vice-President

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, I can't start my remarks without referring to the rather extraordinary way in which your immediate predecessor in the Chair gave the floor to Mr Cheysson, without any explanation either by your predecessor or by Mr Cheysson, after the rapporteur had spoken, after Mr Bersani had given his opinion and after there had been a spokesman on behalf of the Socialist Group but before anybody else had spoken. Now, I believe the Commission has the right to intervene at any time at its request in our debates, but we all have to plan our participation in debates. It would be impossible for us if the Commissioner, whoever he was, were able to intervene at any point he wished in our discussions without any of us knowing necessarily when that was going to be in advance. I think it might have been courteous of Mr Cheysson to have given us an explanation as to why he felt the need to intervene at the moment he did. I don't know whether Mr Cheysson is going to speak again at the end. I don't insist on that, although I certainly hope he will be staying until the end...

President. — If you are willing to give way, I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, I regarded it as simple courtesy on the part of the Commission to reply to the two rapporteurs, as I have done every time I have taken part in a debate in this House. But of course I shall present for the whole of the debate.

Lord Reay. — ... Mr Cheysson will be staying for the rest of the debate, and no doubt he will wish to reply to any points that may be made by subsequent speakers.

Mr Broeks's report amounts to a strong reaffirmation of this Parliament's commitment to the ideals and the achievements of the Lomé Convention, and we in the European Conservative Group wish to associate ourselves fully with that sentiment. The Lomé Convention has been one of the successes of the Community. It represents the Community at its best: generous, outward-looking, willing to assume responsibilities in the world which are commensurate with its economic and commercial power and which derive from the history of the individual Member States

which compose it. The Lomé Convention unquestionably brings great benefit to many deserving beneficiaries who have a special claim on the Community's attentions.

We therefore think that the Convention should be renegotiated, although an attempt should be made to improve it in certain respects. We consider that the Commission should continue to press the issue of human rights in their negotiations with the ACP. We cannot justify to our own public opinion aid-giving to any developing country whose government is indulging in a flagrant abuse of basic human rights. Our insistence on this point is also a means of putting into balance the constant attacks which we in the West have to put up with, not least from certain ACP countries, over our supposed support for racist policies in Rhodesia and South Africa. It is no bad thing if we sometimes refuse to be characterized as the only villains in the world. On the question of sanctions, I entirely agree with what was said by Lord Castle, who is regrettably no longer with us. I was very glad to hear him say that he abhors sanctions. Certainly I don't want to see us led into sanctions against any countries of the Third World, just as I don't want to see us led into the situation of imposing sanctions against South Africa.

We think, in the European Conservative Group, that Mr Broeks does not go far enough on the question of the guarantee of private investment in ACP countries. Many people, including such distinguished statesmen as Chancellor Schmidt, have been alarmed by the startling decline of private foreign investment in developing countries—notably, but not only, in the mining sector. In the long term, this failure to invest must be at least as demaging to the developing countries as to the industrialized countries, who need the resources which will lie unexploited in those developing countries.

Now Mr Broeks criticized the amendments that I have introduced, and one of his criticisms was on my use of the word 'political'. Mr Broeks, I think, wishes wherever possible to retreat from any idea of politics as far as the Lomé Convention is concerned: certainly he would like to minimize any reference to politics. But in fact the cause of this decline in private investment is entirely political. The companies are simply not willing to make gigantic new investments when they cannot rely on the conditions under which they are made being adhered to. Developing countries no doubt sometimes tend to suspect that they have been the victims of unfair exploitation, but it is they themselves, the developing countries, who complain about the lack of investment. It must be a problem, I submit, for which the Lomé Convention was tailor-made to deal with. I was disappointed therefore with the manner in which Mr Broeks rejected the amendments which I have introduced.

Lord Reay

I could not entirely understand the other objections which he had to make with regard to my amendments. He described them as being hazy and vague — that was the translation — and this struck me as strange in view of what he has responsibility for in paragraph 14. Paragraph 14, on the same subject, says :

Welcomes the Community's resolves to argue, during the negotiations, in favour of the need for selected investment protection — that is, of investment which benefits the people themselves.

Well, I do not think that is a paragraph that has very much meaning, and my amendment, I suggest, would add clarification and substance to the text of the resolution.

As regards the question of extending STABEX to include new products, in paragraph 11 Mr Broeks is cautious in what he has to say, simply asking that the possibility of including more processed products in this system be investigated. He is less cautious when he comes to deal with the amount for the next EDF. Indeed, I fear that paragraph 15 may perhaps tend to encourage false expectations. For myself, I regret to say that I do not see the scope for any very great increase in the EDF. Economic growth has declined in Europe ; indeed, in recent year it has been higher in many developing countries than in European countries. We are suffering from a major recession. This Parliament should take account of these realities and not just act as a sort of self-righteous pressure-group upon the Council, leaving the Council with the burden of being responsible on our behalf.

If we lack the means constantly to expand the total amount we give in aid, we should concentrate all the more on being selective. As Mr Broeks says in paragraph 3, it is the most disadvantaged sections of the population in the ACP States who should be the main beneficiaries of development policy, and I should like to suggest there is no better way of pursuing this object than by channelling aid through non-government organizations. They above all know the real conditions and can act to ensure that aid goes where it is most needed.

Another form of aid of which I think greater use should be made and which is available to ACP countries under the EDF is the funding of scholarships to educational institutions in Member States. No other form of aid spends so little to such good purpose. It is of inestimable value to the understanding between Europe and the Third World if the future leaders of the countries of the Third World have had in their formative years training and experience in European countries.

In conclusion, Mr President, I should like to make this point. We should avoid excessive humility in our relations with developing countries. This is a trap

which, I am afraid, both this Parliament and the Commission have at times fallen into. We should not beg them to take our aid.

Communist countries always excuse themselves from aiding developing countries on the grounds that the West is responsible for their economic conditions and that the West must get them out of it. We should never accept that. We aid developing countries for humanitarian reasons, as Mr Broeks brought out so plainly in his speech ; also because we benefit if they are in a position to trade with us. But there is no need for us to do so in any spirit of atonement. We must respect the pride of developing countries, but we must also remember our own pride. I hope the Commission will try to bear that in mind during the long period of negotiations that lie ahead.

(Hear, hear!)

Finally, let me say this. The Lomé Convention is not simply a means for giving aid. It is, I hope, also a means by which we in Europe make friends across the world. It is for that reason, Mr President, that it is important for us also that these negotiations succeed.

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

Mr Sandri. — *(I)* Mr President, I should like to stress the importance of this debate, but — if I may be allowed to do so — I want to make not so much a criticism as a complaint. You will remember that at the meeting of the Bureau in Paris it was requested that, in view of the importance of this subject, it should be put on today's agenda. The Bureau graciously agreed, but now we find that at the same time as this plenary sitting there is a meeting of the Committee for External Economic Relation, so that once more we are divided both in number and in interest between the plenary assembly and the work of a committee. I repeat that I am not criticising, but I must assume that whoever organized things this way did not realize the importance of this debate and I hope that the same will not happen on future occasions.

In the few minutes available to me, I should like to stress the significance of this debate, an important element of which is the admirable report presented to us by Mr Broeks who devoted considerable energy to it, which gave rise to a detailed discussion in the Committee on Development and Cooperation. This report moreover, took full account — within the limits applicable to a rapporteur — of the amendments, proposals and differences of opinion which emerged in the Committee. But, beyond this, I regard the debate as important also in view of the time at which it is taking place : we are approaching the crucial stage of the negotiations, and it is now important not so much to provide ideas for the negotiators

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who understand the economic and technical problems much better than we do, but to provide them with guidelines indicating the aims which the European Parliament hopes will be achieved at the end of these negotiations.

I think I must rapidly stress the following. Firstly, we must put aside any residual paternalistic or philanthropic mentality. A short while ago Lord Reay spoke of our begging these countries to take our aid. Well, is it really aid? Is our thinking still at that level? Do we not realize that is not so much a question of begging them to accept our aid as of calling for the establishment of a relationship of interdependence between equals, because we need them as much as they need us? Moreover, it does not seem to me either — I shall mention this briefly again in connection with investments — that we, like Caesar's wife, are 'above suspicion'. I think a list could be made of those investments which were made with very different aims from those which we are envisaging: investments for plunder and robbery. We must succeed in overcoming, in breaking through the wall of distrust which divides us if we wish to establish a relationship in interdependence even with the poorest countries.

In this context, I should like to say to Mr Broeks that while it is true that we should be concerned about the 29 poorest countries in the world, we must nonetheless stress that of these 29, 16 are already signatories to the Lomé Convention. It is a fact of some importance that of the 55 members, 16 are on the list of the poorest countries; the 17th is Mozambique, which we hope will join the new Convention; there remain the 10 Asian countries and the Latin American country of Haiti. I do not think this list can be extended, because that would require a different philosophy as the basis of our Convention, but meanwhile let us bear in mind that 17 are already there and that substantial effort is being made. Here too it is not a question of aid but of establishing an equal relationship with extremely poor countries. I read, without surprise but with great interest, a speech by Mr Cheysson in which he mentioned that if the developing countries had adopted a different economic policy in the years of the great crisis, of the great depression of 1974-1975, we in Europe would now have 3 million more unemployed than we already have, and the present figure is very high. Of course those countries need us, but we also need them. On this basis of reciprocal agreement, excluding paternalistic attitudes — which either are hypocritical, or hide a bad conscience arising from past wrongs, or show lack of understanding of the problem — I should like to stress three points very rapidly.

Firstly, we must try to develop trade between the European Economic Community and the African Caribbean and Pacific countries, a trade which is significant but — as Mr Bersani rightly remarked — of very limited value in absolute terms if we bear in mind the

extent of trade contacts hitherto between the EEC and the ACP countries. Now, in order to cooperate in developing trade, what is the most important factor? I think we must have the courage to acknowledge that when Mr Broeks mentions the need for further liberalization of agricultural trade with the ACP countries, we should accept the need to propose full liberalization even for the access to the European market of the remaining 1% of agricultural produce of the ACP countries. Mr Bersani gives a figure of 99%. Perhaps it is a bit less. But, let us make a gesture of great qualitative importance by removing any customs barriers to the entry to our markets of agricultural produce from the ACP countries.

I do not think we can accept the Strauss list presented at the Geneva Conference, where the American negotiators are asking for the entry of Californian citrus fruit to our market, and rather than worry about Spain or the ACP countries, I think the Community would do well to think about the oranges and other citrus fruit from California. However that may be, I think we must have the courage to recognize that our agricultural market must be liberalized. And it is we Italian Communists who say this, although we come from an area which could suffer from this liberalization, we acknowledge that it is indispensable if we wish to obtain a qualitative improvement in relations between the EEC and ACP countries. These countries complain of the erosion of the preferences granted to them by the Convention, as a result of the extension of the system of generalized preferences. I do not think this reproach is justified, for we have a duty to grant preferences to the whole of the Third World, but by extending agricultural preferences to 100% of the ACP countries' production we could at best indicate precisely what our intentions are and what is the specific preferential relationship which we wish to establish with them.

Another observation concerns industrial policy and investments. I think the industrial policy which we must initiate with our partners shows how serious is the European lack of an industrial policy at Community level which would permit an intensification of our efforts to assist the industrial growth of the ACP countries. But leaving aside this lack of a common industrial policy in our continent, I think that — while strictly respecting the sovereignty of decision of our partner countries, strengthening the European Development Fund, stimulating every form of cooperation with other economic entities such as the Arab Development Bank, and above all stimulating European private and public investment — we should make effective efforts to bring about and participate in that development and diversification of the ACP countries' economies without which they will remain dependent in spite of all our good intentions I should therefore like to say to the Conservative Group that if it is right for the ACP countries to give guarantees for the investments to be made — for it is useless to take

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a fanciful, moralistic or maximalist attitude, as we are well aware of economic realities — then we too must give guarantees, and draw up codes of conduct to ensure that these investments are not used so much to serve European interests as really to serve the development of these countries; and if from a protectionist viewpoint the agricultural and industrial growth of the ACP countries might appear dangerous to us, from the viewpoint of the struggle against protectionism, of concerted development of a new international division of labour, the growth of those countries does not represent a danger but offers now possibilities to our Community in the context of the world economy.

My final observation is this: we have mentioned human rights, and Mr Broeks knows that we shall vote in favour of his resolution even if we do not agree with every line, but caution and prudence are required in defending human rights. We must ask ourselves whether our own house is in order, since this is the essential point. I should just like to mention one incident which is the subject of an Oral Question tabled by Mr Bordu and myself this morning. While we speak of human rights, of the struggle against racism and insist on respect for human life, it so happens that on 28 November the French and South African Chamber of Commerce was set up in Pretoria — it is indeed a private organization, but it is supported by the French Embassy. I am not suggesting that we should forget the faults of others in order to hide our own shame. No, I am merely saying that when we wish to raise the subject of the struggle to defend human rights, the first battleground is the defence of racial equality. When on the one hand we preach and on the other we continue with the old, bad, erroneous, inhuman practices, we must not then be surprised if at the forthcoming Bordeaux meeting our ACP partners criticize and reproach us.

In this spirit, we entirely approve of Mr Broeks' report, we express our confidence in the negotiators who are carrying on these gruelling and difficult negotiations under the leadership of the responsible Commissioner, and we undertake to play a critical role so that, with the help of the European Parliament, the new Convention may effectively continue to work for the goals it has already partly achieved, and may increasingly bring about a new international division of labour.

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

Mr Kaspereit. — (*F*) Mr President, first of all I should like to say that I have missed what has been said so far; I have just got here because I had to chair the meeting between the Committee on External Economic Relations and Mr Haferkamp on major issues concerning the multilateral trade negotiations. I therefore beg the House's indulgence if I raise questions which Mr Cheysson may have answered in his earlier address.

The renewal of the Lomé Convention, Mr President, which is the linchpin of our future relations, particularly with Africa, is of such importance that we cannot gloss over the inaccuracies, the contradiction and — I would even say — the deviations of the report now before us. I cannot accept that only the motion for a resolution is to be voted upon and that the report itself is of secondary importance! The explanatory statement, Mr President, is equally important since it illustrates the motion and we may be sure that our ACP partner will scrutinize it closely.

Let me therefore state quite clearly that we do not agree with certain statements made by the rapporteur. In fact, we were even surprised and sometimes shocked, which explains why we have tabled a number of amendments.

The rapporteur seems unable to come to terms with the colonial past of certain Member States and appears to have developed a guilt complex on the matter. I leave him with sole responsibility for his attitude which I in no way share. Wanting to glory in the past does not always mean very much, disowning the past is a step which I refuse to take. It would be both absurd and unjustified, for it is with the former colonial powers that the African states maintain the most consistent economic and cultural relations. It would be dishonest to overlook the mutual esteem and friendship which bind us. It was these ties, moreover, which formed the basis of our policy when the Yaoundé Convention, and later the Lomé agreements, were drawn up.

What is more serious is to make Member States wear the colonialists' hats; these are allegations which we cannot accept. Let us not forget that it was initially thanks to France, spurred on by General de Gaulle who advocated and fostered the independence of the countries of the African continent, that the European community was able to lay the foundations of a Euro-African policy. Combatting poverty with no ulterior political motives, by means of humanitarian, resolute and generous aid — that is the path we laid down, which Europe has pursued and which we continue to follow. This is why, Mr President, we have tabled an amendment calling for the deletion of the words 'the report of the Committee on Development and Cooperation and', which we can under no circumstances accept.

Now that we have achieved a fairly substantial degree of success with Lomé, we should today move forward bearing in mind three essentials: first, the maintenance of the preferential aspects of EEC-ACP relations; second, the reinforcement of the positive aspects by means of improvements; and third, the inauguration of a new period of cooperation between equals.

Sandri

Let us take the first of these three points. In the present economic context, the Community is in no position to take blanket action as it were. Its policies must aim at effectiveness, which obliges it to avoid squandering its aid work undertaken and to make optimum use of the available resources. In this connection, I should like to draw attention to point 11 of the Paris summit where the heads of state and government stated that the Community should assist the developing countries 'without vitiating the advantages enjoyed by the countries with whom it has special relationships'.

Yet the rapporteur goes against this decision, for his statement concerning the geographical scope of the Lomé Convention reverts to old and unrealistic ideas about the unity of the world. He proposes 'enlargement to include a number of other states in views of their great poverty' and elsewhere states 'that the list of countries participating in the Convention of Lomé does not fulfil the criteria which the Commission itself laid down in November 1974...'. To each according to his needs, by bringing all our means to bear!

This is a grave error and completely ignores the spirit of Lomé. The geographical scope of the Lomé Convention is clearly restricted to those states which are eligible to join the Lomé Convention, subject to the approval of the EEC ACP Council of Ministers, i.e. in Africa South of the Sahara, all the developing countries which have gained independence, and outside of Africa, the countries and overseas territories mentioned in the Treaty which have gained independence.

There is no need to re-examine this definition, Mr President. To seek to assist more countries with resources which, although on the increase remain small involves the risk of Europe satisfying no one and disappointing everyone, for it would all short of its goal, betray the hopes it has raised and fail in its mission. It is not charity that the developing countries want; they are entitled to fruitful cooperation and it is effective aid which we must give them.

Secondly, it is necessary to consolidate the achievements to date by introducing improvements. No one would argue as to the markedly positive impact of Lomé I, so our present task with regard to Lomé II is to bolster our achievements by improving certain mechanisms in order to make them effective in the long term. This involves extending the list of products covered by the STABEX system, consultation and joint action between the Community and the ACP continues in conjunction with the economic and social circles with a view to the harmonious boosting of trade — thus making the use of the safeguard clauses less necessary — improving financial and technical cooperation by means of guarantees for European investments, developing ACP regional cooperation,

promoting agriculture and developing small and medium-sized enterprises.

In addition, Lomé implies the opening of a new period of cooperation between equals — and it is always important to bear in mind that this does mean both sides must be equal. The term 'equal partners' implies mutual rights and duties. Yet as things stand, if we look at the situation of the ACP countries, it would appear that the least-favoured among them have all the rights and Europe all the duties. This is a misconception, for the gradual improvement in their level of development brings with it duties. That the needs, demands and worries of our partners should be confronted with our own reasons for concern is perfectly normal.

The observance of human rights is one such source of concern and by no means the least important. As Mr Cheysson has already pointed out, it was a mistake on our part not to have made it more explicit in the first convention that this economic cooperation and social improvement was centred on man himself. 'Every man must have the right to live and to enjoy respect for his person': this is what you said, Mr Cheysson. Nevertheless, our eagerness to see that the basic rights concerning the dignity and the value of man are safeguarded and observed should not be used as a pretext for deviating from our course of action. The human rights issue should not be used as a cover for political discrimination or commercial interests. The Community must never entertain an interpretation of this kind. Its policy must be to help these countries to overcome their problems and their conflicts, but under no circumstances to interfere in their domestic affairs; the way they have chosen to develop is their business and we are thoroughly convinced that this is the way it must be.

However, you saw for yourselves, as I did, at the ACP-EEC Consultative Assembly in Luxembourg last September, that the ACP countries for their part are extremely reticent over — indeed, overtly hostile to — any reference to this question. The introduction of a monitoring procedure, or even of sanctions, as mentioned in paragraph 8 of the motion for a resolution, will hardly allay their fears. It therefore seems wiser to stick exclusively to the Maseru compromise and Mr Guillabert was very clear on this point. As far as the ACP countries are concerned any reference in the new convention to basic human rights must merely be an opportunity for all the partner states formally to demonstrate their concern for the respect of these rights and their determination to safeguard them a respect and determination which constitutes the basis of their cooperation: this is all it should amount to. The ACP countries will not commit themselves any further. Any violation of the rights should prompt the Community to shoulder its responsibilities and use the means at its disposal and which are by no means insignificant. If we attempt to overstep the mark, we might ruin a hard-earned achievement.

Kaspereit

As to paragraph 7 of the motion, it is ill-advised to state 'deems it necessary to condemn the following violation. . . in order not to lose the support of public opinion'. We had hoped this was merely a mistranslation, but it seems that Mr Broeks has already ruled out this possibility. Respect for man and his dignity does not depend on favourable public opinion. If public opinion were tomorrow to pronounce itself in favour of violating human rights, would we modify our position? Certainly not, for the respect of human rights has an intrinsic value. Paragraph 7 should therefore be amended by deleting the words 'in order not to lose the support of public opinion',

On the other hand, we welcome the insertion of four ILO standards. This has a twofold advantage, first because requiring the industries of the developing countries to observe elementary work standards will give all these countries equal chances of marketing their products in the Community, i.e. will not penalize those which seek social improvement in parallel with economic improvement and second because by preventing dumping on a basis of cheap labour it restores healthy competition between the enterprises of the EEC and those of the ACP, eliminates the need to implement the safeguard clauses and shows the European public that the cooperation policy vis-à-vis the developing countries is not designed to put them at a disadvantage.

Mr President, the Lomé Convention now goes far beyond purely technical and commercial cooperation and extends into the human domain, thereby constituting a first step towards a new international economic order. Accordingly, and I regret having to contradict once more the rapporteur, it is the responsibility of the national parliaments and not only of the European Parliament, to ratify the new EEC-ACP Convention. As Mr Cheysson pointed out to the Club 'Perspectives et Réalités' 'international treaties must be ratified by the national parliaments'. The words '...and that the Convention should be approved by the European Parliament' should therefore be deleted from paragraph 17 or — for the European Parliament must obviously have its say — the words '... and rectified by the national Parliaments' should be added at the end of the sentence.

(Applause)

President. — I call Mr Bordu.

Mr Bordu. — (F) I should first like to say that the speaking time of ten minutes allowed to me is somewhat ludicrous when one considers all there is to say on such a vast topic.

I thank Mr Broeks for so admirably illustrating in his report what a major policy of cooperation with the developing countries could be and for having been so candid in making some extremely lucid political comments.

Although the need for more equitable and more stable economic relationships, i.e. a new international economic order, is one of the major issues of our time, the negotiations for the renewal of the Lomé Convention have made a rather gloomy start against a background of persistent crisis which is afflicting our peoples and the peoples of the ACP countries and is jeopardizing relations between these two sides.

However, what I find most surprising, despite the statements of its advocates, is the way in which current and prospective relations within the framework of the Convention are increasingly being used as an instrument of political pressure, became the butt of some sarcastic comments in this very House some years ago when we stressed that although the Convention was commendable in that it catered for certain of the developing world's needs it still retained certain neo-colonial overtones. As our rapporteur quite rightly points out, the Conventions of Lomé helped France and, later, Great Britain to maintain their policy in Africa through the Community . . . Politically, one of the things which the Convention of Lomé did was to consolidate the *status quo*, i.e. the 'balkanization' of Africa, and hence the consequences of the division of Africa by the former colonial powers. Mr Broeks goes on to say — pertinently, but also discreetly — that '... the that this policy can also have detrimental effects is evidenced by the happenings in Chad, Zaire and elsewhere'.

If the objective of the Convention was cooperation with true respect for the independence and national identity of each of the countries concerned, then the questions of human rights and guarantees for private investments ought never to have been broached as they have been by the European side. There is no room for two elements which are strictly one-sided. For us French Communists they constitute two privileged means of interference.

As Mr Broeks quite rightly stressed, the concept of 'human rights' is applied flexibly and that many statements on the subject are somewhat hypocritical. What are we to say of those who preach against the racist and bloody regimes of South Africa and Rhodesia and who at the same time in practice help to perpetuate these regimes by maintaining profitable economic relations with them? Moreover, my friend Mr Sandri and myself are tabling an oral question on this subject. How much store are we to set by those who talk of equality in the case of Lomé and within its framework, but whose bilateral relations with the same African countries then belie their principles? Human

Bordu

rights cannot be turned to account for partisan and one-sided purposes. As we have often had to say, freedom is an indivisible whole and must be safeguarded in all places and at all times. The ACP countries should therefore be allowed to judge for themselves what constitutes violations of human rights, for such incidents may also concern the citizens of Europe and not only migrant workers. I agree with Mr Broeks that Europeans should not set themselves up as judges of the ACP countries and therefore categorically reaffirm our opposition to the inclusion of any reference in the new Convention to human rights as a prerequisite and a means of political pressure.

In addition, we feel that it is also necessary to reaffirm the right of each country to use its national resources as it sees fit. The desire to include in the Convention clauses protecting private investment against what are termed risks of a non-commercial nature arises rather from a concern to protect the interests of the multinationals than out of respect for the independence of countries with which we can and must cooperate. The respect of national sovereignty is just as valid for the ACP countries as it is for the Community countries. Consequently, I vehemently disagree in principle with the desire expressed in the report to deprive the national parliaments of their right to discuss and ratify agreements negotiated by the Community in favour of a European Parliament shortly to be directly elected. The reinforcement of each state, whether ACP or Community, the absolute respect of its independence and sovereignty, and the rejection of any domination are the prerequisites for the success of the whole venture.

I should like to close with a few all too brief observations as to what the new Convention should concentrate on. We feel that the domestic agricultural policies of the ACP countries should be developed in order to reduce their food dependence and fight against famine. Help in marketing ACP products should be a major factor in warding off the domination of the multinationals and in gradually making these countries economically independent. In this context, the STABEX system should be improved and extended. Financial cooperation must be stepped up by expanding and completely mobilizing the EDF and must be backed up by a reorganization of industrial and technological cooperation, which is at present rather paltry as regards the activities of the Centre for Industrial Development and is virtually based on relocating of multinational firms and playing off EEC workers against ACP workers.

As for a new more stable and more equitable international order the new convention could also produce diversified industrial cooperation with a view *inter alia* to developing advanced-technology sectors, creating jobs and training skilled workers. We know this takes time, but we must do our utmost. Alas! this

is not the course the Community takes when it says to the ACP countries: 'We cannot do much for you in view of the present crisis'. The fact is that a major policy of cooperation and development is one way of getting out of this crisis and, at the same time, of achieving a world in which the word 'justice', 'independence', and 'democracy' would increasingly have a basis in reality. Lastly, certain countries play safe and describe the existing Lomé Convention as the best possible, while at the same time they balance their trade figures thanks to their relations with the developing countries. This exploitation goes against the very spirit of the aid we are supposed to be giving those countries.

(Applause)

President. — I call Mr Müller.

Mr E. Muller. — *(F)* Mr President, I am standing in for our colleague Mr Croze who is unable to be here to deliver his address to you himself.

I shall omit his introduction, which corresponds to Mr Kaspereit's and what he said on the history of the colonial nations.

Mr Croze goes on to say that the Lomé Convention is rightly considered as a new model for relations between developed and developing countries which is compatible with the aspirations of the international community for a more equitable and better balanced economic order. For instance, the introduction of a system for stabilizing export income is unprecedented at the international level and represents an original mechanism for protecting the purchasing power of our partners.

As we get down to deciding on the term of the new agreement, this achievement seems important to us and explains our main priority, which is to consolidate this achievement and confirm the preferential aspect of relations between the Community and the ACP countries.

Let us recall our 1975 priority, which was to prevent the increase in the number of associated countries from 18 to 46 from resulting in a reduction of the advantages granted to the associated states under the Yaoundé Convention. We succeeded as regards trade and finance, and also as regards the STABEX system.

We must therefore be cautious when it comes to accepting new partners and stick to the 1975 principles, which recommend restricting accession to the new convention to those developing countries situated South of the Sahara and to former overseas territories now reaching independence. We must not forget that with the island of Dominica and Saint Lucia, the number of signatory states will shortly rise to 57. The enlarged Community and the ACP group will soon account for almost half the member countries of the United Nations.

E. Muller

As to the much-debated human rights issue, I am gratified that the Committee for Cooperation and Development has stuck to the compromise reached so laboriously in Grenada and Luxembourg. Naturally, no one here — particularly a Liberal — is opposed to the observance of human rights. But knowing the reticences of our partners, even of those who represent countries where human rights are not violated in the least, I feel it wise to broach the question very cautiously, bearing in mind that the Community countries have no intention of interfering in the domestic affairs of our partners.

With regard to including the EDF in the budget, the European Parliament has always been in favour of this and I therefore wholeheartedly support the request made by our rapporteur in this connection. Nevertheless, Mr President, a distinction should be drawn between the budgetary aspect and the ratification procedure. When the EDF is eventually included in the budget, this House will naturally have to be involved somehow or other when agreements are drawn up. This was done in the case of Yaoundé I, Yaoundé II and Lomé I. We were consulted at each phase of the negotiations. However, our rapporteur goes further in that he feels that the European Parliament should replace the national parliaments in ratifying the future convention. Mr Cheysson — and I now speak personally — referred to this in his address and expressed certain reservations. Mr Kaspereit's reference to the Strasbourg declaration reinforces these reservations.

As the Treaty stands at present, ratification of the new convention by the European Parliament instead of the national parliaments would be contrary to the constitution of several Member States.

Ratification along these lines is not provided for in Article 238 of the Treaty of Rome which governs agreements entered into by the Community. This merely states this House should be consulted.

In actual fact, paragraph 17 of the motion for a resolution amounts to no more than a pious hope which can only add fuel to the fire of those who are rabidly opposed to direct elections. Consequently, on behalf of Mr Croze, I shall put before the House an amendment asking that the second part of paragraph 17 of the motion for a resolution be changed.

Before I close, Mr President, I should also like to draw the attention of my colleagues to the content of the report. With his usual frankness, Mr Broeks's declined to discuss changes to his explanatory statement proposed to him by certain members of the Committee on the grounds that he alone and not the Committee as a whole was bound by that statement.

This is debatable insofar as the whole report, and not merely the motion for a resolution, will be made public both in Europe and in the ACP countries.

This, Mr President, is what I wanted to say on Mr Broeks's report. As for the substance of the provisions in the new convention, I think it would be a mistake to want to do away at all costs with something which is working satisfactorily.

(Applause)

Mr President — I call Mr Caro.

Mr Caro. — *(F)* Mr President, ladies and gentlemen, less than three months ago in this very Chamber we were already discussing the renewal of the Lomé Convention. On that occasion, we did so together with our friends from Africa, the Caribbean and the Pacific.

The texts adopted in conjunction with our partners in September ought today to be echoed in Mr Broeks's report. In the main, this is so in the motion for a resolution before us. However, I should like to see it improved still further and reflect more clearly the political inspiration which must be behind major ventures, particularly as the explanatory statement in my opinion leaves much to be desired.

I am sure Mr Broeks will forgive my telling him frankly — and amicably — that I was shocked by some of his assertions. To reduce the Lomé Convention to a sort of neo-colonial pact is somewhat rash. To criticise, as he does, my country's policy in Africa is an oversimplification and a needless provocation. To go back to the old view of the world as a single community of nations — a debate which is entirely outmoded — serves no useful purpose whatever. What is more, let me say that I have no qualms about accepting the common legacy of historical ties between Europe and Africa. To disown the past and to go around with a guilt complex is no way to face the future.

My opponents will no doubt claim that the explanatory statement is the sole responsibility of the rapporteur. That may well be, but the fact is that it accompanies the motion for a resolution and I feel it necessary to issue this word of warning in order to avoid any confusion between what emanates from the House itself and what is the responsibility of one of its Members, however prominent he may be. This is the main reason why I also support Amendment No 5 tabled by my friend Mr Croze to delete from the motion the reference to the explanatory statement and therefore to the report itself.

Moving on to certain aspects of the motion for a resolution, I note first that its adoption will coincide with the turning point of the negotiations in Brussels. After a preliminary exploratory and technical phase, a second, more political phase is about to begin; over and above the technical side, the negotiations will

Caro

have to reflect the common resolve of Africans and Europeans alike to establish a true partnership and to tackle the fresh problems arising with regard to cooperation, including energy development, raw materials and investment.

Despite the continuing economic crisis afflicting the whole of the West, the EEC must do better than simply confirming the present Lomé Convention and cater for the most urgent needs of its partners in Africa, the Caribbean and the Pacific. From the point of view of financial commitment, the Europeans are — alas! — still well short of the target of 0.7 % of their GNP as development aid.

As to the thorny issue of human rights, it is one which could jeopardize the success of the negotiations.

Admittedly, the Lomé Convention is primarily an economic and trade agreement establishing a type of cooperation which is unique in the world and unhampered by ideological or political conditions; this spirit must be preserved.

Nevertheless, we can still point out, without fear of endangering the spirit of Lomé, that the focal point of all development is man, his fulfilment and, consequently, his fundamental rights and needs.

If we adopt a positive approach to the human rights issue for the sake of mutual understanding and not an abstract and one-sided approach, I am sure we will succeed in reaching an agreement with our ACP partners based on the same ideal of fostering the human individual.

Lastly, we tend to forget somewhat that human rights also cover very practical and positive aspects such as the channelling of aid to the least-favoured strata of the population in ACP countries and the status of migrant workers in the other ACP countries and in Europe.

The future convention will be a central element in pursuing the North-South dialogue. Indeed, the success of the current negotiations will be a test for the credibility of Europe in forthcoming world meetings, such as UNCTAD V and the extraordinary General Assembly of the United Nations at the beginning of 1980, to name but two.

In conclusion, I should therefore like to say that for reasons I have outlined, I reject certain parts of the explanatory statement which unfortunately contains other very sound parts which I would have been willing to support. On this understanding, I am therefore prepared to accept the motion for a resolution subject, of course, to the voting on the amendments which we are to examine tomorrow.

(Applause)

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I have found it a privilege to take part in various ACP—EEC joint meetings and assemblies. The Lomé Convention has worked well so far. Mr Cheysson has had a variety of advice from different political parties and groups here tonight, which he must reconcile with different views from the ACP, and he will need the wisdom of Solomon to maintain the momentum we have already achieved.

But first I would like to congratulate Mr Broeks on his report and the motion for a resolution. Like Mr Kasperit, I am aware of his interest in this field, but have reservations on the substance of his views. I could raise many points. I could certainly speak in support of Lord Reay's views on human rights and sanctions, but I will do no more than endorse his views very strongly. I have raised, however, in the past, with the President-in-Office of the Council the structure of the future EEC-ACP joint meetings and assemblies. I have raised the ministerial structure, the ambassadorial structure and the structure at Commission level, and have suggested that these meetings would benefit by having spokesmen from, say, in Britain, the Select Committee on Overseas Aid that is to say, British and other Community Members of Parliament on the one hand and ACP Members of Parliament on the other.

But there is one thing we must be careful of: the Lomé Convention must be a vehicle for encouraging democratic institutions in the ACP countries, and I understand that there are a limited number of Members of Parliament available from the ACP countries for such joint meetings. If this is the case it endorses all the more fully Lord Reay's and Lord Castle's views on sanctions. The Lomé Convention must fight against being a charter for totalitarian régimes; instead, it should be a vehicle for promoting democratic societies insofar as that is possible, and this must be done with tact.

I move on to the industrial scene. Mr Caro, the last speaker, and others, have talked about the 0.7 percent of the gross national product being devoted to public investment; but the greatest catalyst for the transfer of technology is the creation of private industries repeating the technologies developed elsewhere. And perhaps not enough thought has been given to making the ACP countries viable and active trading-partners with the EEC. Once I wrote a pamphlet, the main theme of which was trade and not aid and therefore I wish to speak to the two amendments put forward by the Conservative Group, and highlight the need for properly defined investment conditions for Community firms in order to encourage commercial risk-taking. I would like to raise two examples to illustrate paragraph 19 in Mr Broeks's report, to which I

Osborn

say, So far, so good, but not far enough. Firstly, manufacturing firms in the Community, particularly high-technology firms, depend on supplies of raw materials, usually rare metals. I can only quote one example: the magnet and special steel industries of Britain, which require cobalt, the major world supply of which comes from Zaïre, Kolwezi and Zambia. These resources come from developing countries, many of them members of the Lomé Convention. The Community firms employ many millions of Community citizens; they are profitable tax-paying firms which generate some of the funds for the Community's aid programmes. But the mining companies which supply these materials have reduced exploration expenditure from 34 % of their overall expenditure in the early 1960's to around 13 % today. The Conservatives met in Copenhagen last week, and despite its membership of the Convention, the government of Ghana nationalized a Danish firm, T Briscoe, in November 1976: what a grave mistake, perhaps, that the Community could not have taken a robust line in connection with the Lomé Convention! But in Granada and elsewhere, I made the plea that EEC countries should develop a knowledge of the shopping-list of ACP countries and that ACP countries should, in their own interest, know the EEC's shopping-list. And I add, as a rider to this, that new industries should be designed in the ACP countries specifically to meet their own requirements and to raise their own standard of living, rather than undercut job opportunities in Community countries. Obviously, coming from Sheffield, I have in mind the cutlery industry.

The Community's mining firms are a source of primary industry in the developing countries. Last night, the Parliamentary and Scientific Committee, with the Metals Society and the Institute of Mining reviewed the resources available to the Western world and we shall be having a major meeting in the spring.

The United Nations estimate that some 50 000 overseas subsidiary firms of more than 10 000 transnational companies have a book-value of 300 000 million dollars. Community mining companies estimate that they will have to invest 24 000 million dollars during the next decade in order to maintain supplies of non-ferrous metals, and a good deal more over the next 20 years.

Mr Broeks, in paragraph 19 of the explanatory statement, mentions insurance for investment, but the investments which the producers of primary raw materials are called upon to make require a secure political and financial framework.

Mr Broeks says further on:

In view of the stagnation of Community investment in the ACP States in recent years, protection against non-commercial risks appears desirable.

The difficulty is that the ACP States have still to react more enthusiastically to these proposals, because they

are in competition with funds for investment going to other countries such as Korea, Japan and the Philippines, and the Commission is concerned to encourage investment by Community firms in the Lomé Convention States. Neither we nor the leaders of the ACP States can force managements to do this, but we can make the climate more acceptable. I would ask Mr Cheysson to look at some of the conditions laid down by UNICE and others to encourage this investment, and I very much hope that he will take note of this when reaching his final conclusions.

But to conclude, it may be fundamental to the successful sowing of seed-corn in a new economy that indigenous firms and governments of the Lomé Convention States should risk some of their money in investing in new projects, particularly when an association with Community firms is envisaged but we in Europe want the economies of our Lomé Convention partners to be prosperous and we must learn together to develop their economies by the successful transfer of technology. Such transfers call for a growth of trust and confidence between Community firms and their associates in the Lomé Convention as well as governments and other bodies. The Lomé Convention of course, is an act of faith and I agree with Mr Cheysson that it has worked well; but the ACP countries are independent: they are in control of their own destiny; they are no longer the colonial régimes which have been referred to. They must be treated with dignity, respect and responsibility and not as objects of charity. They must be treated as, and built up to become, responsible trading-partners and work together with the Community for our mutual benefit. I hope all of us in this Assembly will bear that in mind.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — *(F)* Mr President, I would like to ask the House to bear with me for just a few minutes. There are two or three questions which I must answer; moreover, an honourable Member has called upon me to do so. In addition, there are certain misunderstandings which I should like to clear up.

In my first address, while expressing my appreciation for his report, I told the rapporteur that I was surprised to read in it that the Lomé Convention consolidated the 'balkanization of Africa'. This expression was later taken up by another speaker. Once more, I reject this idea. We are negotiating with a united Africa. Is there any other place or any other occasion where Africa appears more united than when facing us at the negotiating table? I challenge anyone to point to a single instance in present-day Africa in which African unity shows up stronger. If that is

Cheysson

'balkanization', then I fail to see what the word means!

Secondly, I am anxious to avoid all misunderstandings as to the Commission's position on the ratification of international agreements. Under the terms of the Treaty, the Commission's position is that an agreement must be examined on the strength of its content. If all the elements of the agreement in question fall within the Community's competence, we feel that, under the terms of the Treaty, it must be approved by the Community institutions. If, on the other hand, certain elements lie outside the Community's competence, then ratification must conform to the constitutional requirements of each Member State. It is possible — indeed probable — that this convention will touch on important matters which extend beyond the jurisdiction of the Community, e.g. social law.

Thirdly, I should like to say a word on geographical scope. I stated earlier that our view is that we should stick to the geographical scope delimited jointly by the ACP and the Community countries. Moreover, I have heard of no proposal to the contrary from any ACP or Community country.

More generally, much has obviously been said about Lomé and much has been exaggerated. I readily acknowledge Mr Bordu's statement that the Lomé Convention is not a solution to all the problems involved; it solves very few of them. It represents a whole new approach and it is the few small steps that we have taken in this new direction which count! What we must now do is continue in this direction. Some new paths have been opened up and this is precisely why Lomé is significant and has been the subject of so much discussion. And this is why we cannot remain indifferent to what the public thinks of the various subjects dealt with in the framework of this Convention, and the various matters we will have to discuss. Tomorrow, I say again, the industrial development of our partners will affect us, positively in the main; however, there will also be negative effects and these will have to be considered. All walks of life are affected. I note with satisfaction that the public is outraged by certain events affecting the dignity of man, whether these occur in Cambodia, Chile, South Africa or elsewhere. It is a subject which cannot leave us indifferent. Earlier I stated, as several other speakers have done, that to speak of sanctions and to seek some sort of legal control was of no use in our view. Nevertheless, to be able to broach problems together without thereby affecting the fundamental needs of the peoples concerned is, to my mind, necessary and this naturally implies reciprocity.

The main issue, and perhaps the main reason for my intervening at this late stage, is investment. I should first like to ask members not to doubt our motives. The Commission has never proposed the protection

of all investments; it has even specifically proposed that the guarantee mechanism against non-commercial risks be triggered by the ACP countries themselves on a case-by-case, project-by-project basis. If any ACP country feels there is no need for this facility, that state will simply not resort to it. Another country may use it in respect of a project which it considers particularly important. Why does this need exist? Recent developments speak for themselves: because of the slump in major long-term investment. This is an irrefutable fact against which we must act in our own interests and in the interests of our partners; we cannot replace investment by additional flows of public development aid. That is out of the question; the figures involved are not comparable. We must make investment possible in each country, and this investment must depend solely on each country's development plans, but it is essential to give the country concerned the possibility of raising investment and using this additional facility to back up national resources if — and only if — it sees fit.

I shall close by letting you into an intriguing secret. I have raised the issue of investments in all the ACP countries I have visited over the past year and a half, and the countries which take up the subject immediately are those countries which have a clearly-defined development plan. It could almost be said that the more to the left the country is in its planning and in its determination to make development the exclusive responsibility of government bodies, the more willingly our proposal is adopted, since the country then knows that it can identify the few projects it considers worthy of top priority and can thus, if it sees fit, bring into play this additional facility in respect of these projects and only in respect of these projects. Let there be no misunderstanding over what our proposals are; they are as I have explained and go no further than that!

(Applause)

President. — I call Mr Jung.

Mr Jung. — *(D)* Mr President, ladies and gentlemen, let me apologize first of all for intervening once again in this debate. I do not want to prolong this discussion unnecessarily, but I feel obliged to reply to certain comments made by some of the French Members. Mr Muller's proposal to amend point 17 of the motion for a resolution — in which the word 'approved' occurs — leads me to assume that the French Members feel that what is lurking behind this terminology is an attempt to extend the powers of the European Parliament. I should like to thank Mr Cheysson for the clarifying statement he has just made on behalf of the Commission, because it seems to me that this is just a question of the right terminology, and I am inclined to go along with Mr Broeks and lend my support to point 17 as it stands.

Jung

The fact is that the European Community — on the strength of the Lomé Convention — makes funds available and allocates those funds, while the European Parliament, as a supervisory institution, of course has to ensure that these funds are correctly applied. This means in turn that it should be involved in the formulation of this Convention, at least in an advisory capacity. I therefore feel that what Mr Broeks says in point 17 is perfectly logical, because if this Convention covers questions which come exclusively under the jurisdiction of the Community — and I think it right that they should — the Convention must of course receive the blessing of this House as a Community institution. And I would go further and say that this is a step towards what we Liberal Democrats said in our manifesto — namely that we should move increasingly away from the notion of bilateral development aid towards multilateral aid at Community level. Mr President, I just wanted to make it clear that I for one am very much in favour of both the content and the formulation of point 17 of Mr Broeks's motion for a resolution.

President. — I call Mrs Squarcialupi.

Mrs. Squarcialupi. — (I) Mr President, I intend to speak very briefly just to explain the amendment I have proposed. On the one hand, I heard a speaker describe it as difficult; on the other I heard the Commissioner, if I am not mistaken, urging that we should not be too ambitious. It is an amendment concerning working women, and in it I lamented the fact that the protection of working women during maternity had not been taken into consideration. I don't think one can be accused of being too ambitious in referring to a recommendation on the protection of mothers by the International Labour Organization from 1919, i.e. 60 years ago. It seems to me that to revive this recommendation for the benefit of working women in developing countries is the least that we can do.

The Lomé Convention can create jobs in the developing countries, but along with jobs must go respect for work and for the worker, respect for the individual.

In the specific field of women's interests, in creating jobs we must also create an awareness of a new, social value of motherhood. This value, this new awareness, must involve not only women but also the social and economic forces. Let us remember — and next year will be the Year of the Child — that every year 15 million children under the age of 5 die of disease or malnutrition. Without wishing to specify, it is also a fact that when women are able to care better for their own children and nourish them, when they are able to ensure their survival, there is an immediate drop in the birth rate in the countries of the Third World. The high birthrates in the developing countries, are essentially nothing but a reflection of high mortality

rates. Let us not forget, then, that the current rising birthrate in the countries of the Third World will transform the present 4 000 million inhabitants into 6 000 million in 25 years time, and that at least 800 million people will then not have adequate means of sustenance. Therefore, to enable this first step towards a new appreciation of the social value of motherhood to be taken, I hope that the rapporteur will look more favourable upon this amendment, which simply draws attention to a problem, and I hope that the Commission will not regard it as over-ambitious — as it seems to do — for it is not over-ambitious at all.

President. — I call Mr von Dohnanyi.

Mr von Dohnanyi, President-in-Office of the Council. — (D) Mr President, I cannot of course reply to all the points which have been raised in the course of this long debate. I shall therefore not refer to specific contributions, but will simply begin by thanking the rapporteur and expressing my appreciation for all the work he has put into this report, which will be of great assistance to the Council.

As you know, the Conference of Ministers with the ministers of the ACP States will be taking place next week, on 21 December to be precise, and I am sure you will appreciate that for this reason I cannot deal at this stage with a number of questions relating to this ongoing negotiation situation. Instead, I shall restrict my comments to basic matters of principle. This debate has, however, been useful both to the Council and to me personally, and we shall be able to bring a lot of what has been said here into the Council's decisions in preparation for the meeting on 21 December. The Council will in fact be meeting on 20 December to agree on its position for the following day's meeting, so that as far as timing is concerned, we shall have virtually ideal cooperation between the Council and Parliament, which is something I should like to stress in particular on a day like today.

Mr President, ladies and gentlemen, I should like also to restrict my comments to the motion for a resolution itself and to avoid commenting on the explanatory statement — which I do not entirely agree with — and the amendments which have been tabled to the motion. I thought it would be sensible here, in my final contribution to this debate, to base my comments on the motion for a resolution itself to enable me to explain the Council's position.

To begin with your introductory comments, it is true that — as you say — the Convention of Lomé can set a unique example. The preamble also refers to the Convention as setting the pattern for future relations, but I think I can do no more than repeat what Mr Cheysson said, namely that it represents a positive contribution. There is too much missing from the Convention of Lomé to make it a perfect model for cooperation between North and South, so we should

von Dohnanyi

not give ourselves too many pats on the back and make the Convention appear more exemplary than it really is. Undoubtedly, it is a good thing, it is a step in the right direction, but it is first and foremost a positive contribution towards progress in the right direction.

Let me now say a word on point 1 of your motion for a resolution, which is concerned with the geographical limits. This question cropped up in the course of today's debate and I should like to add my support to what was said. If the Convention of Lomé is to have any point at all, it must be geographically defined and be subject to the definition which the Commission, the Council and also Parliament have always used in the past and which was referred to again here today.

Let me also say something about the possible extension of the list of member states. I should like to emphasize that the Solomon Islands' application has already been approved and accession has already taken place this year. As far as the two small islands of Tuvalu and Dominica are concerned, there is a reasonable chance that we shall be able to come to a decision relatively quickly in the ACP-EEC Council of Ministers once the Council has given its agreement and provided the agreement of the ACP States is received in time.

I go along entirely with what Mr Cheysson said about the balkanization of Africa. I should like to state quite categorically that the present artificial national frontiers in Africa are entirely due to the colonization of Africa by Europeans. There can be no doubt about this. But the Lomé Convention, which is forced to take these frontiers as a basis — and let us not forget that the OAU regards these frontiers as inviolable — is an attempt to go beyond these frontiers, in the spirit of Mr Cheysson's comments, and to make it easier for us to come together with the African states. So if the criticism is directed against the Lomé Convention, I can only say that it seems to me to be unjustified, not to say absurd.

Moving on to point 2, in which you refer to the permanent nature of the links, I may say that this is undoubtedly the Council's intention. The problem lies in retaining a permanent aspect at the same time as ensuring that there is sufficient room for innovation and change within the terms of the Convention. As to the best way of solving this problem, discussions are currently in progress but our aim remains to achieve permanence while at the same time reserving the opportunity to make changes and modifications wherever these appear to be necessary and sensible.

Thirdly, I should like to deal with your points 3, 4 and 10, which are based to some extent on the social dimension of the Lomé Convention. On this point you have our full support. What we are talking about are the neediest sections of the population, and our first priority must be to safeguard small business and

craft enterprises and provide good basic provision of schooling and health care. These are — as point 10 has it — the fundamental needs of the population. Let us call this the third area.

I should now like to take points 6, 7, 8 and 9 together, because they cover the field of human rights. Here again, if I was following the debate closely enough, I think there is no difference of opinion. There can be no doubt that the preservation of human rights should form the basis of relations between states. On the other hand, we should not allow ourselves to be forced into the position of having to take constant formal decisions as to what belongs in what category. What we need here then is an agreed common basis.

The fifth area is concerned with free trade. We in the Council fully agree with what appears to be this House's impending decision. Of course we must put a stop to the growing trend toward protectionism. If I may be allowed to say so, ladies and gentlemen just as I and my colleagues must continue to take this stand in our own governments and in the Council, I would urge every Member of this House to carry on the struggle against protectionism in his own constituency back home, because that is where the real problems usually arise. At least, though, the Council and Parliament appear to be united in their aims.

The sixth area concerns the STABEX system. As you know, the ACP States have expressed the wish — which Mr Cheysson referred to — for a wider basis to be created. We should like to meet this request as far as possible, and negotiations are currently in progress.

The seventh area concerns points 12, 13 and 14 and covers the various special forms of cooperation. I should like to underline what one Member said here on the need for investment protection. The private sector of the economy certainly plays a major role in the cooperation field. In our economies, the private sector is not only the main technological driving force, but also the source of innovative capital, and cooperation is of course an important factor as far as developing countries such as the ACP States are concerned. Investment protection will therefore be of considerable importance.

As far as points 17, 18 and 19 are concerned, I merely want to say at this stage that we have taken account of the views expressed. As to the procedure to be adopted under the new conditions, this will have to be left to the negotiations and to the decisions by the Council.

Point 15 covers what we take to be a ninth area, which is in line with our own thinking, the point being that the Lomé Convention should not be regarded as a substitute for other development aid commitments. The European Community and its Member States will retain their overall responsibility over and above the Lomé Convention commitments, and this I take to be the gist of this particular point.

von Dohnanyi

If you would like me to say a cautious word or two about the state of negotiations — well, as you know, the ACP States have made a number of requests for totally new structures to be incorporated in this Convention. What they are interested in is relaxing the rules on origin, the problem of the extension of general preferences and the attendant problem of compensation, the disappearance of protection clauses, the extension of STABEX, as I mentioned earlier and the financial aspect to which Mr Cheysson has already referred.

Let me say that the Community will undoubtedly make an attempt to satisfy the interests of our special partners in the Convention of Lomé, but we must be aware of the limitations and of our wider-ranging responsibilities in other sectors which I have just referred to. We hope that the ACP States will also recognize the limitations under which we have to operate although we shall make full use of whatever room for manoeuvre we have.

Finally, point 20 of your motion for a resolution instructs the President of this House to forward the resolution and the report to the Council and the Commission. I am pleased to have been able to be here today to take note of your wishes in person, and I will of course take these wishes into account at the meeting of the Council on 21 December.

Finally, Mr Cheysson quoted me earlier as referring to the Lomé Convention as a pact for progress. I should like to point out to Mr Cheysson that that was not entirely correct. What I had referred to was a pact for common progress, and I should like to stress that word 'common' because, as far as I am concerned and as far as the Council is concerned, a pact for progress is only viable if it is instrumental in ensuring common progress both for and for the ACP States, which have close historical links with us. I am sure, Mr President, that this House shares this common responsibility, and I shall take account of this in the Council's deliberations.

(Appluse)

President. — I call Mr Broeks.

Mr Broeks, rapporteur. — *(NL)* Mr President, may I begin by saying that I am very sorry that Mr Cheysson, who spoke to our committee about this report, did not give notice immediately of his objections to what is said in the report — namely, that from the political point of view, the Lomé Convention has consolidated the status quo, and the word we used to describe this was 'balkanization'.

If he had raised this objection earlier, I would have chosen my words rather more carefully. Let me say quite clearly that this is an inevitable aspect of the

Lomé Convention. We are all aware of the balkanization phenomenon and we have seen evidence of this in the form of tribal warfare. But to blame this on the Lomé Convention is about last thing I had wanted to do.

You will find this point covered in point 5 of the explanatory statement. If he had objected straight away, I would have been much more careful in the expressions I used. I can well understand that Mr von Dohnanyi supports his objection. There are still a number of misunderstandings to be cleared up. Firstly, nowhere did I say that the Lomé Convention did need to be ratified. All I said in paragraph 17 of the motion for a resolution was that the new European Development Fund should be approved. There is no need for ratification. If you then go and interpret this as meaning that the Lomé Convention in its entirety does not concern this House, then all I can say is that I am sorry but this was not my intention then and I would have no such intention now.

Moving on to the geographical scope of the Convention, it seems to me that this point is covered clearly enough in the report. I said that there are a number of countries which are ruled out of consideration by virtue of the geographical definition.

Then there is the question of human rights. I am a little worried about referring to human rights as such. I think it would be very regrettable if, by constantly drawing attention to the Declaration of Human Rights, we were to cause an unnecessary breakdown in the negotiations. The major part of the Declaration is self-explanatory, and precious little purpose is served by harping on it. I therefore deliberately chose to refer to 'violations against the human person' in preference to 'human rights'.

I would think it injudicious to allow a lot of time to be taken up in the negotiations on the question of 'human rights', and I hope that this will not be the case. In my opinion, the wording of paragraph 7 to the effect that 'the European Parliament deems it necessary to condemn the following violations against the human person...' is quite sufficient. Paragraph 7 then goes on to give examples of violations against the human person. I would concede that if this paragraph is not acceptable in its present form, and if we insist on referring to 'human rights' — which I personally would regret — we would then have to heed the note of caution struck on this point in the Consultative Assembly.

In reply to Lord Reay, I should like to point out that nowhere did I refer to his amendment as being hazy and vague. I merely said that I had tried to incorporate as many specific points as possible in the motion for a resolution. I did not say that the remaining points were hazy and vague. I was talking about specific points, and this is why I rejected his

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amendment to paragraph 13 and raised the point instead in Question Time, in Question No 18 to be precise. I said that measures must be taken and that these ought then to be incorporated in the new Lomé Convention. I trust that this will happen automatically. Mr Cheysson also referred to the question of sugar, and I should like to point out quite categorically that nowhere in the motion for a resolution will he find any reference to sugar. I said that this was something entirely separate from the Lomé matter. I hope that this is now quite clear.

Of course, Mr Vergeer was quite right in what he said. There are undoubtedly Members of this House who share the opinion of the members of the Committee on Development and Cooperation on certain questions. But the Committee is a lobby, a coherent unit which can get things done. I merely wanted to draw attention to this 'lobby' element. Mr Vergeer says that this is all very well, but there are a large number of individuals who share the Committee's opinion. Individuals, however, are not a lobby — hence my objection.

Mr President, Mr Sandri said that many of the poorest countries are already covered by the Lomé Convention. This is true enough, but the report itself makes the same point, and so there need be no difference of opinion on this matter.

I very much regret that Mr Kaspereit is no longer present. Although Mr Kaspereit is a member of our committee, he failed to attend a single meeting, and so he has no right to complain that the report contains things of which he does not approve. His remarks come too late in the day because there is little that can be done now, and I should like to have discussed his objections with him.

Following on from what Mr Muller said, I am afraid I must reveal that at a given moment, we in the committee said that the time had come to stop talking about the report and to regard the matter as closed. We now have the motion for a resolution before us and it must now be voted on because, otherwise, it will be too late.

Mr von Dohnanyi rightly said that the meeting of the Council on 21 December would deal with the question of the Lomé Convention, and it seems to me to be absolutely right that we should be discussing the subject now and not one or two months later, so that Mr von Dohnanyi can report our views to the Council, as he has undertaken to do. I am very grateful to him for this, and I think that is all I need to say on that particular point.

I should like to say to Mrs Squarcialupi that the Commission has drawn up a number of guidelines on the basis of the ILO resolutions, pointing out that these should also be applied in the Third World.

I asked Mr Cheysson whether he thought the point raised by Mrs Squarcialupi could also be included. Mr Cheysson was very cautious in his reply, which is something I quite understand. But then you went and told me to include it, but it is a tricky matter and I dare not go so far.

For one thing, I do not know whether the 13 weeks holiday which women are normally entitled to here are really necessary in Africa and in the rest of the ACP States. Please don't get me wrong — I have every sympathy for the ILO resolution and have no objection to it whatsoever. I just do not know. I should like to have heard Mr Cheysson's reaction and he has followed a very cautious line. And now you are telling me to include it. But if I once start being more specific, then I must be specific in every point, and there are a number of things in the motion for a resolution which I have just as many doubts about as this point, Mrs Squarcialupi.

It is not up to you or me, but if the Commission refuses to accept the point, I do not think it is much use taking the plunge anyway, because we shall simply be wasting our time.

(Applause)

President. — — I note that there are no more requests to speak. The vote on the motion for a resolution, together with amendments which have been tabled, will be held during voting time tomorrow.

The debate is closed.

13. *Accession of the Solomon Islands, Tuvalu and Dominica to the Lomé Convention*

President. — The next item is the report (Doc. 486/78) by Mr Croze, on behalf of the Committee on Development and Cooperation, on the communication from the Commission to the Council on the accession of the Solomon Islands, Tuvalu and Dominica to the ACP-EEC Convention of Lomé and proposals for certain legal acts relating thereto.

I call Mr Jung.

Mr Jung, deputy rapporteur. — *(D)* Mr President, ladies and gentlemen, in view of the President's ruling and the lateness of the hour, I will come straight to the point. After listening to this wide-ranging debate on the Lomé Convention, in which all the speakers expressed their support for the accession of the poorer developing countries, I would like to say that Parliament is justified in endorsing the Croze report unanimously. Mr von Dohnanyi has already said that the Solomon Islands have already completed the formalities, and that negotiations with Tuvalu and Dominica are still in progress. Our support for this report should be unanimous.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Croze report states, the Lomé Convention provides for the accession of overseas territories on their gaining independence, if they so request.

Following such a request, a unilateral Community decision on trade is taken giving them free access to the market. While the request is being considered, proposed schemes are regarded as still emanating from the overseas territories. In other words, there is complete continuity from independence to full membership of the Lomé Convention. I can assure Parliament unreservedly that there will be no break in the programmes foreseen for the three countries you mentioned. There has been none in the case of the Solomon Islands, which now come under the Lomé Convention, nor will Tuvalu and Dominica, which have just applied, experience any break in their programmes, right up to the moment of membership.

In conclusion, Mr President, I shall merely say that it is gratifying for the Community to see that all the former overseas territories, on becoming independent after the Convention was ratified, requested full membership within a few weeks after independence.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote, as it stands, tomorrow.

The debate is closed.

14. *Energy aid to the developing countries*

President. — The next item is the oral question with debate, by Mr Noè, Mr Dewulf, Mr Fioret, Mr Martinnelli, Mr Vergeer and Mr Bersani, to the Commission (Doc. 482/78):

Subject: Energy aid to the developing countries

In view of the considerable difficulty experienced by the non-oil-producing developing countries in obtaining oil supplies and of the fact that world oil resources have reached a stage of depletion which will further aggravate the situation, should the Commission not accord priority in its general development cooperation policy to two kinds of aid as a medium- and long-term solution to this situation:

1. Systematic encouragement of fuel exploration in the non-oil-producing developing countries through joint action with the OPEC countries:
2. Exploitation of local energy resources through the utilization not only of solar energy plants but also of hydroelectric and geothermal plants where local conditions allow?

Can the Commission indicate what action has already been taken along these lines and what action it intends to take in the near future?

Does the Commission not consider energy development to be a priority issue in the context of the North-South dialogue?

I call Mr Bersani.

Mr Bersani. — (I) Mr President, those who tabled this oral question took the view that, with regard to the energy sector, there are highly significant interests and requirements which demand the attention and active commitment of the Community.

Moreover, Mr Cheysson, in his speech earlier on, referred specifically to an initiative and to a document which the Commission has drawn up precisely with a view to the strengthening of this sector and to the promotion of initiatives which will take more account, in the most suitable way, of the needs of the developing countries.

Indeed, we are aware that any development process is strongly dependent on sources of energy and that in the developing countries this problem of maximizing development in the energy sector has special features, which demand the application of appropriate technologies and the development of studies and specific activities to a much greater extent than hitherto.

It is for this reason that we thought it necessary to call the Commission's attention to the problem, and we feel that all sections of our Community should know as precisely as possible what measures are being studied, and along what lines the Commission intends to strengthen, develop and coordinate the necessary initiatives.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, cooperation with developing countries must indubitably include cooperation on energy questions. Firstly, oil consumption in developing countries is currently only an eleventh of that of industrialized countries. This will change radically. By the year 2000, developing countries' consumption will have risen by three to four times compared with the present. Secondly, any dislocation in the energy sector is a serious blow to the developing countries. There can be no further growth. They develop balance of payments problems. Their scope for increasing employment narrows. Therefore we must act. We must help them, so they will not have to become additional buyers of oil on the world market in a few years. We must help ourselves by helping them, by preventing the curtailment of our and their economic development through disruptions in their economic growth. That is the point of the Commission's action. We are considering a number of approaches. First of all we want to list the requirements, which will vary from country to country. Then we will try to drill for oil. We will try to prospect for uranium and coal. We will try to pass on energy conservation techniques. We want to develop alternative energy sources such as solar and geothermal energy, which especially in areas of low population density will obviate the need for costly

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infrastructure. We think that this is a good approach, and we have asked the Council to make available 10 million EUA for this. We also believe that there is room for cooperation with groups such as OPEC. In this way we want to resuscitate the Euro-Arab dialogue, and finally also try to create in the United Nations a new forum for a North-South dialogue on energy.

(Applause)

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

Mr Brøndlund Nielsen. — *(DK)* We are well aware that energy problems have become very serious in recent years and it must be admitted that such problems are greater for developing countries, since these countries have to face them at a time when their development is only properly beginning. The fact is that the third world contains 71 % of the world's population but consumes only 16 % of its energy. It is obvious, therefore, if those countries are to be developed, that such development can only increase the world's energy supply problems and it is important that we should try to provide the technical assistance to enable them to exploit what energy resources they have.

I would also make the point that it is not merely a problem of supplies we should be considering. I am thinking here of the other consequences of a very high and increasing energy consumption. Here in Parliament we have just recently discussed climatological surveys and we know how difficult it is to predict the changes in climate which may result from a high consumption of energy, changes which involve certain risks and which are referred to in the question now being dealt with.

The exploitation of the extensive natural resources in third world countries also requires the use of a considerable amount of energy and we in the Community would very much like to be able to avail ourselves of those resources, both to help in the development of the countries in question and to satisfy our own needs. In order to do so, we must have energy at our disposal, and I can tell you that two thirds of the potential hydro-electric powder in the world is to be found in those developing countries. Africa tops the list with 26 % but it is typical of the situation that, despite these resources, only 3 % of the world's hydro-electric power is actually produced in Africa. This percentage is indicative of — and is the result of — the inadequate level of economic strength and technical expertise available there for the construction of the hydroelectric installations necessary to exploit this potential source of energy. A specific example of this is a country like Niger, which is one of the world's

poorest countries and is entirely dependent on imported energy, although it possesses rich potential sources of energy. Niger is also one of the world's largest producers of uranium and there is intense sunlight which could also be used, and deposits of oil and coal have also been found, which shows that the ingredients for positive development are there. In fact, very little has been done, but much could be.

I would like to emphasize that, in providing aid to enable countries to exploit such sources of energy, we must, as always, — and this was indeed the subject of much discussion during the previous negotiations as the renewal of the Lomé Convention — ensure that such aid is compatible with social and economic conditions in those countries. In this connection I would refer to the point made by Commissioner Brunner, namely that such forms of energy, which aim to exploit long-lasting sources of energy, do not require expensive infrastructures. They are ideally suited to such countries, where centralized electricity production is not advisable owing to the fact that the population is very scattered. However, these alternative forms of energy such as geothermal and biomass energy, wind and hydro-electric power, the direct use of solar power by means of chemical-conduction solar cells, have notable advantages and in addition are long-lasting and therefore, as the question suggests, we ought to be taking steps to develop them. You will also have noted the Commissioner's remarks to the effect that the Commission would be taking further initiatives in this matter and we look forward to that. It is thus necessary, as I have already said, that we should take account of conditions in the different countries and I would also stress that we must put forward projects which can give positive results. We must be at pains to ensure, even if the sums to be invested are often small, that they are seen as part of an overall plan and are not spread out in such a way that they do not give a full return.

We must also seek to coordinate our efforts with those of other international bodies providing this kind of aid, such as the World Bank or other organizations which support such measures.

It should also be noted that the United Nations Environmental Programme plans to hold a conference in 1979 on the effect of the various forms of energy on the environment and I would recommend the Commission to pay particular attention to what I had to say about climatology. These problems are also being examined by the West African Economic Community and attempts are being made to coordinate this work. I would like to say in conclusion that I am fully in agreement with the sentiments expressed in the question.

(Applause)

Nielsen

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

Mr Osborn. — Mr President, the importance of energy, to developed and developing countries alike, cannot be overstated. Our whole society and way of life are based on the availability of energy, and the aim of achieving eventual energy independence is essential for the maintenance of our living standards, as well as for our political independence.

But firstly, I endorse what Mr Brunner has said: for the developing countries — and I hear that they think this should be looked at in connection with the Lomé II negotiations, which we have already debated — it is a vital matter to achieve the material standards to which these people have a right. Surely the provision of food, education and medical facilities, housing and employment must count as being of equally great importance as basic human rights, second only to the fundamental requirements of life and freedom from torture and all forms of intimidation.

Why should we concern ourselves with this problem? Well, as Mr Brunner said, energy will be tight from 1985 onwards. I therefore welcome the fact that we have the Commission document of 21 July (Doc. 355). This tightening will hit the vulnerable developing economies harder than ourselves, unpleasant although it will be for us too. There is a danger that the poorest countries will find all their resources absorbed by energy costs, leaving nothing for development.

Now, those who are selfish may feel that we should not dispose of our resources. But because we are so dependent, as I outlined in the previous debate, on the Lomé Convention countries of the developing world for our raw materials, it is in our own interests that the EEC countries should consider the energy problems of the developing world. I agree with Mr Brunner that we must have an inventory of energy resources: this must receive full support; but it must not delay the exploration and use of new alternative energy sources.

Many of the alternative energy sources being considered are very suitable for developing countries, because they can be struck locally and fall into the class known as intermediate technology: gas, wind-power and solar thermal generators fall into this category, for instance, and I would like to ask the Commission if it is making serious contact already with the various small-scale researchers and manufacturers in the Community who have an interest in the intermediate technology in this particular field. They will do this for commercial motives, but also they have a concern for the self-sufficiency of communities. Now, obviously Mr Cheysson and I discussed this at a

meeting last night — the Commission is interested in the use of alcohol as a fuel in developing countries. There are examples of this in Brazil and India. It would be interesting to hear the Commission's view on the development of sugar as a source of alcohol for energy and perhaps also for providing motive power of vehicles as an alternative to the internal combustion engine.

Time is short, but I had wanted to develop arguments on the use of constructing solar power-stations. The United States of America and the OECD have information on the use of low-density micro-waves which need large collecting grids on the ground. Obviously Mr Cheysson has looked into this, because he has referred to the possibility of a scheme such as this, with the grids in hot countries, in areas that are now producing oil and in the deserts: the Middle East would provide a useful alternative to what is available now.

But all this requires international cooperation in which the Community can play an important part. Therefore, I very much hope — and I will be brief at this stage — that we can have news of the type of contracts that can be expected, with the Community acting as honest broker.

I wish the Commission every success in their present efforts and exhort them to work for the introduction of viable alternative energy sources as soon as possible. I would like to call on them to consider longer-term projects, such as the rather ambitious schemes using space satellites and micro-waves which have been already referred to by me in other debates, and perhaps they might consider making the decade 1979-1989 an international decade for energy alternatives. To use a pun which will destroy the translators: a good IDEA ... I hope they will support this. I am glad of the opportunity of this debate, and the Conservative Group very much hope that the Commission will take the opportunity of letting us know what they are able to do to implement their provisional document, which has already been before our committees.

(Applause)

President. — The debate is closed.

15. *Community action in the educational field*

President. — The next item is the motion for a resolution tabled by Mr Meintz, on behalf of the Committee on Social Affairs, Employment and Education, on Community action in the educational field (Doc. 480/78).

I call Mr Meintz.

Mr Meintz. — *(F)* Once again, we have to deal with educational matters at the end of a long day, and once again just before attending a dinner, so that one almost feels guilty at detaining a House that is fortunately no longer very full. First I would like to thank

Meintz

my fellow members of the Committee on Social Affairs, Employment and Education for adopting the motion for a resolution which is before you today, because their vote has underlined the full importance of the matter in hand, namely, Community action in the educational field. Scarcely a month ago, we met at Strasbourg to discuss what should be done in this sector in the light of Mr. Power's report. All the speakers including the President-in-Office of the Council, agreed on the importance of a programme of this nature, because over the years it has become clear that the Community's economic and social goals can only be achieved if its economic and social policies go hand in hand with appropriate educational measures. This realization led to the adoption on 9 February 1977 of a resolution by the Council and the Ministers of Education meeting in the Council, on an action programme for education. The Commission used this as a basis for making further proposals to the Council, which, in December 1976, adopted an action programme on youth employment. Moreover, at the meeting of the Ministers of Education scheduled for 27 November, other major proposals should have been considered, for instance the teaching of languages in the Community, the study of the Community in schools, the admission of students at institutions of higher education in one country to institutions in another, and the particular situation regarding the education of young women aged up to 18 years. Everyone's hopes were pinned on that meeting of 27 November, so when we heard around mid-November, after the Strasbourg past-session, that the 27 November meeting had been postponed indefinitely, we were not only extremely disappointed but, more than anything, we were disturbed, because we did not and still do not know the real reasons for that decision. Was it a straightforward postponement, or is the advisability of a Community education programme really being seriously questioned? If the former is the case, I shall certainly ask the Council to set a fresh date as soon as possible. If the latter is the case, I have no compunction in saying that I would regard this as a major setback for the European idea or, rather, the European ideal. As it is late, I have no wish to go into all the arguments for the Community education policy, namely, the need to make young people more aware, the vital pooling of research facilities, and so forth. Nor is it my intention to reopen the debate on the legal aspects of such a scheme. All the same, I would like to quote the article which refers to the mutual recognition of diplomas, vocational training, Community nuclear research programmes, and the University Institute. I would also like to quote Article 235 without further comment:

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.

Whether these articles are legally adequate or not, it appears to me that in the final analysis a political choice is involved. In 1976 the Council wanted to take action and did so on the basis of the Treaties which exist today. Yet this is not possible in 1978, even in the run-up to the direct elections. That is the reason for the Council's inertia. Why is this so? That is the question on which I would like an answer from the Council.

(Applause)

President. — I call Mr von Dohnanyi.

Mr von Dohnanyi, President-in-Office of the Council. — *(D)* Mr President, I have asked to speak now because I have managed to discuss problems of the relationship between Parliament and the Council with the Bureau, and this evening is the only available opportunity. This means that I shall have to take my leave after I have finished speaking, and that is why I have requested the floor at the start of the debate.

I should first like to say that the question Mr Meintz asked me is entirely understandable, because I sympathize with those who anticipated that the Council of Education Ministers would take decisions of substance on the various issues tackled. But, Mr Meintz, it is necessary here to say quite frankly how things stand. Opinions differ on the Community's powers regarding the questions you raised in the motion for a resolution, and it is important to recognize that your idea can cut two ways in the run-up to the European elections. One can take the view, like yourself, that the time is ripe for dealing with that sort of issue. But it must also be recognized that others think that this is precisely the wrong time. I feel that the mood of those who are generally opposed to dealing with these matters reflects the latter view and, that being the case, the Presidency felt unwise to start a debate now that might have taken a deeper significance than warranted by the issues listed. Although it is perfectly possible to take a different view, that is why we very hesitantly concluded that it would be wiser not to deal with these matters at this time, although the preparation for the issues raised here had reached an advanced stage, and we would have been able to make partial decisions on some points, but might have explicitly asked you to understand that we felt, reluctantly, that we had no alternative on this occasion. I should like to leave to the next President-in-Office and his colleagues the task of dealing with your request in paragraph 3 for a fresh date to be fixed for the meeting of the Council of Ministers of Education, and I hope that they will take your advice on this matter. As I said, the preparatory work has reached an

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advanced stage, but given the situation at present it did not seem advisable to free the issue. That was what I wanted to say, Mr President. From the faces of the few honourable members still present I see that my meaning has largely come across but I also know that debates on education are generally ill-attended, nocturnal events. This has been our common experience over many years.

President. — I call Mrs Squarcialupi to speak on behalf of the Communist and Allies Group.

Mrs Squarcialupi. — (I) Mr President, we certainly cannot refuse to show comprehension, given the late hour and also the persuasive way in which Mr von Dohnanyi has spoken. However, we remain very concerned, because although we live in a Community where there is free movement of labour, it seems that free movement of ideas, or at least the free discussion of ideas and their confrontation in that more demanding context which is culture, is in no way encouraged.

We admit to being afraid of a certain kind of cultural protectionism. Earlier on, someone described economic protectionism, as suicide. Well, I think the same can be said of cultural protectionism. Indeed, we in Europe need to get to know one another better by learning one another's languages, to recognise the historical uniqueness of our Community and to encourage by every possible means the free movement of our students.

The programme of scholarships guaranteed a selection which was capable of spreading European culture. In particular, I was awaiting the decisions of the Council of Ministers on the action programme for the teaching of girls — a programme which was essential in order to make truly applicable Article 119 of the EEC Treaty on equal pay of men and women — as well as on the Directive on equality of opportunity and vocational training.

Thus, with all the comprehension which we cannot refuse, given the circumstances, but which does not help to clear up any areas of doubt, we reaffirm the Community action on education is essential to the very life of the Community. It is not enough to demolish the customs barriers if we then prevent culture from travelling more easily through these open barriers and finding common elements, without leading to cultural levelling and uniformity, as we have pointed out on a number of occasions in the documents of our Committee.

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

Mr Power. — Mr President, on behalf of the Group of European Progressive Democrats, I am very pleased to have a further opportunity to participate in a discus-

sion on Community action in the field of education. The impression that remains with me of the debate last month on education is that it was a very widely felt regret that the Community's activities in this area were very limited, and my hope is that the report on education which I presented then and the motion that has been tabled by Mr Meintz, also calling for Community action in this field, will help to focus attention on these important aspects of the Community's future.

The attitude of certain people in narrowing the field of education to their own national boundaries is very depressing, and indeed the explanation given here tonight has done nothing to dispel that depression. The education ministers of the Member States might well reflect on the guiding principles in education that were laid down at a special intergovernment conference in Paris in October 1966 :

Education from the earliest school years should be directed to the all-round development of the human personality and to the spiritual, moral, social, cultural and economic progress of the Community, as well as to the inculcation of deep respect for human rights and fundamental freedoms within the framework of these values. The utmost importance should be attached to the contribution to be made by education to peace, to understanding, tolerance and friendship among all nations and among racial or religious groups.

I think it is time that we updated our thinking to meet these guidelines. We write volumes and we spend a lot of time and money on migrant children, and rightly so; but why should we stop and not cherish the Community children in the same manner as these welcome visitors? We speak of the Committee on Social Affairs, Employment and Education in that order, in the pecking order that they have been give here tonight, but I believe education should come before employment — it does in real life anyhow. We speak of youth employment, of training and re-training: is it not ludicrous that we should think we are only entitled to start dealing with the training of our pupils when they leave school for a working life? I believe that education programmes should be complementary and continuous. I come from a country that prides itself on producing the best horses in Europe and the best in the world, I might say; and we know that the training they get before they appear on the racecourse is in the jumping arena, it is vital to their success. I do not wish to resurrect Jonathan Swift's situation, where horses take the place of people, but even the most blinkered human being, or minister, must get the message in this particular case.

Community action in the field of education will provide us with the chance to find ways of providing equal opportunities for all our children, and one of

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the objects of the social action programme is full employment. Education must be considered as a means of working towards this goal, and students at all levels of education, from primary up to third level, must be given a comprehensive picture of the adult world into which they are moving. They should be instructed in a wide range of subjects so that they are better able to adapt themselves to the demands of work requirements when they look for their first employment. Special attention should be paid, of course, to the new technological aspects of work in the future, and if this means that new subjects should be introduced, the Community should carry out continuous studies into the best ways of approaching the matter so that each student has an equal opportunity to benefit from them.

Career guidance must play a central part in the school curriculum. Inadequate advice has frequently had very harmful results: students have either taken up careers on leaving school to which they were not at all suited or have found that their qualifications or sometimes lack of qualifications have left them in a position where there was no available employment. Where students have had access to good careers guidance, they have been in a much better position to look for and find work that was suited to their talents. The efficient working of a good career guidance system throughout the Community using the knowledge gained in each Member State would go a long way toward resolving the present level of unemployment, and furthermore, an effective career-guidance scheme could point not only to job opportunities at home, but to where there are possibilities of work in another of the Member States.

This leads me to stress the need to ensure that there are equal opportunities for all students in the sphere of languages. The Commission has recognized that it is of major importance to ensure that the teaching of languages in the Community is given due attention. If the citizens of the Community are unable to communicate with each other in at least one language other than their mother tongue, not only is the ideal of equal opportunities for all going to suffer, but ultimately the free movement of our people and their entitlement to work in any other of the Member States will suffer too. The Community must ensure that in all the Member States there are qualified teachers who can help toward this end, that the exchange of pupils is made possible, and that, either through group visits or field study programmes, students attending school in the more remote areas of the Community are not neglected. They must have equal opportunities too. Furthermore, children of migrant workers must be given the same opportunities.

Another area to which I would like to draw attention is the study of the Community in our schools. From the point of view of employment and the theme of

career guidance, an insufficient knowledge of our Community, its history, its geography, its languages and its culture can only have a damaging effect on future generations, and it is therefore of the utmost importance that a course on the Community should be introduced so that students can fully appreciate the Community in which they live and of which they are a part.

I believe that the question of European education and European civics has been actively considered for the past quarter of a century. Conferences have been held on this subject in Bruges as far back as 1952 and in Nancy, Twickenham, Florence and Frascati. The need to teach these subjects is admitted, and only the method is open to debate. There is a doubt whether it should be a principle of general education or a distinctive subject: I personally favour the former and I believe that European civics must be given enhanced status in the school curriculum.

Finally, I would like to compliment those Members of the Commission who deal with educational matters. If their good work is to bear fruit, we have a duty in this Parliament to see that the recommendations from the Commission and the recommendations from this Parliament are implemented. Apparently the Members of the Commission have been working under false pretences up to now, under the assumption that they had a rôle to play, and I am not satisfied with the wishy-washy explanation that we got here tonight about that particular rôle. If certain ministers for education in the Member States feel that we in Europe cannot play a part in Community education, they are very wrong and I feel that they are not fit for the exalted positions that they hold. They are a perfect example to me of the need for re-training in their particular case.

In conclusion, Mr President, I would once again like to thank Mr Meintz for putting forward this motion. I support it fully. I agree that there is a need for Community action, not alone to give every one equal opportunities in education, but also as a serious means of providing a firm basis on which to build better and more equal employment opportunities for our future generations.

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, very briefly, in view of the late hour, I too would like to thank Mr Meintz for the insistence with which he quite rightly seeks to bring forward this important aspect of Community policy, and I should like to make a few observations. The first is that we too are to some extent responsible, as a Parliament, for having put such an important question at the bottom of the agenda. I too should like to emphasize to you, Mr President, and to the Bureau, the need to ensure that next time this topic is given a more suitable place on the agenda.

Bersani

Secondly, leaving aside the exploration which the representative of the Council, Mr von Dohnanyi, has given here, it remains a fact that the ministers responsible for culture and education meet very rarely and appear to attach only relative and secondary importance to this sector. I too protest against this state of affairs, since there is no doubt that Community integration, the gradual realization of Community unity, has four essential aspects, one of which is precisely the cultural one. Indeed, alongside economic integration, foreign policy, and security questions, it is culture which can bring about European unity. Therefore, Mr President, ladies and gentlemen, we must draw very different conclusions in this sector, as regards both general attitudes and practical operations. The four items which were on the agenda and with which Mr Meintz and other Members have dealt fully, seem to me also to have a high degree of importance. It should be stressed above all that they concern the younger generation, that is that part of our society in which a new and constructive cultural development could be most effective and influential.

Mr President, ladies and gentlemen, these are the brief observations which I wanted to make on behalf of the Christian-Democratic Group in addition to those made by my colleagues. Once more, sincere thanks to Mr Meintz for having so ably raised once more this essential question.

President. — I call Mrs Kellett-Bowman to speak on behalf of the European Conservative Group.

Mrs Kellett-Bowman. — May I too add my thanks to Mr Meintz for the untiring work that he does throughout the years on behalf of education? Now as far as we understood the reasons given for the cancellation of the meeting of the Council of Ministers for Education on 27 November, we in the European Conservative Group, I am bound to admit, had some slight sympathy with the member governments which brought the cancellation about. This may sound strange, because I am of course extremely interested in education, but Agence Europe reported last month that Denmark and France objected to the meeting because they felt it was not desirable to create common policies which, not being based on the Treaties, would consequently not be implemented in compliance with the Treaties. Now we have always believed that it is a mistake for the Community to attempt to do too much, and in particular to expand its activities into areas of policy where the Member States individually are better placed to find solutions. It is interesting that Commissioner Tugendhat committed himself to paper on these issues last year. Writing in *The World Today*, he said:

To duplicate the activities of the nation state unnecessarily, or worse, to take them over and do them less well, can only harm the Community in the eyes of its citizens. Education, for example, is an area where the Community should surely not aspire to an extensive rôle, even if invited to play — that is the important word.

But the point, Mr President, about the questions which were up for discussion at the Council of Education Ministers last month was that they did not represent an extensive rôle. In our view, most of the items that were due for discussion make up a policy which could legitimately be implemented at Community level. The difficulty is that the Community has now been operating for twenty years under rules drawn up in a completely different climate of opinion. It is perfectly understandable that it should seek to extend its activities in the social and educational, as well as in the economic sphere, to give itself, in the now rather hackneyed phrase, a much more human front. Indeed, to the extent that Community educational policy seeks to coordinate what is already happening, rather than to create something new, it may have rather more success than Community policies in other areas, as we have seen only too clearly over these past few rather disastrous days.

To take first the question of language-teaching. There is a clear need to improve this, at least in British schools, and with British people, and very probably in other schools in the Community. The question is how far Member States will be willing to channel extra resources from their national budgets to this sector. In the present climate in the United Kingdom, it does not look as though language-teaching will receive a high priority, although it does figure in the debate on what should constitute the core curriculum, which is quite a hot potato in the United Kingdom at the present time. Now given this atmosphere of financial stringency, the EEC may be able to act as a stimulus to carry out transnational studies to evaluate the best methods of language-teaching, to foster teacher exchanges and so on, and it has been an encouragement throughout when a member of the Commission who normally attends our committees on education has told us how high they are setting their target in this regard, so that in the Community countries, even the small villages will benefit from the teachers who will be coming forward on exchange visits. Language-teaching does seem in itself a very appropriate subject for a multinational, multilanguage community to take up. In one of my teacher-training colleges, we have a very interesting course that has just been set up, called family language training. They teach the children during the day, and they teach the parents at night, and they are seeing that one is urging the other on, and they are going to evaluate this in comparison with a group of children whose parents are not learning. It will be very interesting to be able, perhaps, to tell Mr Meintz in years to come what the result of this experiment may have been.

If we turn to the question of the study of the European Community in schools, I would say that the only possible objections that such a study can raise are from those who are politically committed against the EEC. Now we found this quite clearly in the Committee on Social Affairs, Employment and Educa-

Kellett-Bowman

tion when we discussed the question of adult education. If you are against the Community as such, you are all too often against any greater understanding of it. At the moment very few children learn much about the Community, and I believe that we should support any idea to include such study in curricula. Unfortunately, in the past this question has sometimes been associated with proposals to re-write textbooks. What we need is not so much re-written books, but new books and material that will explain the European Community and make it mean something to the children of the coming generation. Again, I was fortunate in that the teacher-training college in my own constituency in Lancaster was assisted by the Community by a grant to set up an institute of European education that offers many things, a wide variety of choice. It offers pre-service teacher-training courses in the teaching of European studies; it offers in-service courses for teachers of European studies; it offers, again, this family language course of which we hope so much, and it provides also, and this is so important, a major resource centre for European studies in the north-west of our country. Because it is all too easy for European studies to go off at half-cock. Everybody would be trying their own thing with no coordination. This is one way in which, I believe, that the Community can help. All these sorts of ideas could well be spread and encouraged in other parts of the European Community.

Now the third subject which would have been discussed, had the Council met, was the mobility of students at the higher education level within the Community. This is clearly a very sensitive subject, given the possible differences in standards between one Member State and the other. But the Commission's proposals do not entail any levelling down, or up, of standards. They would involve some 650 grants a year, to be financed from the Community budget and awarded from 1981-82 to those students, other than those already studying modern languages, who wished to study elsewhere in the Community as an integral part of their higher education in their own country.

The proposals, if adopted, will also mean that the relevant authorities in the Member States will encourage greater student mobility at the higher education level by such measures as the recognition of study periods abroad as part of the course in the country of origin. This means, of course, that you do not then have to extend your course, you can do it in the time you have available; it also means the reservation of a reasonable number of places for students from other Member States and the levying of fees no higher than the national rate for students from elsewhere in the Community.

If these proposals were to be agreed, we should see, I believe, a great improvement in the number of students studying in a country other than their own. When I was going round one of the European Schools in the Community, I was very interested to find a

bunch of young apprentices who had gone there only for a fortnight and were learning, in a German school, for that brief period. The present figure is only 21 000 and our student mobility within the EEC represents one way of fostering the idea, and the ideal, of the European Community as more than the economic unit that it is so often known as.

Finally, the Council would have examined the education of girls to 18. This may well be a question that is better left to the education authorities in the Member States and where a Community initiative may not achieve more than a research study. The Community can concentrate with far greater justification on such things as language teaching and student mobility, and my group hopes that when and if the Council of Education Ministers meets again it will take up these questions energetically.

President. — I call Mr Nielsen.

Mr Brøndlund Nielsen. — (DK) I should like to say that, unlike other speakers, I have certain misgivings about the ideas expressed in this motion for a resolution. First of all, let me make it clear that there are parts of it which I think are right and admirable. I am here concerned with references to efforts to expand the teaching of languages in the Community and to promote the study of the Community in schools. There are some extremely worthwhile projects such as the family language training courses mentioned by Mrs Kellett-Bowman. However, even such excellent projects do not require Community measures either for their implementation or their initiation. The point I would make against this motion is that we should be very cautious about issuing central directives in the field of education. In my view therefore this is not the concern of the Community, and I would even say that individual national governments should have only a very limited say in planning the activities of individual schools and educational establishments. At the same time, I feel that the motion has positive aspects and I would like to refer to one of them, the increased mobility of students, enabling them to study in other countries, something for which I think grants should be made available. As regards the free common labour market, there is indeed provision for this in the Treaty, to which reference can perhaps be made if any harmonizing measures are required, but I should also like to point out that the stumbling block to a free labour market is not so much differences in the standards of education but rather problems of an organizational kind, in that established groups holding certain diplomas try to monopolize the market. This, I think, is the situation which needs to be rectified.

In conclusion, I should like to say that our European Community is based to a large extent on common cultural features but I do not think that, for that reason, the Community should concentrate on cultural matters or interfere with national characteris-

Nielsen

tics. In my opinion some of the richest features of the cultures of Community countries are due to the very diversity of those cultures.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) The hour is late and we have had a long day. Yet this debate has been much more interesting than many I have taken part in here. This is not just because of our subject, and not just because the speakers have all highlighted quite different things — free exchange, human relations, language training, other problems relating to freedom of movement, the children of migrant workers, further questions of educating the citizens of Europe, and 'Europe' as a school subject — but also because, after all, it has been a very political debate.

This is a debate on whether the Community is to be involved in this sector and whether it is concerned with education and has a right to be heard on educational matters. I think surely that everyone believes that to be meaningful, the Community has a legitimate role to play here, even if it must not go too far because activity in the field of education is provided for in the Treaties.

Surely no-one can divorce educational questions from politics, particularly now, before the direct elections. Surely it is a good idea for the children of Europe to become aware of the links between them, the need to help others, the removal of inequalities and discrimination, the exchange of experience and greater mobility. These concerns are well within the European Community's terms of reference — it is wise to deal with them. This is why Community education policy has developed smoothly and harmoniously over the years. We have the Committee on Education, comprising experts from Member States and the Commission. They had prepared a worthwhile programme for this Council. We have worked out schemes which without being inordinately expensive, can help to give people at large a sense of community.

Things have gone smoothly over the years. We have adopted a pragmatic approach to problems. We have not always stuck to the letter of the law. The Council of Education Ministers has met both as a Council and as a forum for cooperation between Education Ministers in the Council. This has worked well. There is no need for inertia now. We should continue on our course. We should try to get these things moving as soon as possible, if not in the first six months, then in the second half of the year. This is in everybody's interest. It would also be inadvisable to have the European public see stagnation setting in in many Community sectors. We all know that the political motives influencing some people are the forthcoming direct elections.

We can see a kind of bottleneck emerging now in many areas of Community activity, for instance, in

foreign affairs, in matters relating to the GATT negotiations, energy policy, budgetary matters and educational policy. Whichever way one turns, the warning-signs of sluggishness and vacillation are there. It's no longer business as usual. This is a serious mistake in my view. It is bad for the forthcoming election campaign, as it will create a false mood. It is undesirable for the construction of Europe, since after the elections we will have a lot to do in a very short space of time. It is also undesirable for the mutual relations between the institutions, as the elections will be felt to have effected a major change in the relative powers of the various Community bodies. Such an impression is inevitable when it suddenly becomes possible to do a large number of things that had earlier been neglected for months. I think every politician in Europe should give careful thought to this. Is it a good idea to put artificial curbs on things like Community activity in the educational field, which had evolved naturally? If we think this over calmly, and let logic and reason prevail even in the hurly-burly of the run-up to the elections, I think we shall soon achieve the results we are after in education.

President. — I note that wishes one else wishes to speak. The motion for a resolution, as it stands, will be put to the vote at voting time tomorrow.

The debate is closed.

16. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Thursday, 14 December 1978, with the following agenda :

9.30 a.m. and in the afternoon

- Decision on the urgency of a motion for a resolution ;
- Oral and supplementary reports by Mr Bangemann and Mr Ripamonti on the 1979 general budget ;
- Oral question, with debate, to the Commission, on the sale of butter to the Soviet Union ;
- Früh report on the common agricultural policy ;
- Pisoni report on the wine market ;
- Joint debate on the Früh report and two Joxe reports on the EAGGF (Guidance Section) ;
- Motion for a resolution on Tunisian attacks on Italian fishing vessels.

10 a.m.

- Vote on the draft general budget for 1979 and the motions for resolutions contained in the Bangemann report and Ripamonti supplementary reports.

3 p.m.

- Question Time

3.45 p.m.

- Voting-time

The sitting is closed.

(The sitting was closed at 10.20 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 35, by Mr L'Estrange

Subject: Trade in processed beef between the Republic of Ireland and the United Kingdom

Given the anomalies caused by the application of MCAs in trade in processed beef between the Republic of Ireland and the United Kingdom, would the Council say what steps have been taken to correct the situation?

Answer

I should like to point out to the Honourable Member that the problem of the application of MCA's to trade in processed beef and veal is not the responsibility of the Council, but of the Commission.

I would, however, point out that for the time being MCAs are applied in all trade in beef and veal products between Ireland and the United Kingdom except for the trade in cooked beef and veal and live bovine animals between Northern Ireland and the Republic of Ireland.

It is for the Commission to pursue the problem referred to by the Honourable Member and to decide, if necessary, whether MCAs should in future also be applied to trade in processed beef and veal products.

Question No 37, by Mr Dondelinger

Subject: The Darquier de Pellepoix affair

Does the Council not think that, within the framework of the current negotiations for Spanish membership, it ought to ask the Government of H.M. the King of Spain to extradite the criminal Louis Darquier, called de Pellepoix, Commissioner General for Jewish Affairs in the Vichy Government from 1942 to 1944 and responsible for the deportation of 75 000 French Jews, sentenced to death in his absence on 10 December 1947, who recently insulted the memory of the 6 000 000 victims of Nazism in an aberrant (though not irresponsible) racist statement published in the French weekly magazine 'L'Express' of 4 November 1978?

Answer

As the honourable Member is aware, extradition procedures are governed by bilateral or multilateral agreements. The Community as such is not a contracting party to any of these agreements and the Council accordingly has not the competence to ask for the extradition suggested by the honourable Member.

Question No 42, by Mrs Ewing

Subject: Financing of Community expenditure.

Will the Council state what proposals it has to alter the present arrangements for financing Community expenditure, bearing in mind that the proportion falling on the United Kingdom is excessive, taking the state of the economy of the United Kingdom and other factors into account?

Answer

The Council has not received any proposals to amend the present provisions on the financing of Community expenditure.

Moreover, it should be noted that on 17 May 1976 the Council created a financial mechanism consisting of payments from the budget of the Communities to Member States in a special economic situation whose economies bear a disproportionate burden in the financing of that budget. The Regulation setting up this financial mechanism entered into force on 1 January 1976 and is applicable for a trial period of 7 years. It was laid down that not later than the end of the 6th year the Commission would report to the Council on the application of the mechanism and, if necessary, make appropriate proposals.

Question No 43, by Mr Howell

Subject : Emergency Aid to East and South-East England

Following the Commission's unsatisfactory answer to my questions on this subject in the first October part-session and the November part-session will the Council state what information it has received about the allocation of the 1 million EUA given by the Commission as emergency aid to East and South-east England following the storms of 11-12 January 1978, and will it state what action it proposes to take to ensure proper accounting by Member States for such grants of Community funds ?

Answer

Intra-Community emergency aid is decided upon by the Commission within its powers. It is therefore for the Commission to ensure that funds granted in this way are in fact used for the purpose intended. Consequently, it is also for the Commission to obtain from the Member States any information required to check that the funds granted are used for the purpose intended.

Question No 45, by Mr Ryan

Subject : International Monetary Fund and the World Bank

Each member of the EEC has a particular quota and related voting strength and representation in the International Monetary Fund and in the Institutions of the World Bank. What discussions have taken place, or are contemplated with the proposed European Monetary System and the respective representation, voting powers and quotas of European states in those institutions ?

Answer

The European Monetary System is, and will remain, completely compatible with the agreement concerning the International Monetary Fund. This has been expressly stated, moreover, by the European Council in its Resolution of 5 December 1978, on the establishment of the system. The IMF has also been kept informed of the development of negotiations within the Community. The final agreement will be communicated to it as laid down in Article IV, section 2, of its Statutes.

With regard to voting powers within the IMF, it should be remembered that, following the increase of the quota decided in September 1978, the Member States of the Community currently hold 27.19 % of voting powers, which gives them considerable weight in the taking of decisions.

It should also be noted that the Member States of the Community regularly co-ordinate their positions on all problems concerning the IMF and the World Bank, both at the level of Community institutions (Council and Monetary Committee, in particular) and in informal meetings on the spot.

Question No 49, by Mr Fellermaier

Subject : Meeting between EEC and ASEAN Ministers

How does the Council view the results of the meeting between Ministers of the EEC and ASEAN ?

Answer

The Council's view of the results of the Ministerial meeting with ASEAN held on 20 and 21 November 1978 is extremely positive. The meeting provided an opportunity to strengthen and consolidate the co-operation which has existed for several years now and thereby to enter into a new phase in these relations.

This development is in the common interests of both parties. ASEAN wishes to diversify its external relations and seeks Europe's support for its process of regional integration and economic development. Since ASEAN is a factor for stability and equilibrium in South-East Asia it is in the Community's interests to see this Association's integration process develop and to ensure that the Community is represented in the economic sphere in a region which is, inter alia, a major producer of raw materials.

The results of this meeting are therefore important both from the economic and from the political point of view.

I see no reason to go into greater detail in analysing the results of the meeting since these have been set out in a joint statement published at the end of the meeting and certainly known to the European Parliament. I will merely mention that this statement covers the various aspects of EEC-ASEAN relations, not only economic and cultural but also political. A large part of the meeting was in fact given over to informal discussion among the ministers on the political situation in South-East Asia. It was also agreed that exploratory talks would be opened to examine the possibility of concluding a possible cooperation agreement between the Community and ASEAN.

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IN THE CHAIR : MR COLOMBO

President

(The sitting was opened at 9.55 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments ?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents :

- (a) from the Council a request for an opinion on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws, regulations and administrative provisions of the Member States relating to construction products (Doc. 520/78)

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

- (b) from the committees, the following report :

- report by Mr Joxe on behalf of the Committee on Agriculture on the agricultural aspects of the proposal from the Commission of the European Communities to the Council (Doc. 383/78) for a regulation amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section (Doc. 521/78) ;
- report by Mr Joxe on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the granting of aid by the European Agricultural Guidance and Guarantee Fund, Guidance Section, in 1978 and 1979 pursuant to Regulation No 17/64/EEC and to Council Directive 77/391/EEC (Doc. 522/78) ;
- report by Mr Fruh on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the impact of the European monetary system on the common agricultural policy (Doc. 523/78).

3. *Texts of treaties forwarded by the Council*

President. — I have received from the Council a certified true copy of the act of notification of the approval by the Community of the Financial Protocol to the agreement establishing an association between the European Economic Community and the Republic of Cyprus.

This document will be deposited in the archives of the European Parliament.

4. *Referral to committee of a motion for a resolution*

President. — In accordance with Parliament's decision yesterday morning the enlarged Bureau, at its meeting in the afternoon, considered the question of competence in connection with the referral to the Political Affairs Committee of the motion for a resolution on the accession of the European Community to the European Convention on Human Rights (Doc. 509/78).

The enlarged Bureau proposes that Parliament should confirm Monday's decision to refer this motion for a resolution to the Political Affairs Committee as the committee responsible and to the Legal Affairs Committee for its opinion.

However, the enlarged Bureau reserves the right to consider this question of competence at one of its next meetings.

Are there any objections ?

I call Mr Sieglerschmidt.

Mr Sieglerschmidt. — *(D)* Mr President, I should like to state once again that I think this decision is wrong. The Socialist and the Liberal and Democratic Groups asked quite rightly that it be referred to the Legal Affairs Committee. I therefore beg to oppose this decision by the Bureau.

President. — I take note of your protest, Mr Sieglerschmidt, but would repeat, if it is any consolation, that in taking this decision, the enlarged Bureau has reserved the right to settle the question of competence at one of its next meetings.

5. *Agenda*

President. — At the same meeting the enlarged Bureau considered, at the Council's request, the matter of Mr Inchauspé's report on imports of textile products originating in third countries, which was raised in the House during Tuesday's sitting.

Since failure on the part of Parliament to approve this report by 1 January 1979 will create a legal vacuum in the regulations concerning third countries and one which could have grave consequences for the Community's textile sector, the enlarged Bureau proposes to Parliament that this report be included as the last item on today's agenda.

Are there any objections ?

That is agreed.

6. Decision on urgent procedure

President. — The next item is the decision on the request for urgent debate on the motion for a resolution tabled by the Christian-Democratic Group (EPP), on the dissolution of trade unions and the violation of human right in Chile (Doc. 519/78).

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I wish to oppose this request for urgent procedure. It hardly need be said in this House that we are all agreed about the violation of human rights in Chile, but I would point out that a motion for a resolution on violations of fundamental freedoms and rights of people in Chile was referred to the Political Affairs Committee on 17 November. The House also referred a petition on the violation of fundamental rights in Chile, presented by a group of Community citizens, to the Political Affairs Committee. I think the Political Affairs Committee should be asked to complete its work on this subject in its meeting on 18 and 19 December so as to be able to present a definitive, well-founded report on events in Chile to this House, so I see no reason for urgent procedure to allow us to hold a second debate, as it were, on Chile this part-session, when we know that the Political Affairs Committee will shortly be submitting a report.

President. — I consult Parliament on the adoption of urgent procedure.

The request for urgent procedure is rejected.

Pursuant to Rule 25 of the Rules of Procedure the motion for a resolution is referred to the committee responsible.

7. General budget of the European Communities for 1979 (continuation and conclusion of debate — vote)

President. — The next item is the presentation of three supplementary oral reports on behalf of the Committee on Budgets:

- by Mr Bangemann on the draft general budget of the European Communities for 1979 (Section III — *Commission*) as amended by the Council and Parliament and on the adoption of the budget;
- by Mr Ripamonti on the Council's deliberations on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Annex I to Section III '*Council*': *Economic and Social Committee*;
- by Mr Ripamonti on the Council's deliberations on the amendments to the 1979 draft general budget adopted by Parliament on 25 October 1978 on Section V: '*Court of Auditors*'.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, at its meeting yesterday evening, which lasted from 6 to approximately 11.30 p.m. — during the whole of which time the President-in-Office of the Council was present — the Committee on Budgets discussed the situation which has arisen in the course of the budgetary procedure. The President-in-Office of the Council made it clear once again that on the question of the Regional Fund the Council will and must, in his view, abide by the decisions adopted by the European Council, and consequently is not prepared to accept Parliament's wishes as expressed in its draft amendments. This question, which of course loomed large in the initial talks, was discussed once again at length in the committee.

The Council maintained its legal opinion that this draft amendment of Parliament cannot have any legally decisive significance as long as another maximum rate has not been agreed, because it did not obtain the qualified majority needed to modify it. With this legal interpretation the Council is proceeding from the assumption that this negative decision can only acquire significance if Parliament agrees with the Council on a new maximum rate and only then, of course, within the limits of that maximum rate which will not necessarily therefore permit the amount of increase by which Parliament wished to raise the Regional Fund.

The Council then made an offer, which would apply only outside the scope of this particular issue of the Regional Fund, namely to increase expenditure by between 50 and 100 million, if Parliament accepts the Council's position on the Regional Fund.

So the Committee on Budgets first discussed this and then came to a decision. By 18 votes for and 1 against, with one abstention, we decided to propose to the House that it uphold Parliament's legal interpretation, i.e. that, because the Council was not able to modify our draft amendment by a qualified majority, this increase in the Regional Fund is decided and an integral part of the budget which cannot now be modified by either arm of the budgetary authority.

You can take this, then as the basis for your decisions today.

Next, the committee had to decide whether we should in addition maintain other draft amendments. We considered this question in two parts.

First, we dealt with the question of what to do with those draft amendments or what decision to recommend to the House for those amendments which do not entail any additional expenditure, but are of a purely horizontal kind. This involves the familiar budgetary problems. Firstly, how the loans should be budgetized; secondly, whether a standardized formula

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can be used in the justification to indicate expenditure which the Commission has to implement even though no legal act of the Council as yet exists; thirdly, the question of new nomenclature in the budget, in particular the creation of a new chapter, 'Common policy on the sea' the breakdown of the chapter 'Social policy', the breakdown of certain kinds of research expenditure in particular sectors, and so on.

on those draft amendments which I shall call horizontal amendments, the Committee on Budgets was — as before — unanimously of the opinion that we should adopt them now, since, while they have no implications for budgetary expenditure, they do reflect essential legal standpoints of Parliament.

With the second question of whether to decide on additional further expenditure, we were confronted with a problem which I want to go into in more detail, because it is bound up with a number of legal and political questions which are also important for Parliament's future. I shall also, as your rapporteur, try to explain the view of the minority, which otherwise has no chance of being heard today, because I think that is important before the House reaches a decision.

In the Committee on Budgets there was a minority — I think 5 members — who thought that for legal as well as political and tactical reasons it would be best if Parliament did not approve additional expenditure, but simply restricted itself to the position which I have indicated regarding the Regional Fund. This minority argues, from the legal angle, as follows: if we do not decide on further expenditure we can apply Article 203 without further reference to the maximum rate, since we would be simply accepting what the Council has decided. And then the budget would be adopted. From the political and tactical points of view, too, that gives us a chance to show that we have got our way over the Regional Fund, while any disadvantages attendant upon the loss of our other amendments are relatively unimportant, since it is really only the question of the Regional Fund that matters as far as public opinion is concerned.

This view was not accepted by the majority for legal, tactical and political reasons. I will now explain what these are. First, the legal question. Where a conflict arises between Council and Parliament regarding expenditure, there are, under Article 203, two possible ways of resolving the conflict, one according to the fourth subparagraph of paragraph 9 and the other according to the fifth subparagraph thereof. I shall take the latter first, because the solution provided for there is only theoretical. If Parliament, Council or Commission considers that the maximum rate which the Commission calculated on 1 May is insufficient to cover the Community's necessary expenditure, a procedure can be officially set in motion for fixing a new maximum rate. Since this formal procedure has not been set in motion by anyone, this possibility of

altering the maximum rate need not be examined here. The Council has, however, with its decision on the Regional Fund, created a situation which undoubtedly implies an increase in the maximum rate, for we know that the maximum rate was exceeded with the increase of 480m EUA in the commitment appropriations.

In these circumstances, the fourth subparagraph of Article 203 (9) applies:

If, in respect of expenditure other than that necessarily resulting from this Treaty or from acts adopted in accordance therewith, the actual rate of increase in the draft budget established by the Council is over half the maximum rate, the Assembly may, exercising its right of amendment, further increase the total amount of that expenditure to a limit not exceeding half the maximum rate.

There is no doubt that the additional 480m EUA which we have decided on for the Regional Fund and which the Council has not rejected exceeds the maximum rate by more than half. This means, in the view of the majority, that Parliament now has the right to use the half of the maximum rate allowed it, even though the Council argues that this is not the case because this decision relates to the draft budget and not to the outcome of its deliberations on Parliament's draft amendments. The Council considers that this provision regarding the maximum rate refers only to its draft budget, which it drew up at the beginning of the procedure, and not to the result of its second reading. I shall be coming back to this in a minute, because this is a crucial political issue.

We, meanwhile, have taken the view, in accordance with what Parliament has previously decided, that this calculation takes place only after the Council's decisions on Parliament's proposed modifications and draft amendments.

On this basis it is clear that half the maximum rate is available to us. That means 133m EUA for commitment appropriations and 124m EUA for payment appropriations. Therefore the chairman of the Committee on Budgets put the following question to us: should we use, perhaps not all the maximum rate thus available to us, but at least part of it, with additional draft amendments? The majority in the committee answered this question in the affirmative: five members voted against.

This means that, according to the view of the majority in the committee, we can proceed on a legal basis which allows us to exceed the amount that the Council has so far fixed in its decisions. I can tell you now that the Committee on Budgets is making a proposal — we shall deal with this in detail later — which would mean in effect an increase in commitment

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appropriations of 95m EUA and an increase in payment appropriations of 105m EUA; that is keeping within or even below the margin available to it.

Let me now make two more comments, since I know that these legal questions may be of less interest to some Members, since they think — possibly quite correctly — that more attention should be paid to the political impact on public opinion; so, first of all about the effect on public opinion.

I believe the public will be watching the decision on the Regional Fund very closely, for the imbalance in the Community is a public scandal. For this reason we are certainly right in the committee to defend almost unanimously the position created for us meanwhile by the Council's failure to act. However, this regional Fund is not the only thing we are interested in; in our draft amendments we have tackled a whole series of important new policies and I do not think public opinion would understand it if we concentrated exclusively on the Regional Fund and paid no attention to such important social questions as unemployment among young people or women.

From the very beginning when the first guidelines were laid down, this Parliament has repeatedly stated its priorities. One such priority is social policy. In the present situation we cannot renounce these important socio-political tasks simply in order to maintain a legal position on the Regional Fund. Nor can we, for example, renege on important tasks in the field of environmental protection such as surveillance of shipping routes. We have spent a lot of time discussing oil tanker disasters and it is time that we actually did something, too. I could give many other examples. Therefore, I, like the majority in the Committee on Budgets, believe that we cannot concentrate solely on this single decision concerning the Regional Fund if we are to influence public opinion before direct elections.

There is one last argument, and it seems to me the decisive one. On the one hand it is important and right that with regard to the decision on the Regional Fund we should remind the Council that it can, acting by a qualified majority, alter Parliament's decision but in the case of a draft amendment, *only* by a qualified majority. However, it is just as important to consider the consequences that would result if we were to accept the Council's view that the maximum rate available to Parliament is calculated when the first draft has been drawn up. For what would that mean, Mr President? It would mean that in future Parliament would not be free to help determine the shape of the budget. Of course we would be able to adopt draft amendments and modifications and forward them to the Council. From these the Council

would select whichever it likes. It would in this way use up Parliament's margin and we would have no more chance after the Council's second reading to assert our own priorities. Anyone who reads the situation thus must share the view of the Committee on Budgets that we cannot simply sit back and do nothing today, but must go on defending the priorities we have laid down.

Let me repeat this for two reasons: first, because social policy cannot be a matter of indifference to us, because we intend to combat unemployment among young people and women, because we must introduce new emphases in the policy on the environment, as in many other areas, and because we must not jeopardize the positions which Parliament has won in the past. We would be doing the directly elected Parliament a disservice if we gave the Council a chance to thwart Parliament's wishes regarding future policy. Anyone seeking political advantage in this Parliament in future must take this into account in his decisions and the Committee on Budgets expressly asks the House not to overlook this aspect. This is not just a dispute over figures. It is a matter of whether this Parliament wants to defend the legal positions which it has fought hard for in the past. Therefore, Mr President, the Committee on Budgets asks the House to accept its recommendation.

(Applause)

President. — The next item is the vote on the draft general budget of the European Communities for the 1979 financial year, modified by the Council, and the motion for resolutions contained in the reports by Mr Bangemann on Section III: *Commission* (Doc. 503/78) and the supplementary reports by Mr Ripamonti on Sections II: *Council* (Annex I) and V: *Court of Auditors* (Docs 505/78; 506/78).

The vote on the draft general budget of the European Communities for the 1979 financial year is the final stage of the budgetary procedure. In the October part-session Parliament adopted the amendments on non-compulsory expenditure and proposed modifications to the compulsory expenditure. On 22 November 1978 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 Bangemann and Mr Ripamonti have referred.

President

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 in favour, 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 Bangemann and Mr Ripamonti.

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, and 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.

I would also remind you that at the meeting of the enlarged Bureau of 16 November 1978 it was agreed that the directly elected Parliament should decide on the application of the provisions of Article 203 of the Treaty concerning the calculation of the majorities required for budgetary votes on the second reading, as was announced in the sitting of 17 November 1978. Now, therefore, we shall follow the same procedure as in the past.

Mr Lange, Chairman of the Committee on Budgets. — (D) Mr President, I am sorry to have to ask for the floor so soon. You will recall that, during the voting last year — December 1977 — we discussed what was the correct voting procedure when the House is entitled to adopt an amendment acting by a majority of its Members and three-fifths of the votes cast. According to the interpretation this means that at least 100 must vote for the motion. We referred this question to the Legal Affairs Committee and I know that the committee adopted the position I have just indicated. I believe, as I said at the time, that the earlier interpretations are wrong. On the last occasion when we had to adopt the budget we agreed not to introduce any changes in procedure. This should apply in 1978 in relation to the 1979 budget, so no interpretation contrary to the language and formulation of the provision should be allowed to prevail. I am therefore somewhat surprised, Mr President, that you should wish to base our decisions again on the old, fundamentally incorrect, interpretation of that provision.

(Applause from various quarters)

Mr President. — Mr Lange, I wish to remind you once again that at its meeting on 16 November 1978 the enlarged Bureau agreed unanimously that it was for the directly elected Parliament to decide on the application of the provisions of Article 203 of the

Treaty concerning the calculation of the majorities required for budgetary votes at the second reading.

In accordance with our decision, the House was notified during the sitting on 17 November that we would adhere to the procedure followed in the past.

(Applause from certain quarters)

I call Mr Lange.

Mr Lange. — (D) Mr President, with regret I have to admit that I had up to this moment remained in ignorance of the announcement. In any case, notification of that kind is not a decision of Parliament. I therefore repeat that I consider this interpretation of the provisions of Article 203 concerning the adoption of amendments on the second reading by a majority of the Members and three-fifths of the votes cast as the correct one and the other decision as incorrect. If such an announcement was made, you have allowed the House no say in the matter. I cannot imagine that the Bureau may make such a decision instead of Parliament.

A second point: I consider it an evasion of our responsibility to say that this is a matter for the directly elected Parliament. What would you have done if we had not had direct elections until 1980 or not at all? Would you have put it off till the Greek calends? Mr President, I cannot help feeling that this is a very dubious basis for the vote.

Mr Bangemann, rapporteur. — (D) Mr President, when uncertainty arises on such an important issue there is, according to our Rules of Procedure, a simple way of resolving it, namely to consult the House. In my view — and I move this proposal — you should ask the House which interpretation of this provision on voting it wants to adopt as the basis for its own voting.

(Mixed reactions)

President. — I call Mrs Dahlerup.

Mrs Dahlerup. — (DK) Mr President, I confess I completely disagree with my colleague, Mr Lange. If any doubt had arisen as to whether the President was correct in his interpretation, then those who held the contrary view could have asked the Court of Justice, for instance, for a ruling. I am absolutely sure that the President is right in his interpretation: we must obviously vote in the same way as we did last year — anything else would be wrong.

(Applause from various quarters)

President. — I call Mr Rippon.

Mr Rippon. — I would like to support Mrs Dahlerup. Those who are so adamant in their defence of parliamentary democracy would do well to remember the need to respect the ruling of the chair. I think it quite wrong to suggest, when the President has informed

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the plenary of a decision of the Bureau and there was no dispute at the time about it, that he is now wrong in holding to that opinion. I think if there had to be any change in our procedure we would have had to be given notice of it. So I hope that this assembly will support your ruling, Mr President.

(Applause from various quarters)

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, I wish to confirm that you have presented this matter correctly. The Bureau did adopt this view after discussing the report of the Legal Affairs Committee. I should therefore like to propose that we abide by the decision taken unanimously by the Bureau that we should follow the same procedure for the rest of this Parliament's term of office as hitherto and leave it to the newly elected European Parliament to examine the question more closely. That was the Bureau's position. I just wanted to confirm it.

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I want to support your view, for this is not something in our Rules of Procedure which — if necessary, let me say — could be amended in this way by Parliament. This is a matter of articles in the Treaty which need to be interpreted and which the Bureau unanimously asked the Legal Affairs Committee to examine. The outcome of that examination has yet to be considered but for the House to try to assign itself new rules just a few minutes before the vote, almost by stealth as it were, would hardly do it any credit! I believe I am defending Parliament's interests when I say that we should proceed as we have done up to now.

(Applause from various quarters)

President. — I call Mr Spinelli.

Mr Spinelli. — *(I)* On behalf of our group I should also like to support what Mr Spénale has said, namely that this question — which was raised by a member of our group — must certainly be resolved, but, since we have not solved it in the course of one year, I consider the President's decision to be right. I should like to remind our Socialist friends that basically this decision was taken by the Bureau at the particular request of the Socialist Group.

(Applause from various quarters)

President. — I call Mr Yeats.

Mr Yeats. — Mr President, I also think we must clearly support your decision and the decision of the Bureau. I think the situation is simple. This Parliament has existed for 20 years. For all those 20 years we have taken a particular view of this article of the Treaty. For

us at this late stage to change track would be completely futile and merely make us look foolish. It must be left to the new Parliament.

President. — Ladies and gentlemen, let me remind you of the terms of the question. As you know, the Legal Affairs Committee has submitted a report to the Bureau which, by agreement with all the political groups, decided to defer this question. The Assembly was informed that the procedure would not be changed and in the Minutes for 17 November it says:

The President also announced that, at its meeting of Thursday, 16 November 1978, the enlarged Bureau had agreed that the directly elected Parliament should decide on the application of the provisions of Article 203 of the Treaty concerning the calculation of the majorities required for budget votes at the second reading.

Thus Parliament would retain the same procedure as in the past for the budget vote to be held in December.

This statement by the President was not questioned. I should like to remind you that this matter — as speakers have already said — a matter which concerns the interpretation of an article of the Treaty, is not on the agenda. A question of this kind cannot be decided unless it has been included on the agenda especially in this sitting when we are dealing with the vote on the budget. I should therefore like to ask you all to adhere to our decisions which — I repeat — were taken and endorsed by the Assembly on 17 November 1978, that is less than a month ago. Since there are no objections that is agreed.

On *Section I: Parliament* I have no amendments. Section I is therefore adopted.

We shall now consider *Section II: Council*.

On *Annex I — Economic and Social Committee* I have amendment No 80 tabled by the Committee on Budgets.¹⁾

I put it to the vote.

The amendment is not adopted (83-27-15)²⁾

Section II is deemed to be finally adopted.

We shall now consider *Section III: Commission*.

Before proceeding to Title IX of the Revenue, we must consider Amendment No 70 tabled by the Committee on Budgets. Rejection or adoption of this amendment may involve rejection or other amendments relating to Community loans.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — *(D)* Mr President, what you say is correct. If this draft Amendment No. 70 were adopted, we could vote at the same time on draft Amendments No 71, 72, 73 and 74, because these four draft amendments —

¹⁾ See Annex.

²⁾ The figures in brackets represent votes for, against and abstentions.

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which for that matter overlap with those tabled by Mr Spinelli and we could therefore vote on all the draft amendments together — simply follow from the restoration of the capital budget as proposed by the Commission. I recommend that the House vote on draft amendments Nos 70, 71, 72, 73 and 74 together. Since they are all tabled by the Committee on Budgets I am of course in favour of them.

Mr President. — I call Mr Spénale.

Mr Spénale. — (*F*) Mr President, from the procedural angle I see nothing against voting for these amendments *en bloc*, but I should like to ask the rapporteur to assure us that these amendments have no budgetary implications.

President. — I call Mr Bangemann.

Mr Bangemann, rapporteur. — (*D*) Mr Spénale is right; none of these amendments contain any changes with regard to expenditure, so they do not entail any additional expenditure. The point is simply that — as the Commission has proposed — the Community's borrowing and lending operations should be presented as an integral part of the budget in a new Part II, and consequently be subject to the decision of the budgetary authority, therefore of the European Parliament, too. This is one of the important horizontal questions which we have always agreed about in the Committee on Budgets; therefore they do not involve a single unit of account of additional expenditure, but reflect the confirmed view of Parliament, which we have held right from the beginning and held unanimously.

President. — I call Mr Rippon.

Mr Rippon. — Mr President, I think the point on which we require guidance is this. Is the acceptance of horizontal amendments to be regarded as a change in the budget, which would mean that you would be unable to sign it on our behalf and send it back to the Council as an unamended budget? It is not clear what attitude the Council takes. If the Council takes the view that horizontal amendments of this kind, even though they involve no additional expenditure, constitute legally amendments to the budget which we regard the Council as having approved then we are in a difficult situation. I would therefore put it to those who think as I do that we should accept the budget as it has been in effect accepted by the Council, thereby avoiding a conflict. In that case I would want to continue to vote against these amendments, even though they involve no additional expenditure.

President. — I have allowed this discussion to go on for some time in order to clarify a point of procedure, not of substance.

The result of the vote on Amendment No 70 will affect a number of other amendments and I shall mention this again each time they are put to the vote.

I put Amendment No 70 to the vote.

Amendment No 70 is rejected (98-19-1).

I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, this result seems so close, I propose that the vote be taken again by sitting and standing.

(*Protests*)

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, I do not want to query the result of the vote, only the procedure. I believe we do not need a three-fifth majority here. A simple majority will do. This does not involve expenditure.

(*Mixed reactions*)

President. — Mr Fellermaier having followed the voting with scrupulous attention with the rest of my colleagues, I can say that the result is not in doubt, as I announced it. If we queried the result of every vote, the situation would become intolerable.

(*Applause from the right*)

On Article 940 — Loans raised from Eximbanks — I have Amendment No 71, tabled by the Committee on Budgets.

This amendment falls following the rejection of Amendment No 70.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (*D*) In answer to your first question, I had already said that we would vote on Nos 71 to 74 at the same time as No 70, that is to say that, now that No 70 has been rejected, there is no point in voting on Nos 71 to 74. They are dealt with.

President. — On Article 941 — Euratom loans — I have two amendments :

— No 1/rev., tabled by Mr Spinelli and others
and

— No 72, tabled by the Committee on Budgets.

I call Mr Spinelli.

Mr Spinelli. — (*I*) Mr President, I wish to point out that my amendment is an alternative to Amendment No 70 and that has been rejected.

President. — Mr Spinelli, your amendment stands. It would have fallen only if Amendment No 70 had been adopted.

I put Amendment No 1/rev. to the vote.

Amendment No 1/rev. is rejected (75-14-19).

President

Amendment No 72 falls following the rejection of Amendment No 70.

On Article 942 — Community loans raised for the purpose of giving balance of payments support, I have two amendments :

- No 2/rev., tabled by Mr Spinelli and others, and
- No 73, tabled by the Committee on Budgets.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) It follows logically that draft Amendment No 73 has already been rejected. This is the second time I have said this, but I am quite willing to repeat it. Once draft Amendment No 70 has been rejected all the draft amendments tabled by the Committee on Budgets up to a number 74 are void. May I ask Mr Spinelli whether he maintains his draft amendments ?

President. — Mr Spinelli, are you maintaining your amendments ?

Mr Spinelli. — (I) Yes, Mr President.

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

Amendment No 2/rev. is rejected (47-36-32).

Amendment No 73 falls following the rejection of Amendment No 70.

On Article 943 — Community loans raised to generate investment in the Community, two amendments have been tabled :

- No 3/rev. by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and M Sandri, and
- No 74, by the Committee on Budgets.

I call Mr Spinelli.

Mr Spinelli. — (I) I withdraw my amendment, Mr President.

President. — Amendment No 74 falls following the rejection of Amendment No 70.

On the *Establishment plan* I have four amendments tabled by the Committee on Budgets, Nos 10, 11, 12 and 13.

I put Amendment No 10 to the vote.

Amendment No 10 is rejected (69-26-22).

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, on behalf of my group and in agreement with other Members, I should like to move that the sitting be suspended for 15 minutes. I think this would be a sensible move for all of us. Therefore I ask that the sitting be suspended for 15 minutes to give the groups a chance to deliberate together for a few minutes.

(Mixed reactions)

President. — I observe that this request is also approved by all the groups.

I call Mr Rippon.

Mr Rippon. — I only wanted to comment, Mr President, that it is not approved, at least by my group. I think it is very unfortunate when we have strict timetables that adjournments of this kind should take place without some consultation.

President. — Mr Rippon, it is customary in this Parliament to grant a request of this kind, especially when, as in this case, it has wide support.

The sitting is suspended.

(The sitting was suspended at 11.00 and resumed at 11.15 a.m.)

President. — The sitting is resumed.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, I have been asked to say on behalf of the groups, the chairman of the Committee on Budgets and those who have tabled amendments which have not yet been voted on that they now withdraw those amendments. I must honestly say that I as the rapporteur for the Committee on Budgets regret this, but naturally we here in the Parliament shall respect the majorities which you, Mr President, have announced and which are necessary under the Treaty for the adoption of draft amendments of Parliament. Parliament observes the law even when it does not suit everyone politically. The fact that we find ourselves in this situation should not be misinterpreted. I should like to say quite explicitly here in the presence of the Council or its representative that in rejecting our own draft amendments we have brought into operation a provision of Article 203 whereby the budget is deemed to be adopted. (Applause from various quarters). Consequently, there can no longer be any doubt that the Council's failure to take a decision to reject our draft amendment on the Regional Fund has made this amendment an integral part of the Community's budget. Perhaps I may interpret the views of those who could not see their way to accepting the committee's recommendation — in case they do not intend to make this clear themselves — and say that they did not want to renounce Parliament's legal position, but to uphold it. (Applause from various quarters). There are different legal interpretations here, Mr President, and I have set them out in my report. Once we have withdrawn these amendments, it is clear to a majority in the Parliament and also to those who rejected this interpretation at first that we are not in any way renouncing the legal standpoint of Parliament, but on the contrary have concentrated our decision on the Regional Fund alone and thereby affirmed Parliament's opinion unmistakably.

(Applause)

Bangemann

Mr President, in presenting my motion for a resolution I naturally did not foresee this situation and therefore I ask you not to put this motion for a resolution to the vote, but to take what I have just said and what the House has greeted with applause as a resolution of this Parliament. That will of course be recorded in the minutes and you can therefore proceed on the assumption that Parliament has thereby declared a political resolve which cannot be mistaken by the Council either.

It only remains for me to thank those who have helped me while I have been working on this matter. My thanks first to the chairman of the Committee on Budgets, to both my predecessors in this office, Lord Bruce of Donington and Michael Shaw, and above all, of course, to the secretariat of the Committee on Budgets and all those officials who, working late into the night, the night before last and other nights, have made the rapporteur's work possible.

(Applause)

I, personally, Mr President — perhaps I may say this again — would naturally have preferred a different outcome to my labours. But since in this House I am a member of a democratic body and since every member of such a body is under an obligation to observe the rules of democracy, namely to bow to the majority view, then I do so and I hope that, in doing, so I have rendered Parliament a service.

(Loud applause)

President. — I wish to ask those who have tabled the other amendments whether they are maintaining them.

I call Mr Rippon.

Mr Rippon. — Mr President, I would like to withdraw our amendment. I would like also to give an explanation of vote and to explain why my group voted consistently against the amendments of the Committee on Budgets. It was simply because we thought it right in the present circumstances to make the most cautious approach to the problem that faced us. We wished to avoid a conflict with the Council, and we took the view that the best way of doing that was to leave the Council to take itself to Court if that was what it was minded to do. We for our part accept the Budget, but we are very much in accord with what Mr Bangemann has just said. We have acted without prejudice to the ultimate legal rights of the Parliament and we have acted in the way that we have, not because we are not appreciative of the work of the Committee on Budgets and Mr Bangemann in particular, but simply for procedural reasons. We stand firmly behind what Mr Bangemann has said. I wish we could vote it, but obviously we can't, so as an alternative I would suggest that we might have a whip round and give the Council 30 pieces of silver for Christmas.

(Applause from various quarters. Laughter)

President. But why thirty? *(Laughter)*

I call Mr Spinelli.

Mr Spinelli. — *(I)* I also withdraw the amendments I had tabled to endorse the position for which the rapporteur, Mr Bangemann, and Mr Lange have fought so hard. I withdraw them in the same spirit in which the others have been withdrawn in the firm conviction that these battles must be won one at a time.

(Applause from various quarters)

President. — I call Mr Dankert.

Mr Dankert. — *(NL)* Mr President, there is also one more amendment tabled by the Socialist Group and I willingly withdraw it.

President. — I call Mr Lange.

Mr Lange, *chairman of the Committee on Budgets.* — *(D)* First I should like to endorse Mr Bangemann's remarks which the House greeted with applause.

This decision now stands and that means that the budget must be adopted as it stood on 20 November, because Parliament has not made any alterations to it. This does not of course exclude the need for further discussions on a number of questions with the Council and the Commission.

I just wish now to refer to the point which was given some prominence here in the plenary sitting yesterday in the statement of the President of the Council and yesterday evening in the Committee on Budgets. The House must understand that Parliament is not to be involved in the decisions regarding the financial aid to the less prosperous regions envisaged by the European Council within the framework of the European Monetary System. The only thing which Parliament will have to decide about in a supplementary budget will be the 200 million EUA in interest rate subsidies which are to be granted each year for these new loans in tranches of 1 000 million EUA annually. It therefore goes without saying that there are going to be considerable clashes between Parliament and Council, if there is to be democratic parliamentary control over the Community's activities. I repeat quite openly: the Members of the Council who are evading the control of the European Parliament in this way are at the same time beyond the control of the national parliaments and are therefore, in fact, not subject to any kind of parliamentary control whatsoever.

(Applause)

I wanted to mention this point again in order to make clear that from my, perhaps I may say, from our point of view, the Council is treading on extremely dangerous ground here.

Lange

Otherwise what is the point of the preparations for the middle of next year for a directly elected Parliament?

I shall leave it at that; there is just one more thing I should like to add. The rapporteur was kind enough in thanking our colleagues for all their assistance — which I sincerely endorse — to thank me as well. I wish to say quite honestly here that negotiations in the Committee on Budgets have not always been very easy and quite a number of colleagues have in my opinion created difficulties which properly speaking ought not to have been created. I am not complaining. I simply mention it. Of course we solved these problems. I should just like to ask colleagues who are prepared to cooperate in this very difficult area of budgetary law to come better prepared in future with a greater understanding of what is involved, so that the work in committee is not made more difficult than it need be, for discussions in committee are not the same thing as a seminar. I just wanted to add this point.

And one more thing: I should like especially in this connection to mention the difficult task which the rapporteur for the Commission budget has had and the equally difficult task which Mr Ripamonti, the rapporteur for Sections I, II, IV and V has had and to express sincere thanks to both for all their hard work and also the officials who have assisted them with it.

(Applause)

President. — I thank Mr Lange for his statement.

Since all the amendments have been withdrawn, I shall now allow explanations of voting intentions.

I call Mrs Dahlerup.

Mrs Dahlerup. — *(DK)* Mr President, I can only give an explanation of vote, since it is not possible for me either to maintain or to withdraw the amendments I have tabled. I tabled them with reference to women without training, the unemployed women in the Community. These amendments were included among the amendments of the Committee on Budgets and the committee has now agreed to withdraw all its amendments. Therefore I cannot withdraw them; but if I had tabled them in my own name, I should have maintained them.

Next, I wish to make a few remarks about procedure. I wish to express my deep concern and dismay that the amendments tabled have been swept aside by the most reactionary forces in this Parliament. I think we could have reached agreement, but there have been some diehards who would not accept the Council's peace offer of 200 million kr., to be used for specified purposes. I deeply deplore the situation I find myself in and I do not think the unemployed, those who are looking for responsible policies from this Parliament, expected us to behave in this way.

President. — I call Mr Klepsch.

Mr Klepsch. — *(D)* Mr President, my group — every member of it — fully supports the view presented by the rapporteur, Mr Bangemann, whom I should expressly like to thank on behalf of the group for his work and for the statement he has just made. We have, as you know, followed the recommendations of the Committee on Budgets in the few votes which have taken place today, but we share the view expressed by the rapporteur on behalf of the whole House. In that sense we regard today's work as a step forward into the future.

(Applause)

President. — I call Mr Eberhard.

Mr Eberhard. — *(F)* Mr President, in the midst of a legal and technical battle which public opinion must be finding more than somewhat confusing, we wish to utter a warning to the House.

Basically, this is a surreptitious attempt to enlarge the European Parliament's powers beyond the powers conferred upon it by the Treaty of Rome: it is a foretaste of the implementation of Mr Schmidt's declarations, an attempt to trespass upon the powers of the national parliaments, in particular on the decision of the French Parliament, which is opposed to any increase in the powers of the European Parliament; *(Protests)* and I observe from my colleagues' reactions that this has struck home. *(Cries)*

President. — I call Mr Dankert.

Mr Dankert. — *(NL)* Mr President, I should first like to extend the thanks of my group to the rapporteur for the extensive amount of work he had done during the last few months. Thanks must also go to Mr Ripamonti. I believe that my group is unanimous in its support of the statement which Mr Bangemann just made. I say unanimous, because not only Mr Bangemann but also the chairman will have noticed that my group was divided when we voted just now on the proposals of the Committee on Budgets. That we were divided does not mean that there is a lack of unanimity in our group concerning the significance and desirability of these proposals, but rather that there is a difference of opinion on the position which the European Parliament should adopt in today's conflict — as I must almost call it — with the European Council. It is, furthermore, an unusual situation in the discussion of the budget because our procedures assume that there will be agreement with the Committee on Budgets. Unfortunately, the present situation seems slightly different. We therefore hope that the position which Parliament eventually adopts will prove to be the right one, not, as was suggested just now, so that it can extend its powers, but first and

Dankert

foremost so that it can maintain and assume the powers it has by law.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli. — *(I)* Mr President, I wish to say on behalf of the Italian members of the Communist and Allies Group that our behaviour regarding the voting procedure has been directed towards two objectives which seem to me to have been achieved.

In the first place, we have a duty to defend the rights and powers of Parliament. Mr Eberhard, to talk of abuse of power on the part of Parliament is quite out of place. On the contrary, there has been an attempt to misuse powers against Parliament... *(Applause)*... and we have shown that we know how to defend the powers conferred on Parliament by the Treaty of Rome and successive treaties ratified by all the Member States.

But there is a second factor which is not of a simply formal nature, that is, to do with institutional balance, but is more political. We are all aware that these days it has been difficult — and it is still difficult — for some countries of the Community to decide to embark on this great new enterprise and try to resume the task of creating European economic and monetary union and, more generally, European Union, through the European Monetary System.

There have been dramatic moments and the problem is not yet solved. We must say that, in these circumstances, the Parliament has shown proof of greater sensitiveness regarding the Community's interests than the Council of Ministers and even the European Council.

Therefore we can be pleased with the position we have won.

(Applause)

President. — I call Mr Tugendhat.

Mr Tugendhat, Member of the Commission. — At the end of the budgetary procedure it is customary for the budget Commissioner to thank the rapporteur and the chairman of the Committee on Budgets. If I may take the rapporteur first, I do thank him on this occasion with most particular warmth. No rapporteur in recent years can have had a more difficult job in every conceivable sense of the word, in view of the burden he had to carry. I would like to congratulate him on the dedication with which he has performed his tasks and the remarkable clarity with which he has managed to interpret extremely difficult, abstruse and complicated matters, which are nonetheless of profound political importance.

I would also like to thank the chairman of the Committee on Budgets, Mr Lange. We have now worked together for some time and I have learnt to

value very much both his considerable experience and the wisdom which results from it. I look forward to doing so in future years, in different circumstances, I hope.

And now, Mr President, a word on the substance of the budget. Obviously the Commission regrets the fact that the two arms of the budgetary authority have not been able to reach agreement. But the Commission quite understands Parliament's position. We quite understand that Parliament attaches a primary, indeed it might be fair to say, a supreme importance to the defence of its powers. It is right that institutions of the Community should attach great importance to the defence of their powers. We also understand that the defence of its powers on this occasion centres particularly on the Regional Fund and that therefore, in addition to maintaining the integrity of the institution, there is also a dedication to the policy of securing a greater degree of economic convergence within the Community by means of a particularly Community instrument. We, of course, support very strongly the concept and affirm the practicality of achieving convergence and we particularly support the use of Community and budgetary instruments for bringing it about. So the objective as well as the principle are ones which we can fully understand.

Like the rapporteur and other Members of the House who have spoken, we attach great importance to other items of policy as well. We understand the reasons why Parliament has acted as it has, but I would like to say, as the rapporteur and others have said, that other items of policy apart from the Regional Fund are also important and we will seek ways — I hope with the cooperation of Parliament and the Council — to restore amendments which have fallen and to continue to improve other chapters of the budget besides the Regional Fund.

(Applause from various quarters)

President. — I shall now ask whether the rapporteurs intend to withdraw their resolutions.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — *(D)* Mr President, I cannot speak for Mr Ripamonti, but as far as my motion for a resolution goes, I said earlier that I was withdrawing it, for it is based on a different situation and there is no time left to alter it. I had asked you and the House to take the concluding remarks I made earlier as it were in place of a motion for a resolution.

(Applause)

President. — Mr Ripamonti, what is your position?

Mr Ripamonti, rapporteur. — *(I)* The same as that of the general rapporteur: I withdraw the resolution and the amendment to Section V — Court of Auditors.

Ripamonti

President. — As President, I wish to express my gratitude to everyone for their dedicated work in connection with the budgetary procedure.

I wish to say a special word of thanks to the rapporteurs and particularly Mr Bangemann who had to deal with extremely difficult issues raised by the Community's present needs, which he set out very clearly even though both he and the Committee on Budgets — for general political reasons — decided this morning that it would be better to withdraw some of their demands. Furthermore, it is to the considerable credit of the rapporteur and those who took part in the debate that some extremely important legal points were raised which, although still unresolved, led to an interesting discussion.

I also wish to thank Mr Ripamonti. His task as rapporteur was perhaps more demanding in the initial stages of the budgetary procedure than towards the end. However, he too helped to surmount the difficulties and thus make it possible to adopt the part of the budget which concerns Parliament. We are very grateful to him.

As always, we are particularly grateful to Mr Lange. Mr Lange is chairman of the Committee on Budgets, which he leads with great authority and energy even though at times these very qualities provoke some reaction. However, one might well ask what scope he would have for using his authority and energy if there were no reactions. On behalf of Parliament, I thank him for his work yet again on this occasion.

I wish to express sincere thanks to Mr Tugendhat and through him, to the Commission, for their cooperation during this procedural phase of the budget.

I also wish to thank the Council for consistently following our work even though our points of view sometimes differed, and I hope that it will be possible to reach a definitive agreement on today's discussions.

Finally, on behalf of Parliament, I wish to thank all the officials who directly or indirectly contributed to our work, sometimes very late into the night. I naturally include here our interpreters whose task is particularly arduous.

I also wish to say a special word of thanks to the press for its valuable collaboration in following Parliament's work on the budget.

(Applause)

We can now proceed to the vote.

I call Mr Bangemann.

Mr Bangemann, rapporteur. — *(D)* If I may, as rapporteur, advise you I would refer you to the last sentence of Article 203 (6) which reads :

'If within this period — that is 15 days of the draft budget being placed before it — the Assembly has not acted, the budget shall be deemed to be finally adopted.'

That is a legal fiction ! Since you praised me earlier on in my capacity as a lawyer, I shall make so bold as to say this : it is a legal fiction, which makes such a decision impossible.

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I should like to take the rapporteur's suggestion further and say that you can go as far as paragraph 7 which specifically states :

'When the procedure provided for in this Article has been completed, the President of the Assembly shall declare that the Budget has been finally adopted.'

In this particular instance this seems to me all the more right and necessary since the situation is not as described in paragraph 6 where the Parliament has not acted and where the budget is deemed finally approved as forwarded by the Council because there is a presumption of agreement.

We have done much better than this : we have acted in order to produce this agreement, which means even more definitely that it is finally adopted. Therefore I think you can immediately decide, pursuant to paragraph 7, that this budget is finally adopted.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli. — *(I)* Mr President, my view is somewhat different because paragraph 6 of Article 203 of the EEC Treaty states that the Assembly 'shall act, by a majority ... on the modifications. ' and that it 'shall adopt'. It cannot do both. It may adopt amendments or not, but in any case, it adopts the budget. If it has not done so within fifteen days, paragraph 7 applies.

This is a Council budget. The Assembly does not intend to amend it. However, in the last analysis it must vote, because paragraph 6 states that the Assembly shall adopt the budget. In my view, therefore, a vote should be taken.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* The House established the budget at the first reading. If the Council had modified it, acting by a qualified majority, the procedure would then be, as you have said, for the House to vote again on the budget at the second reading. Since this is not the case, it is true as Mr Spénale has said, that only Article 203 (7) is now legally relevant. That means that we, the Members of the House, are now waiting for the President to implement Article 203 (7) by informing the House that the budget is finally adopted.

President. — I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, we must first distinguish between paragraphs 6 and 7. Paragraph 6 describes the procedure to be followed by Parliament in order to adopt the budget and there are two possible ways. The first is that we again amend the Council's modifications to our amendments by a majority of our Members and three-fifths of the votes cast. We have not done that today. Therefore, the first sentence of paragraph 6 does not apply here, but only the last and second sentence, that is to say we have not amended any of the Council's modifications and so the budget is deemed finally adopted.

Now I come to paragraph 7 and what Mr Spénale has just said. In my view — and I have only been talking about the question of whether we have to vote again — the answer is definitely, no. But there is the separate question of whether our President has to declare the procedure completed. This is dealt with in paragraph 7 which simply says :

'When the procedure provided for in this Article has been completed, the President of the Assembly shall declare that the budget has been finally adopted.'

The only question here is : does the President have to do this also when we have not made any amendments, that is, when the last sentence of paragraph 6 applies. To rule out all possible doubt, Mr President, it would perhaps be better for you to make this declaration, for the procedure is completed. But that has nothing to do with paragraph 6 and the question of whether we need to vote here once again. Let me sum this up : we do not have to vote ; but in order to rule out any doubt, you should declare that the procedure is completed and the budget finally adopted.

(Applause)

President. — I call Mr Spénale.

Mr Spénale. — (F) Mr President, perhaps I did not make myself plain. I, personally, am in favour of voting, as we always have. We should only abstain from doing so if there is no possibility of our adopting the budget, which is not the case. But if, pursuant to paragraph 6, the budget is deemed to be finally adopted even when the House has not made any amendments — that means there is a presumption of agreement between Council and Parliament — if we approve it in the same way as the Council, then instead of merely a presumption there will be actual proof. This will highlight and reinforce the legal implications of the agreement between Council and Parliament. So I think we should vote, first to show that it is the Parliament's budget, secondly because that makes its legal position stronger. And then after the vote we shall simply need to confirm that the procedure is concluded.

(Mixed reactions)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I am extremely sorry to have to disagree with my esteemed friend, Mr Spénale.

Mr Spénale, may I make the following observation ? We are in conflict with the Council because of certain legal facts : specifically, the Council was not able to achieve the qualified majority which is required under the Treaty if it is to reject our draft amendments. From that we have drawn the logical conclusion that our amendments are accepted. Well, we now have exactly the same position the other way round. We have not achieved a majority to approve our draft amendments to the Council's budget. That is exactly the same state of affairs. We are now accepting the consequences as laid down in the Treaty and I can only repeat what Mr Bangemann has said. There is no chance of any other interpretation, if the text prescribes quite clearly that in such and such circumstances the budget shall be deemed to be adopted. We cannot vote a second time.

Mr President, I must warn you against this for the following reason. Just think : as it is, we are working with varying majorities with the quorum and the situation could arise in which Parliament, could, with the addition of the minorities and with the fluctuating majorities, end up by totalling rejecting the budget, although according to the text of the Treaty this is not the case. I would therefore warn you against complicating our actual decision-making in this way, and ask you to adhere to the text of the Treaty.

President. — I call Lord Bruce.

Lord Bruce of Donington. — Mr President, there seems to be a misconception about the respective positions of Council and Parliament on the document we are now considering. The document we are now considering is the document that was returned to us from Council as being its view after the proceedings of 20 November. Parliament by not moving any amendments today has expressed itself in agreement with the position taken by Council, albeit by a qualified majority, on the 20 November last. There is, therefore, officially no dispute at all between Parliament and Council. I invite you, in those circumstances, to apply the procedure of paragraph 6 of Article 203, which is quite clearly applicable to the circumstances, because the budget, of course, must now be deemed to be adopted.

President. — I call Mr Yeats.

Mr Yeats. — Mr President, this seems to be another of these numerous situations where lawyers differ. There are conflicting legal interpretations. My personal view is that nothing is lost by voting. That would cover any legal problem. It may be that those

Yeats

who say we need not vote are right; on the other hand there are others who disagree. We can solve the legal problem by voting. Moreover voting has the political advantage of making the views of this Parliament on the budget quite clear: we vote in favour of the budget and that is the end of it. I think that when the lawyers disagree, the simplest thing is to vote.

(Applause from the European Progressive Democrat benches)

President. — I call Mr Bangemann.

Mr Bangemann, rapporteur. — *(D)* Mr President, I wish to speak explicitly to Mr Spénale and Mr Yeats. Throughout the week when we have discussed these matters you have maintained your legal interpretation and said: If we do not adopt a single draft amendment we have added nothing to the Council's Budget and the Budget is therefore deemed adopted. That was your argument, not mine, and now you are about to destroy your own legal position. I wish to underline this. I am not defending my own position now, I am defending Parliament's position, as expressed in the votes, and I tell you this: if we do not act according to the last sentence of Paragraph 6, but instead vote again, it will be a catastrophe. For then we shall be acting as if we still had to vote on the Budget. But that is not the case. The Budget is deemed to be adopted when we have not adopted any amendments.

(Loud applause.)

President. — I call Mr Cifarelli.

Mr Cifarelli. — *(I)* Mr President, I do not wish to take up Parliament's time although I have not yet spoken in this debate. I merely wish to point out that there is a contradiction in what Mr Spinelli has said. He has indicated the action which Parliament should take on the Council's modifications. When there are no modifications this does not apply. Parliament has already adopted the budget on the first reading. Since no changes have been made we must follow the democratic procedure whereby an unaltered text is not put to the vote a second time.

I therefore support Mr Bangemann's view. I simply wished to make a point in Italian for the benefit of the Italian lawyers.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Budgets. — *(D)* Mr President, after this exchange of arguments may I implore you to declare the budget adopted in accordance with the Treaty. *(Applause)* We have not added a single unit of account, we have not made one single alteration to what was decided by the Council on 20 November. The procedure is completed and you, Mr President, are duty bound by the text of the Treaty to declare the budget adopted. No more voting!

(Appause)

President. — I call Mr Spénale.

Mr Spénale. — *(F)* I should merely like to observe that there is no contradiction in what I have said. I have always said that we were not altering anything, and that the budget was deemed finally adopted. That said, I confess that from the legal angle it does not matter to me what procedure is used and I bow to your discretion, Mr President, and to the discretion of the House: whether we vote or not, the result is legally the same. I simply thought it more honourable for a parliament to obtain the same result by actually declaring its opinion than by observing that it need not declare it. That was all! Having said that, I agree with those who believe that the Budget must now — whether by voting or not, no matter — be declared finally adopted.

President. — According to Article 203 (6) of the EEC Treaty there are two possibilities: the first applies when Parliament amends or rejects the modifications to its amendments made by the Council. In this case, Parliament must act by a majority of its Members and three-fifths of the votes cast. Parliament has confirmed this in the past. I would add that it is not strictly speaking necessary to add a final vote by simple majority to this procedure.

The other possibility applies when Parliament has not acted within fifteen days of the draft budget being placed before it. At the end of this time-limit the budget shall be deemed finally adopted. It is therefore for the President of Parliament to decide at what moment this procedure for the adoption of the budget is concluded.

I call Mr Bangemann.

Mr Bangemann, Rapporteur. — *(D)* On this question of the time-limit, we made a definite agreement with the Council to the effect that neither side would keep to the exact time-limits laid down; instead, we gave the Council up to 20 November to deliver its opinion and by the same token the Council, in a gentleman's agreement, gave us until today in which to reach our decision. That means that the time-limit prescribed here actually expired some time ago, for the 15 days are well and truly past, and today, at this very moment and in this very place the other time-limit we have agreed on with the Council is about to expire.

Mr President — I am speaking now not only as rapporteur, but as a Member of Parliament — if we want to defend the position adopted by a section of this House, then you, as President of the House must do all you can to make this possible. This means that since this procedure is now concluded, you must not take a vote, for the budget now stands adopted, and it also means that you must now, in accordance with paragraph 7, because the procedure has now been completed, declare here and now that the Budget is deemed finally adopted.

(Applause)

Bangemann

It has not been easy for us Mr President, it really has not been easy either for the Chairman of the Committee on Budgets, or for the rapporteur who have been collaborating with us, to bow to decisions that conflicted with our view and the view of the House. We have done so however. I now expect you, Mr President, to show the same attitude.

(Applause)

President. — It has been pointed out that this time-limit expires today. Therefore, pursuant to paragraph 7 of Articles 78 of the ECSC Treaty, 203 of the EEC Treaty and 177 of the EAEC Treaty, I confirm that the procedure provided for in these Articles has been concluded and I declare the budget finally adopted.

(Loud applause)

The proceedings will now be suspended until 3 o'clock this afternoon.

The House will rise.

(The sitting was suspended at 12.15 a.m. and resumed at 3.05 p.m.)

President. — The sitting is resumed.

8. Agenda

President. — Lord Kennet has asked that his oral question without debate on tobacco (Doc. 422/78), which was included as the last item on the agenda for tomorrow's sitting, should be postponed to a later part-session.

Since there are no objections. That is agreed.

9. Question Time

President. — The next item is the third part of Question Time (Doc. 501/78).

We shall continue with the questions put to the Commission. At the request of the author, Question No 8 by Mr Scott-Hopkins will be postponed until the next part-session.

Question No 9 by Mr Ellis, for whom Mr Glinne is deputizing :

The British Government has recently announced a £17 million scheme to sell an additional 3 million tons of coal to power stations during the winter period to help reduce current stocks of 30 million tons. Are similar measures being taken by other Member State Governments, and what short-term measures can the Commission take to encourage such schemes?

Mr Haferkamp, Vice-President of the Commission. — *(D)* The Commission has not yet been officially informed of the scheme referred to. It does, however, welcome measures of this kind, for they help to reduce the considerable stocks of coal and maintain the present level of coal production.

Measures of the kind taken by the British Government are not unusual. The governments of all coal-producing Member States have introduced national aid programmes to help promote the sale of coal to power stations. The Commission is convinced that such national aid schemes should be supplemented by Community measures in favour of coal for power stations. As you know, the Commission submitted proposals to the Council about this some time ago.

Mr Glinne. — *(F)* Since there is a considerable accumulation of stocks of coal in the Community and since, moreover, some of the imported coal comes from the Republic of South Africa — where coal is known to be mined in conditions bordering on slavery —, I should like to ask the Commission whether it is aware of this and if it considering adopting any restrictive measures to deal with it.

Mr Haferkamp. — *(D)* We have another Question later on the subject of coal imports from third countries. I shall gladly deal with the Question that has just been asked when answering that one.

Mr Nyborg. — *(DK)* With regard to the different aid measures referred to — whether they are national or Community measures — has the Commission thought about and calculated the effect they will have on oil prices and what effect the violently fluctuating oil prices are having or will have, on competition?

Mr Haferkamp. — *(D)* One of the main tasks of the Commission, where these aid measures are concerned, is to ensure that the Community rules on competition are not violated.

President. — Since the author is absent, Question No 10 by Sir Brandon Rhys-Williams will be answered in writing¹.

Question No 11 by Mr Osborn for whom Lord St Oswald is deputizing :

What consideration has been given to waterway and sea links across the North Sea, as part of the transport infrastructure review, and what specific discussions have been held with the British Government and the British Waterways Board about the scheme to enlarge the South Yorkshire Navigation canal?

Mr Burke, Member of the Commission. — In his question the honourable Member is probably referring to the actions being undertaken at Community level on the joint Community and Member States' study of infrastructure needs for freight transport in the years 1985-2000. As the honourable Member will understand, a study of this nature is something of a pioneering work, and it is not possible to cover everything at once. The initial coverage of the

¹ See Annex.

Burke

work is limited to main transport links between the principal regions of the Community, and consequently extends to sea links across the North Sea.

Consequently, and since traffic on inland waterways, in the United Kingdom is now comparatively small, no attention has yet been devoted to this area. However, referring specifically to the South Yorkshire canal improvement scheme, this is a project which the Commission has discussed with its sponsors in the context of regional planning, but no official notification has yet been made by the United Kingdom Government under the decision requiring notification of projects of Community interest.

Lord St Oswald. — In thanking the Commissioner for the hopeful element that reply seems to contain in demonstrating by implication that the Community is more interested in the affairs of South Yorkshire than our own government at present, may I ask him, hopefully, whether it is true that he himself is considering making a visit as a guest of my honourable friend, Mr Osborn, to our part of Yorkshire? I hope that if he does so in the Spring of next year, he will consider himself my guest as well as Mr Osborn's guest. I would also like to mention that since the Commissioner has referred to pioneering, Martin Frobisher who was one of the early discoverers of parts of the American coastline came from Normanton, a village only three miles from my own home.

Mr Burke. — I can confirm that it is my intention to visit that part of the United Kingdom, if details and dates can be worked out. I should be delighted to accept the further invitation of the honourable Member when I visit that region.

President. — Since the author is absent, Question No 12 by Mr Noè will be answered in writing¹.

Question No 13 by Mr Halvgaard :

Does the Commission not feel it desirable, in view of the critical energy situation in the Community, to import a substantial amount of the Community's coal requirements from third countries where the price of coal is lower than in the Community?

Mr Haferkamp, Vice-President of the Commission. — (D) The Commission has always held the view that both the importation of coal from third countries and the maintenance of the Community's coal-production capacity are important. Coal imports play an important role because they increase the offer over a wider area. In addition, they help to reduce dependence on imported oil. I must in this connection point out that the Commission is not able to influence coal imports

directly, because under Chapter X of the ECSC Treaty, policy on trade in coal falls essentially under the jurisdiction of the Member States. It is important for us to have a general view of trade trends in coal. For this reason a scheme for keeping track of coal imports was submitted by the Commission to the Council and adopted by the Council in 1977. But, I repeat, there are no provisions in the Treaty by which the Community as such can influence these imports.

Lord Bessborough. — Does not the Commission feel it desirable that Member States such as Denmark, Ireland, the Netherlands and Luxembourg should take timely steps to reduce their dependence on imported energy, by taking what I can only consider to be overdue decisions to invest in nuclear plant in atomic energy?

Mr Haferkamp. — (D) One of the main aims of our energy policy is to reduce the Community's dependence and the dependence of all its Member States on imported energy. I believe all possible means of strengthening our own energy resources should be examined.

Mr Holst. — (DK) Can the Commission confirm that we in the Community are having difficulty in disposing of and using all the coal that we produce? Can it confirm that there are over 50 million tons that we are finding it difficult to dispose of?

The second question is somewhat simpler: Does the Commission know that in one of the Member States, Denmark, the Government has recommended to all power stations that they stop buying coal from South Africa as a boycott measure against the regime? It is generally difficult to demonstrate one's attitude to that regime, but here was one area in which we could do so. So I ask the Commission whether it realizes that the Danish Government has adopted a very firm attitude to the question of South African coal and sharply condemned the South African regime?

Mr Haferkamp. — (D) The Commission is aware of this and I have just said that, under the ECSC Treaty, policy regarding the purchase and sale of coal is a matter for the Member States. Let me add too that the attitude shown by the Danish Government in making this decision is in accordance with the deliberations and decisions within the framework of political cooperation, which has already been referred to in this context.

President. — Since the author is absent, Question No 14 by Mr Howell will be answered in writing¹.

Question No 15 by Lord Bessborough :

Will the Commission state how the Joint Committee will foster and monitor trade between the European Community and the People's Republic of China?

¹ See Annex

¹ See Annex

President

and Question No 31 by Mr Corrie :

The Community's steel, shipbuilding and oilrig construction industries are among the most hard pressed as a result of the recession and their products meet the needs specified in China's Ten Year Plan. What action is the Commission taking to bring together Chinese and European enterprises so that firms may begin to benefit from the trade agreement with China?

Since these questions deal with the same subject they can be taken jointly.

Mr Haferkamp, Vice-President of the Commission.

— (D) First the question concerning the Joint Committee. As you know, under the terms of the agreement between the Community and the People's Republic of China the task of the Joint Committee will be to promote and intensify trade in appropriate ways and ensure the smooth functioning of the agreement. To this end the committee can examine and support suitable measures such as Community exhibitions in China, grants, trade seminars, to name just a few examples. The committee will be able — and will certainly wish — to examine which of the measures envisaged under Article 6 of the agreement can be taken; these include visits by individuals, groups and delegations from economic, trade and industrial circles and measures to facilitate exchanges of views on technical and industrial questions. Naturally this will also offer an opportunity for a wideranging exchange of information.

In answer to Mr Corrie's question, the trade agreement is, as we have often said, a framework for the optimal development of all economic sectors as the trade with China expands. We consider that it is primarily the responsibility of the relevant economic circles to take the initiative and carry out trade transactions within this framework. The Commission is hoping to promote direct contacts between trade and industry and the competent Chinese authorities wherever possible. In this connection I might mention that the delegation from the Commission which visited China in September and October included for the first time representatives from the different economic sectors of all nine Member States.

This made it possible for these representatives from trade and industry, as they reported afterwards, to hold fruitful discussions with the competent Chinese authorities. The Commission will use the first meeting of the Joint Committee, which is to be held in April and May next year, to promote an exchange of views along the lines implied in the question.

Lord Bessborough. — I might perhaps say that I regret so much that members of our delegation here are absent at the moment since they have been recalled to London on the vote of confidence in the House of Commons. But could I ask this? Am I not right in thinking that the Chinese People's Republic

has written to the Commission saying that it is willing to open negotiations on a textile agreement with the Community and that exploratory talks will begin in January 1979? Could I ask whether the Joint Committee will be involved in the operation of any such agreement? Also, with regard to the composition of the Community delegation for the Joint Committee, I gather that the only point discussed so far is whether the Community should be represented at Commissioner level or Director-General level or another level of Commission civil servant? Am I right that the question of establishing sub-groups of working parties, or bringing in industrialists and others has not yet been raised? Is that so?

Mr Haferkamp. — (D) First of all: it is correct that preparations are going ahead for talks which should lead to an agreement on questions regarding the textile sector. There has just been a move for this from the Chinese side. The preparations are proceeding in the normal way. In this matter as in all others the work of the Joint Committee will be governed by the principles I have just indicated. As far as the composition of the Joint Committee goes, the level of delegates has not yet been decided. This will depend on the views of both sides. As far as we can judge from contacts with our Chinese partners, the Community would normally be represented at Director-General level with a corresponding delegation from the Chinese side. That is generally the case with joint committees; very often too, however for particular reasons or on particular occasions the political level comes into action and there may then be meetings at minister level or at Commission representative level. That varies from case to case according to what has been agreed.

The question of establishing sub-groups has not yet been discussed. No doubt it will be one of the main points on the agenda for the Joint Committee's first meeting in April-May.

President. — Since the author is absent, Question No 16 by Mrs Ewing will be answered in writing¹.

At the request of the author, Question No 17 by Sir Geoffrey de Freitas is postponed to the next part-session

Question No 18 by Mr Broeks:z :

According to data published by the Statistical Office of the European Communities, exports from the ACP countries to the Community fell in the first half of 1978 by 8% compared with the first half of 1977, while trade in the other direction grew by 8%.

As a result, the ACP countries, share of imports into the European Community fell from 7.4% to 6.8% while the EEC's trade balance with the ACP countries actually shows a surplus for the first time in many years.

¹ See Annexe

President

What measures does the Commission intend to take — both in the short and the longer term, as part of the negotiations on the renewal of the Lomé Convention — to check this undesirable development?

Mr Gundelach, Vice-President of the Commission.

— First I would like to underline that, whilst there has been a decline in imports of certain commodities from the ACP countries, the period over which this decline has taken place is not long enough, and the figures not definitive enough, to give an explanation in detail as to why this has happened. But the main reason is to be found in the fact that the Community, like other major industrialized areas, in the last few years, as everybody knows, has had a lower level of economic activity than usual.

May I underline that in international economic cooperation and in particular in the relations between highly developed and less developed countries nothing matters to the developing countries as much as the maintenance of a high level of economic activity in industrialized countries. There are no trade measures which can replace the losses sustained by the developing countries as a result of low levels of economic activity. However, insofar as corrective measures can be found, over and above the technical and financial assistance which we are already giving, the STABEX agreement could conceivably be improved, because it would help these developing countries — as is the purpose of this scheme — to overcome in the meantime the loss in balance of payments due to a drop in prices of certain raw materials. The Commission will therefore give attention to this matter in the ongoing negotiations and in our direct contacts with these countries. But I must in the end emphasize that nothing can replace a sustained growth in the developing countries themselves.

Mr Broeksz. — (NL) I admit that there is no trend, and I did not ask about this or that trend. I merely noted what had happened in the first half of 1978. It cannot be the result of the situation in our countries, because in that case our exports to the developing countries would also have declined, whereas the exact opposite has happened. I would therefore ask the Commissioner not to wait for the new Convention of Lomé but to keep a close watch on what is happening, to enquire why it is happening, to study the products for which our imports have declined and our exports risen and to ensure that if a trend should become established, that trend be reversed as rapidly as possible. For I hope that nobody would welcome our achieving a surplus on our trade balance with the developing countries.

Mr Gundelach. — I think I did indicate in my answer, that the Commission would be looking at this together with the ACP countries and taking such measures as are relevant. But I had to make the comment that the relationship with these countries,

we being a market economy, involved certain preferential treatment, technical assistance, financial assistance and commodity stabilization arrangements. Within that kind of framework, certain things can be done, other things it is beyond our power to deal with.

Some of the reasons for the lower figures, which we are not disputing, include lower imports of oil from Nigeria, the drop in the copper prices, which has reduced the value of imports (even if the tonnage has not changed), and in particular, the sharp fall of coffee prices (from, however, exceedingly high prices).

Now, these are areas which are not easily dealt with, but there are other areas where it might be possible to deal with the problems as the honourable Member and I, on behalf of the Commission would wish in the spirit of cooperation of the Lomé Convention.

President. — Question No 19 by Mr Klepsch :

In Official Journal No C 262 of 6 November 1978 the Commission published a welcome summary of customs preference regulations as at 1 July 1978.

Does the Commission agree that in view of the changes expected to take effect on 1 January 1979, publication in the penultimate month of 1978 is a matter largely of historical interest? What are the reasons for the delay in publication? Would there not be more sense in publishing summaries of this kind before the relevant date, so that importers could obtain an idea of the regulations applying in future and make better use of them?

Mr Burke, Member of the Commission. — The Commission considers that publication of the texts concerned in Official Journal No C 262, of 6 November 1978, is by no means merely of historical interests, but of relevance at the present time, since all these provisions in question are currently in force.

With regard to the time-lag between the reference date, 1 July 1978, and the date of publication in the Official Journal of the European Communities, I would like to remind the honourable Member that the preferential tariff arrangements are worked out in conjunction with the Member States' experts to ensure uniform implementation by the Member States, which is the essential aim. As these arrangements are based on bilateral agreements and on certain autonomous Community legal acts, the texts can only be finalized after the latest regulations have appeared in the Official Journal.

In the case in point, the latest texts to be taken into consideration were Council Regulations Nos 1431/78 to 1431/78 of 26 June 1978, published in the Official Journal of 28 June 1978. The final text of the arrangements to be published could therefore not be produced before early July. Coordination of the six versions, one for each language, of this first edition of a comparatively large document, over 250 pages, containing extensive statistical material involved the Commission departments in a great deal of work. Nonetheless, the basic document was dispatched on

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25 July to the Office for Official Publications, which then had to forward it to two different printing-houses, with the result that it was published at the beginning of November.

I have already mentioned that the texts in question concerned the application of legal acts adopted by the Council. The Commission is therefore unable to draw up preferential arrangements before these acts are published in the Official Journal without prejudicing the Council's decisions, which it cannot do. Accordingly, I cannot undertake to give the honourable Member full satisfaction in the future. He may, however, care to note that the blocks of the texts published in Official Journal No C 262 will be preserved by the Office for Official Publications so that future updated versions can be published sooner after the reference dates.

Mr Klepsch. — (D) Am I to understand that you regard it as normal for four months to elapse between the time when the texts are dispatched to the printing-houses and the actual publication? Would you not agree that that makes it very difficult for those concerned and may I take it that you mean to ensure that this period is reduced in future?

Mr Burke. — In my reply I indicated the intention of the Office for Official Publications to preserve the blocks. The Commission is aware of the need to reduce all factors that might give rise to delay. But I have tried, in a fairly full answer, to indicate the difficulties that have arisen. We hope that in future it may be possible to publish these important matters more quickly.

I would like to take the opportunity of thanking the honourable Member for raising this matter in the House.

President. — Since the authors are absent, Questions No 20 by Mr Edwards and No 21 by Mr Ryan will be answered in writing¹.

Question No 22 by Mr McDonald will not be dealt with because the subject will be discussed in the sitting of Friday, 15 December 1978 during the debate on the same subject. The author will have the right to speak first in that debate.

Question No 23 by Mr Cointat will not be dealt with because the subject will be discussed in connection with the oral question (Doc 484/78) on today's agenda. The author will have the right to speak first in that debate.

Since the author is absent, Question No 24 by Mr Schmidt will be answered in writing¹.

At the request of the author, Question No 25 by Mr Normanton is postponed to the next part session.

Question No 26 by Mr Hoffman, No 27 by Mr Hansen, No 28 by Mr Forni and No 29 by Mr Prescott have been withdrawn.

¹ See Annex.

Question No 30 by Mr Porcu :

In the light of the proposals for shorter working hours it has put forward in the social policy section of its plan for restructuring the iron and steel industry, does not the Commission consider that it should support the West German steelworkers' campaign to have their working week reduced to 35 hours?

Mr Gundelach, Vice-President of the Commission. — In its communication to the Council on the social aspect of the iron and steel policy the Commission dealt with the question of reducing working time as one of the possible measures for dealing with the severe and increasing problem of unemployment in the European steel sector.

It is however not the only measure. The most important means is restructuring the sector. In addition there are a number of methods which can be used to deal with unemployment, other than shortening working hours: restrictions on overtime, restructuring of shift work, earlier retirement etc. etc.

The Commission has made it clear to the European Council, the trade unions and the employers that the reduction of working hours has an important role to play in the context of restructuring the steel industry. We also feel that further tripartite discussions at a European level would be helpful on this as well as on other issues.

This being said, I must emphasize that the Commission would not consider it appropriate to interfere directly in the present controversy between the German steel industry and the steel unions. That would definitely be exceeding the rights and obligations of the Community, and we have no such intention.

Mr Porcu. — (F) When I tabled this question the serious decisions taken by French iron and steel firms as a result of the policies adopted in the Community institutions in Brussels were not yet known. As you must be aware, 20 000 more jobs are being destroyed and with them an enormous production potential, which is going to strike a death blow to whole regions of France, in particular the Longwy, Hagondange and Valenciennes areas.

I do not think the European Community can remain indifferent when such disasters strike our people, or indifferent to the distress of these workers' families who, on the eve of the Christmas celebrations, learn that they will be jobless at the end of the year; I hope that the Community and our Parliament will make it a point of honour to put an end to the promises and vacuous talk of future studies into the problem and will take the proper decisions so as to forbid redundancies and the destruction of production plant until suitable social measures are implemented. One first step must be to reduce the working week to 35 hours, another, to lower the age of retirement to 55, for

Porcu

example, yet another, to introduce the fifth shift arrangement in overnight working, and yet again to introduce industrial retraining measures where there is no chance of preserving iron and steel plant because of present policies.

This is why, once again, I ask the Vice-President of the Commission to take all necessary measures and not to be afraid of intervening in the internal affairs of a Member State. When the Commission decides to do away with 27 million tonnes of steel-producing capacity in the Member States, it is already intervening in internal affairs! It is high time that it intervened on behalf of the workers, so that they are not condemned to unemployment for the rest of their lives.

Mr Gundelach. — For a while it seemed to me that the honourable Member was straying slightly from this specific question of 35 hours working time in Western Germany. I have made it quite clear that the Commission has an anti-crisis programme as far as the steel industry is concerned. I made it perfectly clear that we have suggested actions in regard to a number of social aspects, including the one under discussion. We have submitted these suggestions to the proper quarters and we are seeking decisions on these matters. We are obviously, then, not leaning back and showing no interest in this vital affair. But, this being said, I do not believe that it is our role to interfere in a particular strike on a specific issue in this or that country.

President. — This item is closed.

10. *Votes*

President. — The next item is the voting on the motions for resolutions contained in the reports on which the debate is concluded.

We shall begin with the motion for a resolution contained in the *Broeks report (Doc. 487/78): The negotiations for a new Lomé Convention.*

On the first indent of the preamble I have Amendment No 5, tabled by Mr Croze, Mr Feit and Mr Kaspereit and deleting the words:

'the report of the Committee on Development and Cooperation and'

What is the rapporteur's view?

Mr Broeks, rapporteur. — (NL) Mr President, this is the normal way of beginning all our resolutions. I see no reason for changing it.

President. — I put Amendment No 5 to the vote. Amendment No 5 is adopted.

I put to the vote the first indent of the preamble, thus amended.

The first indent of the preamble is adopted.

I put to the vote the remaining three indents of the preamble and paragraphs 1 to 5.

The remaining three indents and paragraphs 1 to 5 are adopted. On paragraph 6 I have Amendment No 2, tabled by Mrs Squarzialupi and Mr Pistillo and adding the following:

6. ... within the framework of the ILO, but regrets that consideration has not been given to the protection of women workers during the pre- and postnatal period, so as to reduce the extremely high infant mortality rate in many ACP countries.

What is the rapporteur's view?

Mr Broeks, rapporteur. — (NL) I have no objection to this amendment.

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

I put paragraph 6, thus amended, to the vote.

Paragraph 6 is adopted.

On paragraph 7 I have Amendment No 6, tabled by Mr Croze, Mr Feit and Mr Kaspereit and deleting the following words:

'both' ... 'and in order not to lose the support of public opinion'.

What is the rapporteur's view?

Mr Broeks, rapporteur. — (NL) Mr President, I think it would be wrong to delete this. The committee was unanimously agreed about the importance of retaining the support of public opinion.

President. — I put Amendment No 6 to the vote. Amendment No 6 is adopted.

I put paragraph 7, thus amended, to the vote.

Paragraph 7 is adopted.

I put paragraphs 8 and 9 to the vote.

Paragraphs 8 and 9 are adopted.

On paragraph 9 I have Amendment No 1, tabled by Mr Dewulf on behalf of the Committee on Development and Cooperation, adding a new paragraph 9a and inserting both paragraphs after paragraph 7:

9a. Considering that the satisfaction of the fundamental needs of man constitutes a binding obligation on the governments of the ACP States, and hence on all the parties to the new Convention, and that this obligation will not be respected if the fundamental rights of man are not also more fully respected, feels that the aid provided within the framework of the new Convention should therefore make it possible to ensure respect for these two closely linked fundamental requirements.

What is the rapporteur's view?

Mr Broeks, rapporteur. — (NL) Mr President, I spoke at some length about this yesterday. I repeat, I am against this amendment.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, the Christian-Democratic Group agrees with Mr Dewulf's view in essence. While we are no less aware than our colleagues from the other groups that human rights should be included in the text of the new Convention as a priority, we also realize that there is a connection between this absolute value and the fundamental needs of men and peoples. However, we see that in the present situation misunderstandings could arise which might overshadow the central issue on which we are all agreed. For this reason, while we consider the basic connection between the two issues to be important, we withdraw the amendment on behalf of Mr Dewulf.

President. — Amendment No 1 is therefore withdrawn.

I put paragraphs 10 to 13 to the vote.

Paragraphs 10 to 13 are adopted.

On paragraph 13 I have Amendment No 3, tabled by Lord Reay on behalf of the European Conservative Group, and inserting the following new paragraph :

13a. Deplores the recent decline of private overseas investment in developing countries, particularly in the mining sector, which could have disastrous consequences for industrialized and developing countries alike.

What is the rapporteur's view ?

Mr Broeks, rapporteur. — (NL) Mr President, I am afraid I cannot support this amendment, even though the recent decline in private investment is to be regretted. In this resolution we are urging the Council and the Commission to achieve what we want in the negotiations ; and this amendment is not in tune with the rest of the resolution. I therefore reject it.

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

I put paragraph 14 to the vote.

Paragraph 14 is adopted.

On paragraph 14 I have Amendment No 4, tabled by Lord Reay on behalf of the European Conservative Group and inserting the following new paragraph :

14a. Considers that the Lomé Convention provides an ideal opportunity for the restoration of a stable economic and political climate which should encourage the revival of such investment, accordingly urges the Council and Commission to seek to include in the new Convention a system of guarantees for such investment against economic and political risks.

What is the rapporteur's view ?

Mr Broeks, rapporteur. — (NL) Mr President, I find it particularly difficult to accept that it is possible to provide guarantees against political risks. I do not believe this can be done in the way implied in the amendment.

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

I put paragraphs 15 and 16 to the vote.

Paragraphs 15 and 16 are adopted.

On paragraph 17 I have Amendment No 7, tabled by Mr Croze, Mr Feit and Mr Kaspereit, rewording the paragraph as follows :

17. Requests that the new European Development Fund be financed from the Community budget and that the new Convention be approved by the European Parliament and ratified by the national parliaments.

What is the rapporteur's view ?

Mr Broeks, rapporteur. — (NL) Mr President, it is proposed that the word 'reaffirms' be changed to 'requests'. This is quite wrong. Paragraph 20 of a recent report by Mr Cointat concerning the budget observes that : since the usefulness of modification is not in question this procedure should be entrusted to the Community Institution most suited to the task namely Parliament.

That was endorsed by the whole Parliament. So I must reject this amendment and would refer to what Parliament has said on earlier occasions.

President. — I put Amendment No 7 to the vote. Amendment No 7 is adopted.

I put paragraphs 18 to 20 to the vote.

Paragraphs 18 to 20 are adopted.

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

I put to the vote the motion for a resolution contained in the *Croze report (Doc. 486/78): Accession of the Solomon Islands, Tuvalu and Dominica to the Convention of Lomé.*

The resolution is adopted.

I put to the vote the motion for a resolution contained in the *Meintz report (Doc. 480/78): Community action in the educational field.*

The resolution is adopted.

11. Sale of butter to the Soviet Union

President. — The next item is the oral question with debate by Mr Fellermaier and Mr Hughes, on behalf of the Socialist Group, to the Commission (Doc. 484/78) :

Subject : Sale of butter to the Soviet Union

In the light of recent suspension of pre-fixation of the export refund for a quantity of some 20 000 tons of butter to be sold to the Soviet Union, can the Commission state ;

— how much longer it considers that the European consumer will have to put up with a policy which results in sales of butter to third countries at prices lower than those which the consumers of the Community have to pay ;

President

- whether the Commission, in line with its own repeated undertakings, considers that it made adequate efforts to ensure that Parliament had an opportunity to express its opinion on this particular sale;
- when the Commission will be in a position to introduce new measures in the dairy sector in order to remove the need for the sale of butter to third countries at prices lower than those paid by consumers within the Community?

I call Mr Fellermaier.

Mr Fellermaier. — (*D*) Mr President, ladies and gentlemen, with the festive season approaching this House is now faced once again with that old favourite that seems as perennial as Christmas itself — the granting by the Commission of an export refund for the sale of butter to the Soviet Union from Europe's overflowing coldstores. Let me say right at the outset that we can hardly blame the Soviet Union for taking advantage of the European Community's overflowing coldstores, because the Russians are after all in a position to calculate precisely when these stores will be jammed to the eaves with surplus butter and can then, using a certain exporter who specializes in this, buy in the butter at much lower rates than those paid by the ordinary European consumer, who is at the same time a taxpayer and thus has to help finance the whole operation. By this means the Soviet Union can reap the benefits of the European agricultural system. Of course, the Member of the Commission can now be expected to say that this is a perfectly normal business transaction falling within the refund rules and there is therefore no cause for complaint.

But, Mr Gundelach, the people of Europe will also take note of what some members of the Council of Ministers have had to say on the matter. Let me quote here the British Minister of Agriculture, Mr Silkin, who said to the international Press in Brussels after the recent Council meeting that in pursuing this policy the European Community was supplying the Russian army with fresh butter. This may or may not be so, but the point is that the European man-in-the-street tends to sit up and take notice when the Minister of Agriculture of a major Member State says something like this in front of the international Press, with not a word of dissent so far from Brussels. This is a perfectly normal reaction from people who have come to regard the European Community as an institution which — among other concerns — exists to protect consumers' interests. When something like this happens, people are bound to wonder whether their interests are really being given sufficient protection.

Moving on to another point, I should like to quote what your predecessor, Mr Lardinois, said in this House in a similarly contentious debate on the sale of butter to the Soviet Union:

We — that is, the Commission — will be following developments on the butter market very closely. We shall waste no opportunity of enabling the consumers in the Community to benefit from these surpluses whenever this is practical and financially feasible.

Technically, of course, you may say that the consumer can benefit from this campaign, launched a few weeks ago, for the sale of cheap butter from coldstores. At the same time, though, fresh butter is being sold. One wonders how the Commission thinks it can go on pushing this line to the public.

There is a second point, Mr Gundelach, and this is something I should like to take up with you personally, because this is where we come up against the question of the European Parliament's right to be consulted by the Commission. Both you and the President or the Commission have undertaken formally in this House to consult the European Parliament in good time before transactions of this kind are approved. But how is this consultation procedure working in practice? You sent a telex to the chairman of the Committee on Agriculture, Mr Caillavet, and to the chairman of the Committee on Budgets, Mr Lange. Is it up to the Commission, Mr Gundelach, to decide what consultation procedure should be followed here in this House, or is it up to the President of Parliament to decide what form the consultation should take and which committee should — by virtue of our Rules of Procedure — be involved? The Commission, as a Community institution, must conduct its business with the European Parliament, which is also a Community institution, via the President of Parliament. Even if the Committee on Budgets or the Committee on Agriculture — or both of them — may have approved your communication, that does not necessarily mean that Parliament's approval would likewise be forthcoming. And as these two committees had not in fact met during this part-session, the British Minister of Agriculture, Mr Silkin, was able to claim that Parliament had approved this transaction, although the fact of the matter is that Parliament had not been consulted at all. This is therefore a question of relations between Parliament and the Commission.

When the President of the Commission formally undertakes to consult Parliament on export refund transactions for butter, the Commission must keep its promise, which means that Parliament must be given the opportunity to state its opinion on the subject. It is up to Parliament and Parliament alone to decide whether to delegate its decision-making powers to one of its committees. Let me repeat, Mr Gundelach, that it is not for you to decide which committee is competent in this matter.

Since what we are concerned with here is an export transaction involving a third country, the committee responsible might have been our Committee on External Economic Relations. But because it did not

Fellermaier

have a copy of the telex, there was no way it could have been consulted in this particular case.

The fundamental question is, of course, how you think you can avoid being faced month by month in the future with similar situations involving refunds for butter exports. These transactions are bound to give the taxpayer the impression that he is having to dip into his pocket twice over — once as a consumer and again to pay his share of the taxes used to finance the elimination of surplus production. This key question is still open, although — to be fair to the Commission — one must admit that it is still open because the European Council once again failed to tackle the thorny problem of surplus production at its latest summit meeting in Brussels.

Our aim in tabling this oral question with debate was to give you, Mr Gundelach, the opportunity to give us rather more information on behalf of the Commission than could be gathered from the telex messages. After all, these telexes have not been seen by the Members of this House. So far, they have only been seen by two committee chairmen, and that is a situation which this House finds intolerable. I hardly think you can ignore this.

(Applause)

IN THE CHAIR : MR MEINTZ

Vice-President

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President. — Mr President, I should like to answer this question in three different sections. First, I would like to deal with the very important question of the relationship between Parliament and Commission. Then I would like to deal with the matter of the butter exports in question, which, I must say, I consider to be rather trivial, and then I shall deal with the last question, which I consider to be of fundamental importance for the credibility of the common agriculture policy namely, the lack of balance on the milk market.

First, the question of relations with the Parliament. Mr Fellermaier, I have no intention, as you very well know, of interfering either directly or indirectly in the way in which Parliament decides to go about its business. You know that perfectly well.

When butter is sold with export refunds in accordance with existing law, the basic regulations concerning exports of agricultural commodities with exports refunds, the Commission is not acting as a trading agent going around the world seeking trading partners and concluding contracts. Under the basic regulations, the Commission must — and if it does not do so, it can be taken to Court by anybody — establish an export restitution for various commodities, including

butter; then, as long as there is no shortage — and there certainly is no shortage of butter — within the Community, they can be exported without refund.

The refunds were established at the end of the price-fixing process, and contrary to previous practice I have stuck to rather constant export refunds and have changed them very little in order to have security. They were established in May. So there is no special deal from that point of view either. There has been no manipulation of the export refunds. They contain no new elements whatsoever. It is a straightforward, ordinary transaction, as Mr Fellermaier must have known.

Now in that situation, where we are just executing the existing law of the Community, there is no obligation on the Commission to consult either Parliament or the Council. On a previous occasion, when my predecessor concluded a deal with special refunds with Russia, in which we sold butter with higher refunds than the ordinary refunds, the Commission, undertook — and I repeated this in a discussion in March of last year — nevertheless to consult Parliament on such transactions if there were any new or special elements; but here there were no special or new elements, merely strict application of Community law: consequently, there was no obligation to consult either the one or the other. However, bearing in mind the sensibilities of some in regard to exports with refunds to Russia — though not to Uganda — and having undertaken to inform and consult the Parliament, I felt, nevertheless, even if there was no obligation, either in law or under the so-called Cheysson clause, to consult Parliament, that I should inform Parliament.

Why did I send a telex to the chairman of the two committees? Because that was the procedure which emerged from our discussion in March last year. On two subsequent occasions, I have done just that and there have been no reactions. Now there is a reaction, and, Mr Fellermaier, I have not the slightest difficulty in accepting that in the future such telegrams shall be sent to the President of the European Parliament in order that whoever wants to deal with it and must deal with it under the rules and procedures of the Parliament can do so. I have not the slightest intention of interfering in the way in which work is undertaken in this Parliament, and I am at the disposal of any committee which wants to discuss this or similar matters in the future. I only acted the way I did because that was the way it had been done previously, and previously it was these two committees which had convoked me on these matters. So, on the one hand, I quite willingly give you an assurance on this point; on the other hand, I cannot accept any reproaches.

With regard to the specific transactions, I want to make it clear, since I understand that there is some discussion about the kind of figures involved, that here we have exports, as I have explained, of butter

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with export refunds as established by the Commission in accordance with the regulation adopted by the Council after consulting the Parliament. The transaction can be performed directly or it can be performed at a later date with an assurance that the export refund existing at the time a company or individual wants to undertake a selling operation will be maintained. In the latter case the export refund is fixed in advance, which means that we give a guarantee that the export refund will not be changed for a given quantity. It is not a question of the Commission's approving or disapproving any particular contract, because that is not in our power. That is called prefixation and is done in accordance with the basic regulation. So far this year, export refunds have been prefixed for exports to the Eastern European countries totalling 25 456 tonnes: 18 281 to Soviet Russia and 7 175 tonnes to Poland. Whether all this will actually be exported we do not know, because a prefixation is the seeking of a guarantee that a refund will be there if the contract can be concluded, but it does constitute, as of this moment, the maximum level.

Mr President, the Community has a vocation to export. It exports a number of agricultural commodities. It did so *via* its individual Member States before it became a Community, and it is doing so now as a Community. These exports are essential for the balance of payments of a number of the Member States of the Community. They are important for the maintenance of employment in vital areas of the Community where no alternative exists. I must therefore make it quite clear to the House, firstly, that our basic regulations on the common agricultural policy provide for exports and, secondly, that the Community needs these exports materially, economically, and they will continue. We shall also continue to export butter. But a warning must be given — we have done so previously and I happen to have this occasion to do so again — that world markets for butter are saturated. We cannot solve our surplus problems in the dairy sector by increasing exports, be it to the Eastern European countries, be it to other parts of the world. These exports are limited, they are accidental, and this will remain so in the future. It must be said loud and clear that we cannot, in the dairy sector, export ourselves out of our difficulties with the tax-payers' money. That is out of the question.

But where an opportunity exists to export something, then it is our duty to do so. One can ask, and one should ask, that the benefits of refunds, aids, subsidies should not be just something for the outside. As regards Mr Silkin's remark about this going to the Russian army or other remarks of Mr Silkin's on this as on many other aspects — he must answer them for himself. I am not answering for him. But the balance between internal and external subsidies is a fair ques-

tion. However, here I must say that following the price-fixing decisions in the Spring of 1967-68 and the debates we had in this House in February and March of last year, quite a different ratio has been established between the quantities of dairy products made available on the internal market with aids and subsidies, and those made available on the external market. Both in 1977, and more markedly in 1978, we have been using aids to dispose of our surpluses on the internal markets which are five times greater than those for the external markets. And I think this is development which it is important for the public to bear in mind. We have butter restitutorial aid schemes in the United Kingdom: social butter, butter to special institutions; butter aid schemes for four or five other Member States and a number of special schemes, where there are aids for dairy products going into products for human consumption. And in this I am not even taking into account the very considerable effort on the internal market which is being undertaken now by putting on our own market milk powder, skimmed milk powder and liquid skimmed milk in order to make these commodities competitive with the cheap imported soya. We are definitely giving the preference to the internal markets.

But now we come to the third question, and the real key question. As we explained in the report to the Institutions of the Community, including this Parliament, in September of this year on the state of affairs in the milk market and the outlook for this market, we are faced with a situation where consumption overall is stagnating internally and externally, despite all these aids to which I am referring. And production is continuing to increase. The amounts we therefore have either to stock or to dispose of are increasing, and the milk part of the Community budget is increasing to an extent which is not credible, and which makes the common agricultural policy non-credible in the eyes of the citizens. It is, therefore, of paramount importance that steps be taken to bring about — even if it is over a reasonable period of time — a better balance between production and consumption, in order that the budget of the common agricultural policy may be relieved of this burden and that the common agricultural policy, which otherwise is a sound policy and a corner-stone of the Community, may regain its credibility and cease to be an object of strife in Community life. We indicated the main ways in which we thought this could be brought about in our report in September. We have to propose to the Council that the use of public money for new investments in our already over active industry be stopped, unless it is a question of improving marketing and improving disposal of the commodity — but certainly no public money for further production. We must insist that prices be kept down in order that consumption of this product by our own citizens

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may be aided and expenditure may be kept at a reasonable level. But this in itself will not be enough. A stronger element of dissuasion must be introduced in respect of production increases in the dairy sector, and we have proposed either a certain flexibility in the intervention price, which in many circles is considered undesirable or an alternative, which is to revitalize the co-responsibility levy and introduce a levy which is meaningful in its size, which varies according to the amounts of milk produced — so it can be a dissuasion — and out of which the money can be made available for the essential purposes of a proper milk policy, namely the disposal at reasonable prices of dairy products on our internal market. In other words, the producers themselves would work together with us in getting over this problem of over-supply. We submitted to the European Council for its meeting at the beginning of September the main ideas contained in this paper. Mr Fellermaier recalls that unfortunately we received no guidance from that body, but they have decided to discuss these matters again at their meeting on 12 March. In the meantime the Commission will make its price proposals for 1978-79. Owing to the meeting of the European Council and owing to the introduction of the new monetary system, we will be making proposals at the beginning of January. And in these proposals there will again be a special programme — but I hope this time a final one — for attacking the difficulties with which we are confronted in the dairy sector, along the main lines which we described in our paper to you and to the European Council in September and which we will translate into concrete proposals to the Council. I hope that the debate which takes place here today will focus on this central issue, which is really the root of the trouble, and not on the symptoms, which are really trivialities.

(Applause)

President. — I call Mr Früh to speak on behalf of the Christian-Democratic Group (EPP).

Mr Früh. — *(D)* Mr President, in tabling this oral question with debate, we have broached a controversial subject which is all the more so because it was in the limelight once before some years ago. As you are all aware, last time we were talking about quantities ten times the present figure which were, moreover, exported on special terms. There were all manner of rumours flying around at that time, involving the re-import of these goods into the Community and the financing of certain parties in the Community.

On that occasion, the Commission gave us an assurance that, should such a thing ever recur, Parliament would be informed accordingly. I believe the Commission has kept its promise, although it would appear that certain things could have been done better and

here, I think, the Commission deserves its share of the blame. I think it really ought to explain why, once this telex had been sent to the chairmen of the relevant committees and no reaction appeared to be forthcoming, it failed to press the matter. Did something go wrong somewhere? Unfortunately, the Commission's reticence gave us reason to suspect there was something to hide. You have effectively given the lie to this suspicion today. So the Commission has met this demand, and I understand it has also taken the precaution of consulting the Council.

As far as the essence of this oral question is concerned, we must of course make the point that any attempt to sell butter in the Community at the same price as applies to export sales would be to call into question the very principles of the Common Agricultural Policy, which provides for priority to be given to domestic production and for a system of refunds and levies. And the consequences of doing this would be incalculable.

You are quite right, Mr Fellermaier, your questions were indeed provocative, for instance, the one which referred to Mr Silkin's suspicion that we were helping to butter the Russian Army's sandwiches. That was a telling point, but perhaps I may be permitted to enquire whether the consumer you referred to would not be equally justified in asking whether the export of steel pipes or of whole factories under long-term credit arrangements — which are supposed to be balanced out by compensatory deliveries sometime around 1990 — was not much more serious than supplying butter to this part of the world? When it comes to industrial exports, our negotiators come home and claim a great success in safeguarding jobs. Mr Gundelach made a similar point along these lines, and we should not forget of course, that in some of our regions jobs also depend on agriculture and the dairy industry.

Now, I am sure that in this matter Mr Silkin can hardly be regarded as a witness for the prosecution. After all, he never misses an opportunity of telling us that he is fundamentally opposed to the Common Agricultural Policy, and so I think we would be well advised to turn our minds to what is the real issue, namely, achieving a balance over the long term between supply and demand for dairy products, and I think we are on the way to achieving this. It is, however, a tricky problem and one which will require a variety of measures, including some aimed at boosting consumption. The point was made earlier that there are also cheap butter schemes within the Community. This is something that Mr Silkin exploits to the full, as it is being financed in part by the Community. But the Member States should also do more in this respect. We have all manner of measures, such as the non-marketing premiums, and I would ask Mr Gundelach to persevere with these measures

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even though they may not yet have achieved the desired result.

This brings us to the other problem, which is that the major part of this sector is dominated by products which do not come from within the European Community. Nor is it a question of the milk produced in regions which cannot produce anything else. What we are faced with, in fact, is the unrestricted import of substitutes — vegetable-based protein and fat — which we have no powers to control. One of our most important tasks is to gain some degree of control over this overproduction and I should like to wish Mr Gundelach success in his trip to Thailand and to other countries in an attempt to find a reasonable solution to this key problem. We must have some kind of regulating mechanism so that we can really do something to help.

We are also trying to make it clear to our farmers that something has to be done. The co-responsibility levy is a vital instrument for regulating the volume of sales.

Let me say in conclusion that this House in particular should avoid doing anything which might bring the Common Agricultural Policy into disrepute. It is a key element in the process of European unification and if it were to collapse, it would bring down with it more than just the milk market. We should all make an effort to reduce the imbalances, to help the Commission in a spirit of genuine cooperation and to appeal to the Council's conscience. The problem is often that the Council's failure to take decisions has a negative effect on subsequent developments.

(Applause)

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

Mr Brøndlund Nielsen. — *(DK)* Commissioner Gundelach used the expression 'trivial' in reference to this question, and I am inclined to agree with him. I think that the question which has been put down by some Members in the Socialist Group concerns a minor matter of routine procedure. It is also surprising that some of those who have taken the initiative in putting the question are from the party which is in power in the United Kingdom which, as is well known, imports large quantities of butter from New Zealand and is thus causing an imbalance in the Community, particularly in the butter sector. I don't intend to speak at length on this question since I don't think it is very important. I should however, like to add one comment to the Commissioner's remarks on Community agricultural policy; without going into great detail, I should merely like to say that I and my Group would warn against tinkering too much with the existing system. We recognize that the surplus stocks which have accumulated do raise some problems, but I think it should also be pointed out that this agricultural policy provides a basis for effi-

cient production. The problems raised by the price guarantee system should be solved in some other way. Efforts must be made to discourage the dairy sector, if I may put it like this, from abusing the system. I don't wish to blow Denmark's trumpet, but I would like to say that I was pleased to note that the Danish butter sales organization, which is responsible for practically all Danish butter exports and sales, has just stated that it is doing all in its power to avoid using the intervention system. It would be an excellent thing if intervention could be considered generally as a last resort. This would also have a stabilizing effect on supplies to consumers and on producers' incomes, just as the agricultural policy has.

With regard to the fact that this butter was sold to the Soviet Union, we can well understand the misgivings about trade with the Soviet Union. This can be said also of a large number of areas. In connection with the Community's agricultural policy, I would again make the point that it is remarkable that Tsarist Russia was an exporter of foodstuffs and I really think we have grounds for some satisfaction that we now have an agricultural policy which enables us to come to the assistance of the Russians when they cannot satisfy their own food needs after struggling for decades, with communist theories of a planned economy, to get their agricultural production under control. I think we should be glad that we have a surplus to sell and, furthermore, at reasonable prices.

(Applause)

President. — I call Lord St. Oswald to speak on behalf of the European Conservative Group.

Lord St Oswald. — Mr President, taking the place of my honourable friend, Mr Scott-Hopkins, in this debate I rise with the glum recollection that I have been here before and I did not like it much: I have no expectation of liking it any better on this occasion. The Community's dairy policy in general and the export of butter to Russia in particular, have come in for repeated criticism. The depressing repetitiveness must not distract us from the reality and severity of the problems. In 1979 budget allocations for the dairy sector alone come to some £ 600 million, more than the United States' space programme budget in its entirety. That is the difference between the equivalent of £ 2 500 million compared to £ 1 900 million.

The particular circumstances which give rise to this debate are the outcome of regretted events in both Commission and Parliament. As to the latter, a certain ineptitude and casualness must be to blame. As to the former, I believe the Commission could have done more to make sure that its telex to Parliament had been properly received. It is hardly good enough to assume that lack of response signifies consent. The Commission clearly made an effort to keep its undertaking to inform Parliament of such butter sales, but

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did not follow-up that effort. Administratively, this was scarcely excusable taking into account the very legitimate, memorable uproar created by that earlier similar sale of surplus butter, for the increased nourishment of the pampered apparatchiks of the Soviet Union, rather than the soldiers.

My group accepts that there are limits imposed on the Commission by the regulations regarding length of time for which export refund prefixing can be suspended. Application of the rules of the CAP sometimes results in situations such as this. Clearly we must tackle the export policy itself. My colleague, Mr Scott-Hopkins in his booklet on the CAP, *'Food for Thought'* calls for all exports in such politically sensitive cases to be undertaken by the Commission itself.

The appropriate method to ensure approval for such exports is for Parliament to be formally consulted on them by Council. Steps must be taken to set up the appropriate machinery to obtain Parliament's formal approval in future.

However, displeasing the subject itself, we were all, I think, looking forward to this Oral Question with debate, as possibly producing something practical. The practical problems on the actual case had been argued out in the Committee on Agriculture and will be again argued out there on an initiative from the Conservative Group. The Commission has presented proposals for the dairy sector, and the Commissioner has expanded on them today, so the only purpose in posing an oral question in this debate today should be that the Socialist Group had a new, original solution to the problems of over-production in the dairy field, Mr President, we were disappointed. Not only did Mr Fellermaier fail to present new proposals he did not present any proposal at all. He contented himself with blaming the Commission for the lateness of the famous telegram sent to Parliament on 3 November and reaching the Committee on Agriculture and the Committee on Budgets 10 days later. This is certainly something which needs to be taken up, but it is difficult to see how Mr Gundelach could be directly or indirectly held responsible. He is a popular, effective and respected Commissioner, known as a good friend of Parliament, and as he explained today, personally punctilious in his relations with Parliament.

The Commission must be well aware that these butter sales have a very damaging effect on European public opinion, and give gratuitous ammunition to those seeking to undermine the European cause. It is European consumers who should benefit from the agricultural surpluses. Perhaps our whole export system needs examination in this context. Conservatives have a positive belief in market prices, and surplus production should result in lower prices for consumers. For this reason, among others, we could urge the Commission to tackle the dairy surplus by means of a system of flexible guaranteed price rather than through the co-responsibility levy.

In conclusion, Mr President, while my group deplores the recent unfortunate chain of events over the sale of butter to Russia, and calls for proper consultative machinery to be set up to avoid a recurrence, we do not believe that any of this should divert our attention from the basic problem of reducing the cost of milk surplus, reducing the milk surplus itself and lowering the price for consumers so that they, rather than the Russian consumers, can have the benefit of cheap butter. We may feel very certain that none of it reaches the starving occupants of the labour camps. In the final analysis, let us remember that the CAP does provide security of supply of food for the European consumers. Is it not some kind of comment on the failure of socialist agriculture that the Soviet Union needs to buy our butter surpluses at all?

(Applause)

President. — I call Mr Tolman.

Mr Tolman. — *(NL)* Mr President, I should like to begin with a word of thanks to Mr Gundelach. I think the question has been explained very clearly. There are a number of key points here. Mr Gundelach said quite categorically that no new element was involved and that it was simply a matter of applying existing Community law. The basic regulation does provide for the export of butter and I just wonder — this seems to be an interesting question and I can well imagine that Mr Fellermaier might be asking himself the same thing — on what legal basis the sale of butter could be refused in this case.

As far as public opinion is concerned, Mr Gundelach rightly pointed out that financial support for the internal market is much higher — five times as high, if I heard correctly — than export subsidies. In other words, in this respect the consumer is doing very nicely thank you.

I also wonder whether the 70 000 tonnes of butter earmarked for sale as cheap Christmas butter is necessarily the maximum available. In my opinion, this amount should be increased, but the idea which seems to emerge from this discussion — that people outside the Community are deriving the benefit of cheap dairy products while those inside the Community are not, is mistaken.

The third point I wish to make relates to the question of imbalance. In the short time available, we cannot develop this discussion into a full-scale dairy policy debate. Mr Gundelach made a few remarks on this point, and I am looking forward to some very interesting discussions when we get round to dealing with the question of improving the market balance, which will involve discussion of intervention payments and levies. I get the impression that the industry would react favourably provided the Community is prepared to make a sufficient contribution and to pursue an

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objective price policy. But there is one other point I should like to make, particularly because Mr Fellermaier was fairly critical about the overflowing cold-stores. His attitude was, I feel, not entirely free of demagogic intent, particularly in view of his reference to the British Minister of Agriculture. I fully appreciate that people are wondering whether Mr Gundelach intends to take steps to get rid of these 120 000 tonnes of butter as quickly as possible. But there is an enormous difference between exporting 25 000 tonnes of butter to the Soviet Union and importing 120 000 tonnes from New Zealand. I can well imagine that people are beginning to wonder about this. In my view, one of the key points — and Mr Früh made this point as well — is that our overproduction can be put down in particular to the fact that we import so much. With an eye to the forthcoming agricultural debates, I should like to ask Mr Gundelach to investigate ways of cutting down this flow of imports to a reasonable amount without resorting to protectionist measures.

We are currently preparing a number of measures designed to limit production although, given the present level of imports into the Community, what we are trying to do amounts to no more than mopping-up operations, not just with the tap still on — as some might say — but with all the flood-gates still open.

(Applause)

President. — I call Mr Joxe.

Mr Joxe. — *(F)* I am pleased to take up the invitation issued by Mr Gundelach, who stressed the close link between the question brought up by Mr Fellermaier and more general problem of the dairy sector. A number of speakers, including Mr Tolman, have in fact widened the scope of the debate. However, in referring to the Commission's report published in September on the situation in the dairy sector, Mr Gundelach went too far, or perhaps not far enough.

This short debate has its origins in the export of 20 000 tonnes of butter to the USSR, but the report which Mr Gundelach referred to just now underestimates the consequences for the common market in dairy products of imports of these products, in particular butter, which amount, Mr Tolman, to far more than 20 000 tonnes a year. This year, I think the level of imports will exceed 100 000 tonnes. The report which Mr Gundelach referred to grossly underestimates this factor in the dairy sector. The Commission's report also underestimates the consequences of other imports — of vegetable oils and fats — which are used as substitutes and have a serious effect on the

market for dairy products. It underestimates the damaging consequences, in terms of market equilibrium, of the development within the Community of dairy production based on cheap imported feeding-stuffs. The report also underestimates the effects of monetary distortions in distorting production conditions in the dairy sector, depending on whether producers can or cannot get cheap — and sometimes very cheap — supplies, particularly of animal feeding-stuffs, in countries with strong currencies. This Commission report analyzes neither the regional situation nor the factors which are to blame for certain increases in dairy production, and makes only a very half-hearted stab at drawing the inevitable conclusion from — or rather, noting the failure of — the co-responsibility levy from which so much was expected but which the Commission's report now recognizes as having been ineffective. We are now even being told — and what a paradoxical situation this is — that the revenue from the system barely covers its running costs.

This alone is enough to demonstrate not only the ineffectiveness and the unfairness of the co-responsibility levy, but also — as we can now see — its basic absurdity. The scope of this debate should therefore really be widened to cover the whole dairy sector. If we have had the chance to do so today, so much the better, because there are, after all, two million dairy producers in the European Economic Community. Virtually all of these are small-scale family farmers who have every reason to scratch their heads about the steps that are being taken to restore equilibrium to the market. Since you referred to this report, Mr Gundelach, I may say that as far as I am concerned, I should like to see it studied widely and discussed either in plenary session or in the Committee on Agriculture, which is really responsible for this subject. After all, the report contains proposals which are utterly at variance with the expectations of, I think, all those who are concerned with protecting the interests of both consumers and milk producers in the Community.

President. — The debate is closed.

12. European Monetary System and Common Agricultural Policy

President. — The next item is the report (Doc. 523/78) by Mr Früh, on behalf of the Committee on Agriculture, on

the proposal from the Commission to the Council (Doc. 476/78) for a regulation on the impact of the European Monetary System on the Common Agricultural Policy

Mr Früh, rapporteur. — (D) Mr President, I have pleasure in presenting a report on the Commission proposal for a regulation on the impact of the European Monetary System on the Common Agricultural Policy.

I should like to digress somewhat and describe how the Common Agricultural Policy started. In fact, it got off to a very courageous and very confident start. Alongside this common policy and the common prices, a unit of account was set up as a means of preventing fluctuations in the parities of national currencies, and some of the more optimistic among us may have regarded this unit of account as an embryonic European currency. All too soon, however, the various Member States' economies started developing at different rates, parities changed against the unit of account and our hopes were thus destroyed in the face of stark reality. The devaluation of the French franc and the revaluation of the German mark resulted in a situation in which the common market in agricultural products could only be maintained by the introduction of monetary compensatory amounts.

There then followed a period in which national green rates developed alongside the official rates of exchange, whereby the difference between the two represented either a positive or a negative monetary compensation. That was the story so far, until it was decided to introduce the ECU into the European Monetary System to replace the rates of exchange floating jointly within the currency 'snake'. We are now faced with the question of how this new European Monetary System should be applied to the Common Agricultural Policy.

The European Council instructed the Council of Finance Ministers and the Council of Agriculture Ministers to apply the new EMS to the Common Agricultural Policy. The Commission has now submitted a proposal to this effect, and Parliament is expected to deliver its opinion on this proposal before the meeting of the Council. This proposal aims to enable all the Member States, with the exception of the United Kingdom, to benefit from positive monetary compensation if they want to maintain the present level of prices expressed in their national currencies. This would be achieved by the introduction into the Common Agricultural Policy of the ECU, which represents a devaluation of around 20 % compared with the 'snake' unit of account used hitherto.

The Commission has set out the details of this scheme in the explanatory memorandum attached to its draft proposal, although it regards such a major change as inadmissible. If the Common Agricultural Policy has to be incorporated into the European Monetary System, these changes must affect neither the present level of prices expressed in national currencies nor the monetary compensatory amounts. To make

this possible, the present figures must be multiplied by a coefficient of around 1.2 — i.e. the difference between the unit of account in the snake and the ECU — so that the prices and other figures which have so far been expressed in units of account can be converted into ECUs.

Mr President, the Committee on Agriculture has approved the Commission's technical proposal and pointed out — and I think this is in line with the thinking of the European Council — that agricultural prices expressed in national currencies and monetary amounts must remain completely unaffected by the introduction of the European Monetary System.

The second point formulated by the Committee on Agriculture recommends that once the aim of more stability throughout the Community has been achieved by means of the EMS, the monetary compensatory amounts should be adjusted. This should enable the unified agricultural market to be reestablished without any reduction in farmers' incomes.

The Commission has itself admitted that the transition from one system to another might produce unforeseen difficulties which will require immediate counter measures. To enable these measures to be taken quickly, the Committee on Agriculture has waived the right of Parliament to be consulted every time, on the understanding that the Commission will respect the confidence Parliament has shown in it and will not exceed its powers. Having heard the Commission's detailed report, and trusting that our complaisance will not be abused, we therefore propose that Parliament waive its right to be consulted every time quick action is required during this transitional period.

With the above proviso, the Committee has therefore approved the Commission's proposal, and I should like to ask this House to support the decision taken by the Committee on Agriculture.

(Applause)

IN THE CHAIR: MR BERKHOUWER

Vice-President

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

Mr Tolman. — (NL) Mr President, I should just like to say very briefly that this proposal meets with my Group's full approval. Now that we are about to place the monetary system on a new footing, it is essential that we should also take steps to ensure that the problems caused in agriculture by the MCAs are not further exacerbated. Without this proposal, prices could well fluctuate widely by anything from 10 to 20 %, which would not be a healthy state of affairs.

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This is why we applaud the Commission's proposal which has appeared before us so suddenly and yet at just the right moment. We also hope that the new monetary system will lead to greater financial stability and that it will put an end to the succession of devaluations and revaluations, which has landed agriculture with the present system of MCAs. Once the rates of exchange become more stable, we shall have no need any more of MCAs and we can then start doing away with them. I should like to state quite clearly and categorically that our Group is in favour of the system of MCAs being dismantled as quickly as possible and as quickly as is reasonable, given the situation of farmers in Europe. As far as we are concerned, therefore, this is a good and necessary proposal which we wholeheartedly support.

President. — I call Mr Pisani.

Mr Pisani, draftsman of an opinion. — (F) The Committee on Economic and Monetary Affairs has no comment to make on the report presented by our colleague Mr Fruh on behalf of the Committee on Agriculture. I would merely like to say that we consulted the Commission on the effect which the non-participation of some Member States might have on the European Monetary System and we were told that it would have none. We take the view — as has already been said — that the European Monetary System should, in the medium term, aim at and result in the abolition of monetary compensatory amounts, but it is necessary to take urgent measures to ensure that the introduction of the ECU does not lead to any disturbance or imbalance in the existing system. A distinction should therefore be drawn between the short term, concerned with stabilization, and the medium term, where the aim is the abolition of monetary compensatory amounts.

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

Mr Vitale. — (I) Mr President, I agree with the Früh report. I merely want to make one or two comments and to ask Mr Gundelach to clarify a number of points.

Let me start by saying that the new monetary system, even before it has come into force, has been forced to come up with certain exceptions to the way it works, in order to be able to avoid the serious distortions that for obvious reasons might have occurred in the agricultural sector. The fact is that this would have involved forcing a revaluation upon the weaker currencies. If the EMS had been implemented in its original form in Italy — where there have been and where there still are serious problems — the result would have been a 21 % drop in agricultural prices and a green lira, which is the most devalued of the European

currencies, valued above the new unit of account, which would have meant MCA subsidies. The object of the Commission proposal is to forestall such ridiculous situations or at least to mitigate the effect of the new monetary system on the weaker economies. However, I am less optimistic than Mr Pisani about the medium-term prospects, which still seem bleak to me.

In the meantime, I fail to see in the Commission proposals any hint that there may be another look at how to phase out these compensatory amounts. This is the real crux of the matter, and the problem has been heightened with this new monetary system. Perhaps the Commission ought to have tried harder, not only to curb the immediate consequences of the system, but also to set in motion the procedure for phasing out the compensatory amounts. There has, in fact, been no change as regards these compensatory amounts, and there is no way of knowing what will happen in the future when inflation rates go beyond the margins of fluctuation which have been laid down.

I should like to point out that in Italy during the first 11 months of this year there has been an 8 % variation in the consumer prices of agricultural products, beyond the 6 % allowed, while producer prices have stagnated and have even gone down 0.8 % compared with last year. Although, at this juncture, the Commission proposal should prevent an immediate reduction of prices in the situation foreseeable after 1 January, there will be a change in this situation during 1979. We should have no illusions. There definitely will be a change, imposing even greater sacrifices on the producers.

I now want to mention a fundamental reservation I have, not about one currency, but about the whole of the Community, with particular emphasis on the agricultural policy. If we have this enforced revaluation of certain currencies and a general upgrading of the whole European monetary system, will this not mean a bigger gap between world market prices in dollars and the internal prices of the Community? I should be grateful if Mr Gundelach could say something about the effects of the new European monetary system on the relationship between world market and Community prices and how they would fit in with the new system, because a wider disparity in prices — and this is what is going to happen, in my view — would increase the burden of export refunds to exporting countries and make it more difficult to sell off surpluses in third world markets — this was mentioned just now — and would in general be a heavy burden on the Community budget as well as on consumers in the Community.

Among other things, this is hardly likely to encourage the new countries that are supposed to be joining the Community and might even create more problems at

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the GATT talks. As you know, Mr Gundelach, these talks are currently blocked by problems connected with trade in agricultural products and storage procedures.

In conclusion, may I say that the measures put forward by the Commission are reasonable for the short term but give little reassurance for the future. I am sure that the Commission will agree that, after the difficult decision by Italy and other countries to participate in the EMS, the introduction of the new monetary system highlights even more the real need for earnest structural measures, especially in the weaker economic and social areas. This need, which has been echoed many times in the past, is now more pressing than ever, if the new monetary system is not going to end up being dead and buried within a few months, let alone years.

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

Mr Liogier. — (*F*) We were very interested to note the measures which the European Council has taken in connection with the establishment of the ECU, but we feel sceptical about the passage in the Council's communiqué which refers to the abolition of the monetary compensatory amounts. Agriculture has, in past years, suffered too much from the measures intended to correct the shortcomings of the European system; to exclude it from the effect of the reforms now envisaged would be difficult to justify. It is clear from the experience of previous years that the present system does have very serious defects. The unit of account was presented in 1962 as a 'green' dollar which would protect farmers against any devaluation of national currencies. In fact, as from 1969, when the franc was first devalued, farmers suffered the effect of the currency adjustment when, after the creation of the monetary compensatory amounts, these become ineffective when French farm prices caught up over a period of 18 months.

However, with the establishment of floating exchange rates, in 1974, 1976, 1977 or 1978, the monetary compensatory amounts became a permanent and fluctuating feature of the system. As a result, it is only farmers who are affected by the devaluation of the franc when paying for supplies and overheads and who do not, when selling, benefit from the increase in prices corresponding to that devaluation. They pay in national currency but are paid in green currency.

As a consequence, agricultural exports are both discouraged and undervalued. They are discouraged because the effect of the monetary compensatory amounts is to make the export price lower than the price on the home market. How many cars would have been exported in recent years if the sales to Germany had been priced in deutschmarks, minus the reduction in the value of the franc? Agricultural exports are under-

valued because the value of the sales in the balance of payments is reduced by the monetary compensatory amount which is paid to Brussels.

The most serious result of this situation is the gradual transfer of agricultural wealth to the strong-currency countries. Germany, which is already the first industrial power in Europe, is in the process of becoming a front-rank agricultural power as well. In fact, thanks to the continuing revaluation of the deutschmark, the German farmer pays less for his overheads and supplies, and the effect of this currency revaluation is not offset by the free movement of agricultural goods, as is the case with industrial products. After three years of currency instability France is without stocks of butter or milk powder; while Germany has a six-month stock of butter and a year's stock of milk powder.

For all these reasons, the farming community would not understand why, when the European ECU is being established, such imbalances are not abolished by removing their causes, i.e. the green currencies and monetary compensatory amounts. It seems that the ECU is intended to be both a device for adjusting the exchange parities required by European currencies and a reference currency constantly corrected by such adjustments in order to protect Europe. This is precisely what the agricultural unit of account should have been since currencies began to float.

No one would understand a situation in which, in Europe, in a zone of monetary stability, three currency systems continued to exist side by side: national currencies, the ECU and the agricultural unit of account. The farming community would consider such a combination utterly unrealistic.

In fact, a farmer, like any other producer of wealth, must know in which currency he will be paid from season to season, on an annual basis, i.e. over a period during which there will inevitably be currency fluctuations. For example, in 1978, the monetary compensatory amounts in France were 20 to 23% from January to March but came down to 7% and rose after August to 12%. Obviously no type of producer can keep track of such swings in his income.

Once the agricultural unit of account and the ECU are one and the same thing, farmers can in future rely on the same adjustments as those provided for industrial products by way of the free play of intra-Community trade priced in national currencies. Guaranteed farm prices would then be based — on the ECU and not, as today, on units of account converted for one year into national currency.

Simultaneously with the creation of the ECU, monetary compensatory amounts should be abolished. For these reasons we have some misgivings about the proposal before us today, which would merely provide a

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conversion coefficient for the ECU. Appearances would thus be kept up; the ECU would be there and there would be no fluctuation since the coefficient could be used to give the value of the unit of account. What should actually be done is to decide that the theoretical level of farm prices should be the highest actual level in the EEC. Such a method would facilitate a rapid return to a unified market, provided of course that it really was intended to phase out the monetary compensatory amounts. Once the monetary compensatory amounts are abolished, the European monetary system will be what certain circles want it to be, a framework for a unified farm price structure.

President. — I call Mr Soury.

Mr Soury. — (*F*) Leaving aside the technical adjustments to the price mechanism in the currency snake, the main feature, in my view, is that the monetary compensatory amounts are being retained.

This is a system which has already cost French farmers dearly. I recall, for example, that pig producers are gradually being elbowed out of the market by the advantage which producers in the Federal Republic of Germany derive from the monetary compensatory amounts. Producers of beef and veal are also faced with very unfair competition, and the situation is becoming so worrying in France that the National Assembly passed a motion put down by the Communist Group, calling on the French Government to ask for the immediate phasing-out of the monetary compensatory amounts and that, Mr Gundelach, is a demand with which we fully agree. The future of a section of French agriculture is at stake; the employment situation is already precarious, and if whole agricultural sectors were to fail it would deteriorate even further. This explains the important step taken by the National Assembly!

French producers, and in particular pig producers, have begun to demonstrate — and this should surprise no one — in order to show that they refuse to allow their interests to be sabotaged. Obviously these initial demonstrations are the first sign of a powerful movement by the farming community in our country, since farmers see no other way of restoring equitable price levels. There is only one way open to them and we sympathize with them: they must fight to defend their interests.

In fact, the report which has been presented to us is very clear. Its main purpose is to retain the monetary compensatory amounts as they are, without any mitigation of their effect. And, as usual, with regard to the future which was mentioned just now, what are we told? Wait and see. We are told that phasing-out the MCAs will be easier with the EMS than with the 'snake', but, according to the explanations we were

given yesterday in the Committee on Agriculture, it is impossible to give any precise details of the time-table or the mechanisms of the phasing-out process. We are even told, if I understand correctly, that the difficulties encountered previously will in no way be reduced after the advent of the ECU. What, then, is going to happen? Will this new phase last for 3, 5 or 7 years? No one knows the answer at present.

On the other hand, what we do know, from paragraph 1 of the text before us, is that the situation is going to be just as inflexible as that which led French producers recently to show their opposition by letting their pigs invade a prefecture.

In conclusion, I would say to the European authorities that French farmers cannot wait 3, 5 or much less 7 years, that is quite clear. Basically, the retention of monetary compensatory amounts is in keeping with the wishes of Brussels. The Commission's view is that, if no change is made in the Common Agricultural Policy, the level of farm surpluses in the 80s will be catastrophic — the debate we have just had on milk is evidence of its growing concern. It is perhaps for that reason that the retention of monetary compensatory amounts meets with approval, on the grounds that, if some agricultural sectors are run down more rapidly because of their effect, they will thus contribute to a reduction of the surpluses which are a major embarrassment now against the background of austerity in the Community.

But then, where is the Community spirit, if the Common Agricultural Policy is to condemn to bankruptcy a sector of producers who will then join the 6 or 7 million unemployed in the Community? Keeping French agriculture in such a straitjacket will eventually undermine the Common Agricultural Policy, and that is not in the interests of the Community.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I shall try to be short at this stage. First I should like to thank the two rapporteurs for their valuable contributions. The effects of the introduction of a new monetary system and the establishment of the ECU is in fact that the existing unit of account for agricultural purposes disappears, and the common agricultural policy could not continue to operate at all from 1 January, unless legal action was taken. It is not a matter of making a choice, whether you would like to do it or not like to do it: there would be nothing except a big hole from 1 January. It would be extremely difficult to concoct any other unit of account than the one we are now introducing in the Community for most Community activities.

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We still do not know whether all Member States will be participating in this system, but that does not change this particular problem. The introduction of the ECU 'straight', without any technical adaptations, would lead us, as the rapporteur indicated, to a decrease in the overall level of prices of 21 %, which obviously would be not only chaotic but a catastrophe for European agriculture. Most people would go bankrupt. It is not possible. So this has to be adjusted, and what is being suggested now is simply a method of transferring on 1 January to the new unit of account, the ECU, in such a way that monetary compensatory amounts — positive and negative — remain the same, and that the levels of prices remain the same. It seems to be the only sensible way in which this transaction can be carried out.

I should like to say a few words in reply to the rapporteur who referred to certain technical adaptations which may be undertaken, saying that there has been uncertainty as to the consequences of transposing, on 1 January, on a point basis, so to speak, from the old to the new system. You cannot at the present time say exactly how the picture will be on 2 January, because currencies move inside a band of 2.25 %. In order to avoid this uncertainty, and the uncertainty which might follow as a consequence of the ECU being a unit of account whose value will depend upon the relative values of the currencies which enter into it, it has been suggested in the Council of Ministers of Finance, that we should transpose, not on a point basis, but on the basis of the band of 2.25 %. This seems to overcome these difficulties.

Now, Mr President, this seems to the Commission to be the only way in which this problem can be dealt with, and I am happy that the majority of those who have spoken this afternoon share this view.

In order to have the record clear, I must tell the House that the Commission will be unable to accept Amendment No 1 by Mr Hughes, Mrs Dunwoody, Mr Mitchell and Mr Cunningham, Document 523/1, because it would actually lead to a lowering of the level of the support prices in the Community, — quite an arbitrary step which would lead to catastrophic consequences in many regions of the Community. I therefore must strongly object to this occasion being taken for a manoeuvre of this kind.

Now as far as the future is concerned, I would like to make it quite clear that the Commission remains of the opinion, which it has been defending here and, particularly, in the Council throughout, that the monetary compensatory system in itself is a very burdensome system for the Common Agricultural Policy. It is burdensome because it costs a great deal of money, but, more importantly, it does involve risks of real distortions to trade — in various sectors, including Mr Joxe's dairy sector — that, plus all the other points you indicated were not forgotten in the dairy paper,

you will find them all there, including the distorting effects of the monetary compensatory amounts. The Commission therefore has continuously been in favour of their abolition. We do realize that this will have consequences for the producers in certain countries and for the consumers in other countries and in the actual implementation that will have to be taken into account. But as far as the complementary principle is concerned, there can be no doubt that that is what we strive for and shall continue to strive for in the new system.

The new monetary system in itself, as the last honourable speaker rightly pointed out, does not change the discrepancy of some 40 % between the lower and the higher prices. That will not change that problem in itself. But it does nevertheless add a new element to the situation. Whereas previously the currency trends and thereby the agricultural price trends were running at different speeds, they will in future run at the same speed, provided the system works, as we hope it will. This of course depends on a great many things besides the monetary reserves: coordination of structural and regional policies and so on. But if it works, the trends will start operating at the same speed so it will be easier to close the gap between them.

This introduces a new element into the situation which is a step forward and which will make it easier to dismantle the monetary compensatory system. I think I can best describe the decision of the Commission by explaining that in its communication to the European Council, which met about a week ago, the Commission urged the Council to agree to the systematic dismantling of all existing monetary compensatory amounts once the European Monetary System was fully established and effective, taking account, where necessary, of compensations to producers or consumers.

In the final communiqué of the meeting of the Heads of State and Government the European Council stressed the importance of henceforward avoiding the creation of permanent MCAs and progressively reducing the existing MCAs in order to re-establish the unity of prices of the common agricultural policy, while giving due consideration to price policy. In other words, with one condition, we have been given, so to speak, a political mandate to carry out our intention. While I have not forgotten the disappointments of previous discussions on this subject — and I shall not forget them until more positive results have been achieved — I think one can nevertheless enter into a debate on this subject and into the process of making proposals in a somewhat different atmosphere from that of a year ago. The European Council has, in the manner I have indicated, adopted a position in line with the various specific points of principle put by the Commission. Moreover we do have a monetary system which after a reasonable delay should make it easier to

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abolish the monetary compensatory system. I repeat, that remains one of our main objectives. The common agricultural policy cannot function properly before this problem has been resolved.

Finally, Mr President, on a concrete problem, I would like to say in answer to Mr Vitale that the way the new system with the ECU will operate will not in itself interfere with the difference between the common market prices and international prices. On this point the system will be totally neutral.

President. — I note that no one else wishes to speak. The motion for a resolution and the amendment which has been tabled will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

13. *Membership of committees*

President. — I have received from the Liberal and Democratic Group a request for the appointment of Mr Nielsen to replace Mr Baas as member of the Committee on Agriculture.

Since there are no objections, that is agreed.

14. *Establishment of balance on the wine market*

President. — The next item is the report by Mr Pisoni, on behalf of the Committee on Agriculture, on the action programme 1979-1985 for the progressive establishment of balance on the market in wine (Doc. 496/78).

I call Mr Pisoni.

Mr Pisoni, rapporteur. — (I) Mr President, I shall try to keep within acceptable time-limits; in any case, it is much more useful to commit our observations to paper than to speak at length in a Chamber which is not exactly crowded and which does not encourage one to make long speeches in favour of the desirability of adopting one measure rather than another. We hope that the Members who are not present in the House are at least sipping wine, since even that would be of benefit to the whole sector.

The report which I am about to present is a fairly voluminous one, since it concerns no fewer than 11 measures, 5 relating to the market and 6 relating to structural problems. The report itself perhaps deserves much more detailed treatment, although we must acknowledge that in the past we have already had the opportunity to go into this subject, and for that reason we — and I personally — have felt able to present a fairly comprehensive report based on a series of data and capable of obtaining the agreement of all; I hope particularly that it will prove useful on account of the information it contains. For a couple of years now the wine-growing sector has seen surplus production of

grapes, and hence of wine, leading on at least two occasions to massive intervention to alleviate the market situation and prevent the product from remaining unsold with the consequent loss of income to the producers. This occurred especially in 1973-1974 and 1974-1975. We must bear in mind that the average European consumption for these years was about 140 million hectolitres of wine.

In the two years in question production was 170 million and 160 million hectolitres respectively. However, we disagree with some of the statements by the Commission, and although I am the rapporteur, I am not entirely in agreement with the first paragraph of the report I am presenting, since this paragraph was inserted through an amendment, tabled in the Committee on Agriculture, which does not entirely meet with my approval. Indeed, this paragraph states that surpluses are structural, whereas we maintain that they are not yet structural in the winegrowing sector since the average production over the last three years has been less than 130 million hectolitres. Thus, given that the average consumption is about 140 million, as I said earlier, if production remained at last year's figure of 126 million, this year's of 128 million, or that of 124 million for the year before last, there would be for the moment no danger of serious surpluses. Indeed, in the last few years we have not even needed special intervention by the Community, and particularly by the EAGGF, in this sector.

Therefore, while we do not entirely accept this idea of structural surpluses, we want to reaffirm, in all sincerity, that we are in complete agreement with the Commission on the need for regulation of this sector, because we do not want to see structural surpluses — still non-existent at the moment — arising in the near future nor to see the same happening in the wine sector as has happened in the milk sector, in which the problems of surpluses, costs, destruction and consumption have so far proved insoluble: we would not want to hold the same debates on wine as we had a short time ago on the butter sold to the Soviet Union. Thus, we are entirely prepared to accept regulation of the whole winegrowing sector and we regard as essential some rules to prevent the formation of future surpluses. We think it desirable to forestall what could occur, and we therefore accept the burdens which the series of measures before us will place upon wine-growers.

When we discuss wine-growing we know that not only the wine stores, retailers, restaurants and consumers are concerned, but also and primarily the producers. There are millions of wine-growing undertakings in the Community, and they cannot be reduced to a few units, because grape production has not yet developed industrialized processes which would permit large scale production on small land areas. It is usually carried out by small firms and we

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cannot therefore ignore this enormous number — more than 2 million — of small wine-growing firms whose income and survival is based solely on this product. Thus, even while accepting these burdens which the Commission is proposing, we must not lose sight of this social aspect, in view of which if there must be change, aids must be provided, so that during the transitional period further unemployment is not created and there is no exodus from the land or disastrous social effects such as have occurred in some sectors.

I thought it necessary to make the preliminary observations before dealing with the subject proper. I want to mention another aspect which seems important to me. The Commission, in all these proposals, seeks to reduce production — and I have already said that we are in agreement on this. But we do not agree with limiting intervention to reducing production without thinking also of providing incentives for consumption, especially since it is healthy consumption. We have no wish to encourage alcoholics, but neither do we wish to give the impression that wine is a dangerous drink. It is not at all dangerous. It is a drink which really should be on everyone's table and we regret that the Commission has not considered these problems of finding outlets for wine in more widespread consumption.

For the moment the Commission is merely promising that it will intervene in this sector, and we await its measures. But, since we are now dealing with the burdens, we felt it necessary to point out also this omission from the Commission's proposals.

I may perhaps be permitted another comment. These measures on wine are linked with the whole Mediterranean package, and we are therefore trying to supplement what was a programme for the Mediterranean regions by means of an intervention adapted on an *ad hoc* basis to the conditions, type of agriculture, terrain and type of social environment of the Mediterranean regions. But this type of intervention must also take account of the forthcoming enlargement, by attempting to reduce the disadvantages which could arise from the enlargement of the Community to include typically Mediterranean countries with a high grape and wine production. With the accession of new Mediterranean countries the Community will have within it even greater quantities of wine, and the need to find outlets will be correspondingly greater.

Having made these preliminary remarks and repeated once more that we do not in any way want to make the wine sector eternally dependent on aid — on the contrary, we want the wine sector to begin to stand on its own feet and to have a chance of establishing the right balance between producer's income and price to the consumer — I now turn to the proposals which have been submitted to us by the Commission. As I said earlier, there are eleven of them. I shall dwell on

some of them at greater length; on others I do not think it necessary to speak long.

The first concerns the possibility of introducing into our regulations the legal basis for the use of rectified concentrated must as a way of improving the quality and alcoholic strength of wines. We know that very varied conditions exist in the Community at the moment. It is divided into three main zones — A, B, and C. There are also subzones in zones B and C. In particular, C is divided into CI, CII and CIII; subzone CI is in turn subdivided into CIa, CIb, etc. This subdivision corresponds more or less to climatic conditions, and to the suitability of individual vineyards for producing a certain type of wine. Regulation 816 of 1970 permits the use of saccharose when Member States consider it necessary because of unfavourable climatic conditions, in order to improve the quality of the wine by about four degrees in zone A, three degrees in zone B and two degrees in zone C. The use of saccharose or of beet or cane sugar has been applied hitherto to between 22 and 26 million hectolitres of wine. In the other zones, wine may be enriched only with concentrated grape must. The use of saccharose had been requested as a special measure, necessary to permit the wine to be enriched and improved without modifying its organoleptic qualities, while retaining the characteristics of the wine and simply giving it greater alcoholic strength. In short, it is a question of improving it. And sugar undoubtedly improves wine. Now, however, the Commission maintains that — given that the most recent discoveries and scientific experiments have made it possible to produce grape sugar, i.e. to transform grapes directly into grape sugar — it should be possible to use this grape sugar as an additional means of enriching the wine. We cannot but agree with this.

Nonetheless we wish briefly to raise the following points. We have seen that there are differences between zones A, B and C. We should remember that wine is enriched every year, and that where enrichment using saccharose is permitted, the cost per degree/hl is at present about Lit 1 100 to 1 150, whereas where enrichment with saccharose is forbidden and it is necessary to use grape must, the cost per degree/hl is Lit 2 300. So the cost is immediately doubled.

We ask, then, that in addition to this possibility there should be a permanent automatic intervention not limited to zones A and B but extended also to zone C to the extent that Regulation No 816 allows this. In the transitional period all suitable measures should be adopted to avoid discrimination among these zones.

The second measure concerns the minimum price, and we are opposed to it because we regard it as contrary to the free movement of products and to the common agricultural policy. It is said that this measure is wanted by France to defend itself against

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bad Italian wine. But if Italian wine is bad, why not leave it to Italy! If, on the other hand, it is cheaper, you are not entitled to say that a policy of dumping has been adopted, and this therefore seems to me one of the measures which we should reject on principle. If the Council wishes to adopt it, let it take the responsibility for doing so, but for us it is totally unacceptable.

Instead, we wish to see a provision for automatic distillation as soon as the price of wine goes below a certain level in relation to the guide price, since we regard this as a necessary defence. In order to obtain this, we are prepared to accept restriction and even prohibition of plantings until a new classification of the zones is approved, because the classification proposed here is discriminatory, i.e. it excludes some zones really suited to wine-growing and permits wine-growing in zones which have nothing to do with viticulture. Thus, while we ask the Commission to revise this classification, we accept the present prohibition or restriction of plantings, but only on condition that the Commission gives wine the protection it absolutely requires. We are opposed to additional compulsory distillation because that would be a penalty, and it would be above all the good wine which would be penalized. If bad wine only were penalized we too would be in agreement; but when additional compulsory distillation for all wine produced is mentioned, that means taking income away from producers who already have a low income, and it also means penalizing better quality. We are therefore opposed to additional compulsory distillation.

On the other hand, we are in agreement on the structural measures, which leave to the wine-grower the decision whether to give up or continue production. The last few years have seen a reduction of 30 000 hectares; we know that these measures can bring about a reduction sufficient to eliminate surpluses.

For all the other observations — and they are many, Mr President — I refer you to the report, which I advise Members who wish to have more detailed knowledge of the question to read.

(Applause)

President. — I call Mr Ligios to speak on behalf of the Christian-Democratic Group (EPP)

Mr Ligios. — *(I)* Mr President, the Christian-Democratic Group, on whose behalf I am speaking, has very carefully examined the Commission proposals intended to establish now, and maintain in the future, a reasonable balance on the wine market. In general, these proposals deserve our approval, particularly with regard to the principle inspiring them, since

they aim precisely at ensuring that in this sector, too, the creation of those surpluses which we have so long criticised in vain — I refer to the dairy sector — is avoided, as Mr Pisoni was saying and production better adapted to demand. Anyone who profoundly believes in the need for the common agricultural policy knows that it is impossible to implement such a policy by favouring certain sectors or certain groups of farmers, but that it should be done by regulating as far as possible the market for the various products so that all farmers, regardless of specialization or location, can enjoy a reasonable and fair income.

We are therefore in favour of these proposals. But we cannot agree to some of the mechanisms proposed by the Commission to achieve this balance.

First and foremost, as the rapporteur said, there has been excessive alarmism about the supposed structural crisis in the wine sector. We maintain — and I think the statistics show this — that there has not been, nor is there at the moment, a structural surplus. If we exclude the two particularly productive years 1973 and 1974, in which about 70 million hectolitres more came onto the market than the average for the 15 preceding years, we will see that there is no surplus of this kind at all.

This does not mean that we would not take steps to avoid the crisis becoming structural. In our view, the Commission has not reacted positively to the problem of surpluses. Above all it has reacted, in the last few years, by creating a series of incentives for the grubbing up of vines, that is for destroying wealth, as had been done, for example, in the fruit growing sector — for destroying wealth produced by peasant farmers in the decades preceding the implementation of the common agricultural policy, and created without the existence of special incentives such as exist today for all farmers.

We take the view that the Commission could have acted positively, that is with advertising campaigns to increase consumption. Mrs Dunwoody has tabled an amendment opposing the expression 'advertising campaign to increase consumption' which appears in the document, but I think this is due to the fact that the British are not very often fortunate enough to drink a glass of good wine, which many of us are better able to appreciate. As I was saying, we need an advertising campaign, and measures to regularize the taxation system by ending the disadvantageous position of wine in relation to other alcoholic beverages which enjoy greater protection in various countries. I would add that the mechanism of export refunds itself, had it been implemented with enough incisiveness and with adequate means, could without doubt have more effectively avoided the massive distillation measures which have been taken in the last few years. We have reached the absurd position that throughout these years, in spite of the crisis, in spite of the proposals and incentives on the part of the Commission for

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the grubbing up of vines, imports to the Community have exceeded exports by between 40 and 50 %.

Moreover, Mr President, in my view there has not been a strict anti-fraud policy in recent years.

It is said — but of course there is no definite proof — that several million hectolitres of artificially produced wine are consumed in the Community, with predictable effects both on the health of consumers and in terms of the disorder which this type of fraud creates on the wine market.

As to the question of suitability, I would say that the Commission proposals approach it in a way with which we do not entirely agree. Wine-growing must be encouraged only in areas where geological and climatic factors make it possible to obtain wines with all the basic organoleptic elements and of sufficient alcoholic strength, and not in those areas producing coloured water which can be transformed into wine only by adding saccharose and a range of chemicals, i.e. by a whole series of processes which perhaps have more to do with the pharmaceuticals than with true wine production.

The art of adulteration, which in this sector too is unfortunately very often ahead of the official science of wine, is now capable of putting on the market artificial products, or products which vary little in their value and their characteristics from the many beverages which in some countries, even in Europe, are made from products containing at most 4 or 5 degrees of alcohol. These are not wines, and we must fight to the last to prevent such products from being legitimately sold in the Community.

It is therefore necessary to identify wine-growing areas properly, to classify them and to set up a system of incentives and disincentives to make production and sale of such wine uneconomical. Another point which I think should be made is that action should be through market mechanisms and not consist of *dirigiste* measures, which are always of dubious value, and which in any case frequently conflict with the laws of a free market. We approve the Commission proposals on structural aspects in that they leave the grower free to decide whether to grub up and retire from wine-growing or to continue. But we are against the absolute prohibitions which sometimes tend to be imposed.

The system of classification in three zones proposed by the Commission and based exclusively on geological and climatic criteria by no means adequately reflects the extremely varied wine-growing conditions in the Community. Perhaps it would be desirable to give greater weight to the physical, chemical, organoleptic and microbiological characteristics of the product. The suitability of an area for wine-growing cannot be decided merely according to the terrain and without considering what type of wine is obtained from that terrain. The Commission's statement, in its proposal that all areas of alluvial plain are classified in

the third category, without specifying whether they are recent or not, is in my view an unacceptable generalization, because it can be shown that on some — even recent — alluvial plains wines are produced which are among the base in the Community. The converse can be argued with regard to other areas regarded as hilly and classified in the first category.

I think it necessary to lay down standard values for each individual area, even for large areas, basing them on analyses not only of the terrain but also of the wines, and to relate the characteristics to those predetermined standards. In so doing one should ensure that those concerned, and of course the administration, retain the right to show that specific undertakings constitute a negative or positive exception to the standards which have been fixed for the large area in which the individual undertaking is situated. Of course, we realize that these problems are not easy to solve, but we think that the Commission should deepen and broaden the criteria to achieve a classification of areas on the basis of suitability. Nor do we think that sufficient thought was given to the proposal to make the authorization of new plantings in the most suitable zone — zone A — dependent on the abandonment of corresponding areas in the other two zones — B and C — because this would mean lower production in zones B and C, and it would only be later that production in the most suitable zones would show a corresponding increase. That would leave uncovered a very lengthy period during which it would be easy for other alcoholic beverages or wines coming from any other region to occupy sections of the market at the expense of wine production and particularly that of good quality wine.

In addition, the Commission proposal not to grant aids for replanting or new planting investments in first category areas which do not form part of collective restructuring schemes adopts, in my view, an excessively restrictive criterion. In any case, this criterion comes up against the reality of the excessively fragmented land ownership system in the southern regions of the Community — a fragmentation which has not permitted, and does not normally permit, the implementation of collective measures.

Mr President, we are dealing with a subject of great importance which affects the activities and income of millions of farmers who are among the poorest in the Community. Anyone who, like me, lives in direct contact with this poverty of the southern regions of the Community fully appreciates the difficulty of the decisions which the Community is preparing to take in this sector. For precisely this reason, I should like to have gone into greater detail if more time had been available.

At present, however, I want to confine myself to making two more remarks. With regard to the question of compulsory distillation, I would remind you that a Community regulation stipulates that 10 % of

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wine produced must be subject to distillation. This regulation thus equally affects France and Italy. Then there is the first additional compulsory distillation measure, which in the case of Italy provides for the distillation of all wines made from dessert grapes which are not consumed, whereas for France it lays down an additional distillation rate of 6%. It is now intended to set a figure of 5% for Italy's additional compulsory distillation, which would give us the normal 10%, plus the additional 5% distillation, plus all the wines originating from dessert grapes. For France the figure of 6% would be increased by a further 2%. This measure, as the rapporteur rightly said, would meet with the agreement of us all, were it not that it is profoundly unjust since it equally affects the producers of good wine and of bad wine, large and small producers, and even affects the income of small growers, whereas it has always been said that a certain income for small producers must be guaranteed at all costs. I should therefore like to point out that, according to the Commission documents, the 6% additional compulsory distillation for France was implemented only to the extent of 1% last year. Why, then, is the imposition of this additional compulsory distillation seen as desirable?

One final consideration concerns the introduction of the principle of a legal basis for the minimum price. I think that we must indeed be careful what we decide in this connection. The Commission is already taking a step backwards in relation to the proposals as they were originally set out and presented, but I think that we as a Parliament must not support the introduction of a principle which conflicts with the Treaties. The consequences of such support are easy to foresee.

I shall merely remind you that if we set this precedent, it will be easy for the same principle to be invoked for other products as well. An episode affecting my country and Germany is illustrative. Two years ago, when — as today — large quantities of milk were being imported, our farmers held a demonstration at the Brenner Pass to prevent milk from coming in at such low prices, and this led to court proceedings and convictions. What were our farmers demanding? That milk coming from Bavaria should be sold at a higher price. Well, could we support a similar stand by a group of producers in the future? These are the considerations on which I would like everyone to reflect.

In conclusion, Mr President, we approve of the philosophy and spirit of the proposals; we are in favour of the structural proposals for the reasons I have mentioned; but we do not accept the criteria adopted for the definition of the tree zones, nor do we accept additional compulsory distillation or the creation of a legal basis for the minimum price, and we therefore approve Mr Pisoni's report which was adopted by the Committee on Agriculture.

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

Mr Vitale. — (I) I shall be very brief, Mr President. We shall vote in favour of the motion for a resolution, provided of course that it has not been amended when the vote is taken.

We shall vote in favour because we regard the criticisms it makes of the Commission proposals as quite courageous, particularly the basic criticism in paragraph 5, where it is pointed out that, whereas quite large structural surpluses are a drain on the Community budget for products whose outlets are completely guaranteed and which are in surplus, in the case of wine a programme is being imposed designed entirely to prevent the formation of surpluses by reducing production.

To justify this policy, the Commission is forced to rely on a disingenuous — indeed, false — contention, that structural surpluses exist. Now, given that the policy and expenditure vary according to whether the surpluses are structural or temporary, the word 'structural' must be made to correspond to a definite meaning which is scientifically and legally valid. We must accept once and for all that, as all the economic textbooks state, to be defined as structural, surpluses must be permanent. In the case of wine there are no permanent surpluses and no one can prove the contrary.

Moreover, there are surpluses only when a product has access to the *whole* possible market in a system of free movement of goods; otherwise one is dealing with *political* surpluses, i.e. those due to an artificial reduction in the market for a product. Up to a point, any goods can be made subject to structural surpluses at somebody's behest!

These are the characteristics of structural surpluses, and in the case of wine, I repeat, there is in no sense a structural surplus. Since the programme covers the next six years — a long period — I must draw the conclusion that the Commission obviously thinks that free movement of wine cannot be established in the next six years, and the various forms of taxation of wine will not be modified for the next six years at least, since this is one of the foundations on which the whole programme rests.

That said, on the merits of the measure I agree with the Pisoni report and wish to express the satisfaction of our Group with the two points which have been approved by Committee: the rejection of the minimum price which, apart from the practical effects, would introduce a very dangerous principle, which could indeed sound the knell of the common agricultural policy, and the rejection of the increase in compulsory distillation, which — as Mr Ligios was saying just now — is nothing more than an under-served and pointless penalization of growers.

Vitale

I am however, worried about aids for rectified concentrated musts. I think it reasonable that the production costs of grape sugar should be brought to the same level as that of saccharose — the sugar at present used to enrich wines — while awaiting a general regulation forbidding the enrichment of wine with products not derived from the vine (this is another hope which I fear will remain unfulfilled for many years).

This question of aids for rectified concentrated musts should, however, also be considered from another angle which worries me. As you know, the production of wines for blending and of non-rectified musts is a very important sector in some areas of the Community — for example in the Italian Mezzogiorno — based above all on small wine-growing undertakings which, since they are situated in less favoured areas, cannot equip themselves to obtain the finished product and therefore confine themselves to producing wine for blending and marketable must. If it were extended to the whole Community the aid for production of rectified must would in the end deprive the agricultural producers in these areas — particularly the Italian Mezzogiorno — even of the chance to produce this semi-finished product which is sold directly to the users, i. e. those who make wine.

I fear that with the new system we could end up by encouraging the expansion of a must rectifying industry far from the production areas and also far from growers. This is what happens with olive oil, which is rectified in areas completely different from those where it is produced — and this is an industry for which it would not be difficult to obtain must also in non-member countries.

I therefore think it essential that aid for the rectifying of musts be limited to the areas at present classified in category C III. Indeed, in these areas such aid would constitute a definite incentive for the creation of a complete agro-industrial cycle in the wine-growing sector, since these are precisely the areas in which the production of wines for blending and musts is the most widespread. Otherwise there would be a danger that the market, which is fairly flourishing today in these areas, would decline and finally disappear altogether.

I therefore repeat that if the motion for a resolution remains as presented by the Committee on Agriculture, we shall vote for it precisely because it rejects some of the aspects — in our view the more negative ones — of the programme, and, it seems to me, points out, the need in some respects for a more courageous and less discriminatory policy in this sector.

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

Mr Liogier. — (*F*) Mr President, ladies and gentlemen, the crisis on the Community wine market is, unfortunately, of a structural nature. We made this

point in the Committee on Agriculture when we discussed the Pisoni Report which is now the subject of this debate in plenary session. The amendment along these lines which I championed in the committee on behalf of the European Progressive Democrats met with a very large measure of agreement.

What we have to do now is to draw the necessary conclusions. What we are faced with in fact is a dual phenomenon, consisting of a trend — regrettable, but nevertheless true — to reduced consumption and a continuous and substantial increase in the production of table wines, despite varying levels of production from one year to the next, due largely to the weather.

We therefore go along with the motion for a resolution contained in the Pisoni Report, where it asks the Commission to submit proposals without delay designed to encourage the volume of sales, particularly by encouraging consumption, extending refunds for exports to third countries and eliminating discriminatory taxation of wine.

The production of table wine is increasing, mainly as a result of technical improvements made by wine-growers. The result is that the slight reduction in the area given over to vineyards producing table wine has been largely offset by increased yields, which have sometimes been excessive and which result in a poorer quality wine and indeed often in a product which is not fit for consumption without further processing.

Grape yields are increasing because the wine-grower regards a high level of production per hectare as essential to make up for the reduced profitability of his vineyards as a result of increased taxes and stagnating prices. It is well known that in agriculture, a low level of prices, far from acting as a disincentive to production, in fact often has the opposite effect — especially in monocultures — of forcing the farmer to make good his losses by increasing his yields — all too often, unfortunately, to the detriment of the quality of the product, and this leads in turn to falling demand and reduced consumption.

The Community market intervention mechanisms have had only a very marginal and fairly negative effect — in the short term at least — on the level of selling prices and wine-growers' incomes. They have not, however, provided longer term indications, and have thus given rise to increasing structural imbalances. Their passive character has encouraged high yields, poor quality and increased production on a market which was already in surplus.

Apart from technically essential and justified imports, Europe has not corrected the disparities which have given rise to a large proportion of the imports of Italian wine into France. Grapes and wine are bought from Italian producers, cooperative and dealers at much lower prices than those applying particularly in

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the South of France, by reason of different economic and social conditions.

Even at normal times, this means that Italian wine can be exported to France, but the price difference has been aggravated by divergent and uncontrolled monetary developments, as a result of which Italian wine was bound to cross the French border at prices lower than the Community activating prices.

Far from preventing overproduction, the Community wine regulations, the general operating conditions of the Common Market and the monetary situation aggravated the disequilibrium on the wine market and gave rise to abnormal trade flows between the two trading partners conditions of competitiveness which reached absurd proportions. The French wine-growers were all the more dissatisfied with the wretched conditions that had been imposed on them because they thought — and quite rightly too — that they were certainly not to blame for the overproduction of table wine in the Community. It must be common knowledge that, since 1937, France has had a viticultural land register which is drawn up on an extremely rigorous basis and which is closely monitored by inspectors employed in all our wine-producing regions.

Every new vineyard plantation therefore had to — and still has to — be balanced by the grubbing up of a similar area or by the acquisition of replantation rights from another wine-grower who is converting all or part of his vineyards to other crops. It was, and still is, compulsory for new plantations to consist only of authorized or recommended varieties of vine.

Other ancillary measures have also been applied in France — and nowhere other than in France — such as short, medium or long-term storage, the blocking of all or part of the harvest and its subsequent release by instalments, together with mechanisms designed to guarantee storage capacities, premiums and loans to make good the resultant losses and — as a last resort — the voluntary or compulsory distillation of poor-quality wine.

Arrangements of this kind cost enormous sums, provided exclusively by the French State, long before aid was forthcoming from the Community. During this time, the Italian wine-growers were — and still are — entirely free to plant new vineyards at will, which means that, since they have produced in the past table wines inferior in quality to ours, they are now well ahead of us, in terms of both area and quantities produced. This means that after every harvest they have to get rid quickly and at any cost of their least robust wines, and of course the trade takes full advantage of this to inundate the French market — and this is no exaggeration — with cheap Italian wine, the result being that prices are brought tumbling down.

It is not my intention here to lay charges at the door of our Italian friends in view of the fact that, despite our repeated exhortations and despite being warned of

the situation year in, year out in this very House, the Commission has so far seen no need to put forward proposals for the kind of rigorous control mechanisms which have long been needed but which are now becoming absolutely imperative. My intention has simply been, if not to justify fully the French producers' highly charged attitude, at least to state — I think, objectively — the reasons for this attitude and for the resentment which is felt by the producers.

In this context, we cannot but welcome the new action programme for 1979-1985 which has at last been presented by the Commission. The programme's realistic structural measures, in conjunction with a policy favouring quality wine which should open up new markets, should enable the present disequilibrium in the wine sector — which is there whether we like it or not — to be gradually eliminated. So, without approving entirely of every detail contained in these proposals, we nevertheless support their basic elements, which include of course the establishment of genuine controls, which in turn cannot exist without a Community-wide viticultural land register. Unfortunately, the text which we approved recently on statistical enquiries into land given over to vineyards in the Community is no substitute, because, all in all, it is nothing more than a makeshift solution and a timid move in the right direction.

To our great regret, therefore, we now have to oppose certain aspects — which we take to be of prime importance — of Mr Pisoni's report. The report undeniably contains a number of excellent things, but some of the opinions expressed in it seem to us to be of a biased and dangerous nature because they ignore the harsh realities with which the wine-producing sector and those responsible for its future are faced and will continue to be faced. This is why the use of concentrated musts met with our full approval, whereas the minimum price envisaged by the Commission came under heavy fire from our Committee on Agriculture under pressure from the Italian members, although the Council seems at the same time to have reached a perfectly reasonable consensus. The minimum price is an important aspect of the Commission's proposals in a period of crisis like the one I have just described. With such a minimum price system, it will be the genuine, saleable wines which will be purchased rather than low-quality, dirt-cheap wines. These good wines will then not be sent for distillation as has happened too frequently in the past. Intra-Community trade will no longer be disrupted by speculation involving poor quality wines, a healthy balance will be established and only low-quality wines — which will thus tend to disappear — will be sent for distillation. Our wine-growers — Italian as well as French — will thus be guaranteed a reasonable level of income, which will be to the advantage of both producers and consumers. The 150 million hectolitres of wine needed for everyday consumption will thus be produced under optimum conditions.

Liogier

The magnitude of the problem of disposing of the grape harvest has not gone unnoticed by Mr Pisoni. He opposes the concept of a minimum price for reasons which are unclear to us — but, as you know, there are such things as emotional, i.e. irrational reasons — but is still, like us, intent on giving producers a decent guaranteed level of income. Paragraph 17 of his motion for a resolution therefore asks the Commission to provide for automatic and permanent Community intervention in the wine sector whenever prices fall below 90 % of the guide price. Ladies and gentlemen, I should like here to address an urgent appeal to your own common sense. If such an unrealistic proposal were to be adopted, it goes without saying that we should soon be on course for doubling the production of table wines, which would, if the worst came to the worst, mean having to distill half of a total harvest which would soon break all records. The cost of the operation would break the EAGGF and — and is the key point — might involve the introduction of a new co-responsibility levy.

If we persist in proposing such unrealistic and non-existent marketing methods to the producers, what is to prevent them from developing their vineyards to obtain yields of 200 hectolitres per hectare, which is precisely what the structural proposals are designed to prevent? And since Mr Pisoni refers to the other principal agricultural products which benefit from a Community intervention mechanism, we must remember — whether we like it or not, and I personally deplore it just as Mr Pisoni does — that wine consumption cannot be increased or reduced at will. There is a limit to demand, and what we are talking about here is not a product of absolutely prime importance which is in great demand worldwide like wheat, however desirable it may be for demand for wine to be given a boost. We therefore propose that paragraphs 16 and 17 be deleted and that paragraph 15 be replaced by the following wording:

supports the proposal to insert in Regulation 816 statutory provision for the ban on the marketing of table wine below a specified floor price.

Our view on the question of additional compulsory distillation is diametrically opposed to that of the rapporteur — we approve of the idea. We should bear in mind that such measures will only be introduced when there is a very large surplus and to help in improving the market situation. By definition, only low-quality wines are involved, particularly wines obtained from overpressing. There is therefore no question of distilling good-quality wines. I realize that in the past there has been opposition to the idea of additional compulsory distillation. During the 1974-1976 crises, the necessary measures were introduced too late at a time when they occasionally and unfortunately affected good wines. By being brought into play when the following harvest — which was below

average — was in full swing, additional compulsory distillation only served to boost the reserves.

But by recognizing the mistakes made in the past, we can avoid making the same mistakes again and the principle behind the exercise retains its basic value and its undeniable advantages by improving the structure of the market in a year of overproduction. We therefore call for paragraphs 18 to 22 — which unjustly condemn the system — to be deleted and replaced by a paragraph 18 with the following wording:

Fully endorses the principle of additional compulsory distillation and therefore approves the Commission's proposals.

Turning to the structural measures, all of which we agree with, we go along with the criticism made of the criteria put forward by the Commission for classification into three categories. In the meantime, the national governments have themselves advanced some criticisms which appear to have been heeded by the Commission. It is unfortunate that the criteria should have included the placing of greater emphasis on the natural minimum alcoholic strength. In fact, the soil conditions obtaining in each zone should be taken into account. To take an example, in a northerly wine-growing area, the lie of the vineyard is much more important than in Sicily.

When his motion for a resolution came up for discussion in the Committee on Agriculture, our rapporteur agreed, at my request, to delete the part of the sentence which claimed that natural minimum alcoholic strength represented a synthesis of all possible and feasible parameters. Indeed, of all the parameters, we think this is one of the least important — perhaps even the very least — this in reply to those who accuse us of encouraging alcoholism.

Let me give you proof of this straight away. Some varieties of vine — such as the 'Jacquès' — have long been banned and have thus disappeared from the scene, although their natural alcoholic strength was measured at between 12° and 15°, depending on the vintage. I therefore feel we are showing a good deal of restraint in simply asking for paragraph 26 to be amended thus:

feels that the criteria selected should represent all possible and available parameters.

Turning to paragraph 28, which we want to see deleted, it is wrong to think that it is premature to put forward proposals on replanting in the absence of a classification of the various categories by reference to their territorial suitability. In view of the way governments tend sometimes to drag their feet, it would be advisable to get moving at an early stage on this issue, especially since we can already be sure that there will have to be different categories.

We are of course in favour of paragraph 34, which deals with voluntary structural measures. Nonetheless,

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we must point out that this paragraph contradicts paragraph 29, which calls for what are described as coercive measures. In fact granting aid for the grubbing-up of vines certainly does not compel wine-growers to do any such thing. They can choose one way or the other. By the same token, the term 'coercive measures' cannot be applied to replanting aids which are designed to improve the quality of the wine, since the criteria for granting aid are the variety of grape and wine making process chosen. The criticism here is all the more uncalled for as the criteria are by no means of a quantitative nature.

Perhaps we should point out, while we are on this point, that wine is currently one of those products which costs the Community budget least. It would be a much more expensive business, however, if an automatic intervention mechanism were to be introduced, which might lead to an even slacker attitude on the part of certain wine-growers. Some of the honourable Members might then regret not having taken account of our warnings, backed up by the amendments we have tabled.

Finally, we regret that the report we are discussing today does not pay more attention to producers' cooperatives, which would pave the way for structural rationalization. Such cooperatives would lead to an increased level of income for the producers who, will be in a stronger position than in the past particularly with respect to marketing.

We also regret the fact that the Commission suddenly abandoned — without prior warning — its proposal to create a European inter-trade organization for the table wine sector, which would draw on the existing regional inter-trade committees for table wines. Everything was ready and waiting, even the organization's acronym. The idea seemed to be interesting and worth developing.

These, Mr President, are the conclusions we drew from our reading of the Commission's proposals and of Mr Pisoni's report. We have tabled some basic amendments to the motion for a resolution, and the way we vote on this motion will depend on the reception given to our amendments. Of course, rejection of the motion on our part would indicate above all our opposition to the Pisoni Report's refusal to adopt the Commission's minimum price proposal. In any case, the Community's wine-growers, no matter what country they come from, should have no doubts about our determination to defend their legitimate interests and their no less legitimate aspirations resolutely and lucidly but without resorting to demagoguery and without confusing the desirable and the impossible.

President. — I call Mr Joxe.

Mr Joxe. — (*F*) As far as I can see, we are faced with a situation full of contradiction. We are discussing a report produced by one of the Members of this House

which is based on a Commission proposal, and this leads to the first paradox, namely that although I am opposed to the spirit and the potential consequences of the Commission's proposals, I feel that the report — which comes to the conclusion that the Commission's proposals should be rejected — itself contains certain things which I find unacceptable.

The second contradiction is that the first paragraph of an earlier draft of this report, which has been drawn up by Mr Pisoni on behalf of the Committee on Agriculture, claimed that there were no structural surpluses in the Community wine sector. Mr Pisoni included this comment in the first paragraph of his report in order to make the rest of the report clear. Now we have a situation whereby an amendment adopted at the committee stage has changed the whole tenor of the report, and claims that precisely the opposite is true. The report now begins with a statement which the rapporteur feels bound to say he opposes.

The third contradiction is that in the report itself — I almost said 'in what remains of it' — there are a number of points which seem to me to be contradictory. For example, the report speaks of not imposing coercive measures on wine-growers, whereas we know perfectly well that there are whole regions within the Community — I would just cite the example of France, not so much for chauvinistic reasons as to endorse what Mr Liogier said — where measures which may well be termed 'coercive' are indeed in operation. We are therefore faced with a tissue of contradictions from which it is difficult to extract ourselves.

To avoid prolonging this debate — after all, most of us left here are members of the Committee on Agriculture, where we have already debated the problem at some length — I should just like to say that, in my view, there are two or three essential elements in the considerations put forward by the Commission, the various political groups in this House and the spokesmen for perfectly understandable national standpoints.

As far as the question of a guaranteed minimum price is concerned, I just wonder whether Mr Pisoni's position is final, because I think that, on this point, the principle which was put forward by the Commission is of some interest. For our part, we are 'for' the principle of a guaranteed minimum price and we can not therefore accept Mr Pisoni's views on the subject.

On the other hand, the methods of classifying vineyards proposed by the Commission are in some respects utterly incomprehensible. For one thing, the altitude criteria are inadequate. On the other hand, Mr Pisoni's proposed amendments are even more incomprehensible, and I shall refrain from going over what has already been said about the natural alcoholic strength. Obviously, alcoholic strength cannot be

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regarded as an absolute criterion for assessing wine production.

Finally, given this tissue of contradictions and this bizarre situation with, on the one hand, Commission proposals which are themselves contradictory in certain respects and, on the other hand, a contradictory report which has been amended against the rapporteurs's wishes, I believe that, since this House is required to advise the Commission, and as we shall meet up again with these proposals in other assemblies, the advice which will be taken into consideration by the Commission should not be that contained in the document which will result from this debate and this vote, but the sum total of the concerns which various people have expressed.

At a time when we are faced with the problem of the enlargement of the European Economic Community to include countries which are themselves wine producers, I do not think we can really prolong the uncertainty with which a number of wine-producers in the existing Community are currently faced. Nothing could be worse than to encourage consideration of the conditions of enlargement without first of all having established clear prospects for wine-growers in the countries which are already members of the European Economic Community.

Let me say in conclusion that the Commission's proposals, as set out in the document, are not acceptable.

President. — I call Mr Albertini.

Mr Albertini. — *(I)* Mr Pisoni's report, apart from making a remarkable contribution to research into and analysis of, the important problem of wine, makes valid and objective observations on future prospects, with whose general tenor and purport I agree.

The wine problem, particularly as it affects Mediterranean agriculture, and also in view of the enlargement of the Community, which will have significant consequences in this sector, is undoubtedly of the highest importance and the Commission must therefore be given credit for tackling this problem with a view to developing and implementing a seven-year plan, covering 1978 to 1985, which aims to receive and re-establish equilibrium in the wine-growing industry in the Community.

The need for, and desirability of, regulatory measures in this sector arise from the fact that while Community wine consumption is stagnant or declining slightly, production increasing, so that, unlike the situation in these sectors, there is an excess of production over consumption, albeit of modest proportions.

Taking this as a starting-point, the Commission maintains that the crisis in this sector is not temporary but structural. Although I regard this argument as somewhat specious, given that the graph attached to the proposal clearly shows that the peaks of surplus

production, as well as being much lower than those in other sectors, appear to be confined to two years out of fifteen and connected with seasonal variations, it is nonetheless obvious that the problem of achieving a balance between production and market demand cannot be left to chance, but must be responsibly dealt with by the Community authorities. Moreover, the need for a complete revision of the present regulations has for some time been realized by the growers themselves — to ensure structural development of the sector, based on clear planning guidelines designed to encourage good quality production and guarantee reliable outlets within the Community and in third countries.

Hence the action programme for 1978-1985, which has been presented by the Commission with a proposal to amend Regulation No 816/70, and whose provisions, now before us, have given rise in the media and among the social groups concerned to lively discussions and serious concern, as was inevitable given the importance of the problem. Mr Pisoni's report reflects this concern, subjecting as it does the Commission proposals to severe and pertinent criticism, and suggesting at various points alternative solutions which deserve thoughtful and attentive assessment and consideration.

The key to the whole question is whether, in the Commission proposals the measures for reduction, reconversion and improvement of productive plantings are accompanied by parallel practical and effective measures for reviving wine consumption in the Community and third countries, both from the advertising angle and with a view to removing obstacles to distribution, especially the harsh internal taxes imposed by Community countries which do not produce wine.

And it is precisely over the basic criteria adopted by the Commission in the proposed action programme that concern and disagreement arise.

First and foremost, there is an obvious imbalance in the measures proposed, between the operative nature of those intended to reduce or transform wine-growing areas and the purely indicative character of those designed to expand wine consumption.

Indeed, in its proposal to amend Regulation 816/70 the Commission sets out very precise measures intended to reduce by 1985 vast areas producing table wine, such as classifying the zones into three categories according to their 'suitability' for such production, restricting or forbidding new plantings or replantings according to the category of the vineyard, and establishing premiums or aids for the reconversion or abandonment of particular wine-growing areas, the liquidation of undertakings or retirement from wine-growing, etc. Yet its approach is vague and hypothetical, and restricted to recommendations, when it comes to drawing up direct measures to improve the

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market conditions, and and to promote and encourage wine consumption. Surely it would have been possible, for example, apart from other promotional measures, to implement the directive on harmonization of excise duties on wine of 7 March 1972, discussion of which has been blocked since 1974.

The failure to ensure that that the structural measures which are justified by the need to achieve a new quantitative — even more important, qualitative — balance in production, are paralleled by market measures to facilitate and increase consumption and outlets for this product makes the Commission proposals before us incomplete and lop-sided.

I do not think I am being disrespectful to the Commission when I say that to reduce to a mere two factors — altitude and climate — the basic criteria for deciding whether given areas are suitable for wine-growing is excessively simplistic and schematic given that other factors, such as the organoleptic properties of the product, the pedological, agronomic and especially social aspects, could combine to create optimal conditions for wine-growing. This would prevent the measures adopted by the Community from having a punitive character for certain areas which, while not being of the required altitude, are capable of producing excellent wine. In any case, a restrictive and punitive policy based on the further destruction of resources is unacceptable unless measures are first adopted to encourage consumption and eliminate adulterated wine, and unless practical steps are taken to find suitable alternative crops.

At all events, these comments are not intended to constitute a frontal attack on the principle underlying the initiative and proposals put forward by the Commission, since it is only fair to acknowledge — as I said earlier — that regulation of production is useful and necessary, both to avoid harmful surpluses and to improve the quality of the product.

My comments are intended to stimulate the Commission to re-examine the problem in detail with a view to finding other solutions more appropriate to the aims which it is desired to achieve.

The measures intended to increase consumption, as I said earlier, seem the most incomplete and lop-sided. The first problem which should have been tackled in this context was that of implementing measures, rather than mere recommendations, designed to remove the obstacles to the spread of wine consumption in some countries of the Community which do not produce wine. It is clear that wine consumption can never increase as long as some countries impose very heavy direct taxes on this product, with an obvious discriminatory effect in relation to other alcoholic beverages, as occurs in Britain, Denmark, Belgium and Holland.

Finally, the problem of market organization, particularly with regard to the minimum price, is the one which arouses the most serious concern and reservations. The minimum price was supported by the French but opposed by the Italian growers, and the giving of a statutory character to it, albeit mitigated by the fact that it is not automatically applicable but must from time to time be decided by the Council of Ministers on a proposal from the Commission and is independent on the existence of clearly defined circumstances, was bound to give rise to many criticisms of a theoretical and practical nature, because of its economic consequences for the Southern producers.

One of the linchpins of the Community is guaranteed free exchange of goods within it and particularly the opportunity for farmers to compete in a common market unhampered by obstacles to trade. Restrictive trade practices — and there is no doubt that the minimum price comes under this heading — frustrate or at least limit the functioning of the free trade mechanism. Consequently the measure proposed by the Commission for the introduction of a minimum price for table wine conflicts with the basic principles on which the Community was founded.

Moreover, it is obvious in practical terms that such measures, in addition to the introduction of additional compulsory distillation for Italian wines, would have negative economic consequences, because they would be particularly damaging to small growers in general and particularly to wine-growers in Southern Italy. Indeed, a possible Community prohibition of sales, resulting from price variations would immobilize the product and expose these less well-off and more vulnerable groups to the mercy of the speculators, who are always ready to profit from unfavourable economic situations by illegal activities.

These are the observations which I wanted to put to the House to explain my support for the arguments and proposals of the rapporteur, which are not intended to prevent a new regulation from being introduced to control and balance the wine sector, but seek to improve its content and adapt it more satisfactorily to the aims which it seeks to achieve.

President. — I call Mr Soury.

Mr Soury. — (*F*) Mr President, I should like to take this opportunity to express surprise and to present a request.

Mr Gundelach spoke earlier about the document on the common agricultural policy which was submitted to the Council. What I am surprised about is that this document never reached the Members of this House, and the request I want to make is that it should be forwarded as quickly as possible at least to the members of the Committee on Agriculture.

Soury

We believe that the Pisoni report presents one approach to solving the problems of the wine-growing industry in the Community. But will it succeed in its aims? This is something we are not so convinced of. The positive aspect of the report is that it dismisses — and we only wish it had done so more decisively — the analysis made by the Commission in Brussels, which came to the conclusions that there is a structural crisis and that measures are therefore required to reduce the area under vines. But unfortunately, the first paragraph of the motion for a resolution which we have received from the Committee on Agriculture contradicts the report proper, and I have taken note of the statements you made earlier, Mr Pisoni, indicating that you are by no means in agreement with what is said in this first paragraph. In fact, this is the most important point in the whole report. We know that, as far as the Commission in Brussels is concerned, there is too much wine, just as there is too much meat and too much milk. Having decided that there is too much of everything, the Commission then draws the drastic conclusion that it must decimate the Community's wine-growing industry by several tens of thousands of hectares, which would affect every aspect of wine-growing, both wines for everyday consumption and appellation contrôlée wines, such as French armagnac and cognac.

The Pisoni Report, however, demonstrates that there is not in fact too much wine in the Community and, having done so, it advises Brussels to propose measures other than those aimed at bringing about a Draconian reduction in productive potential. All this seems to be perfectly acceptable but it runs a grave risk of being neutralized by the part of the resolution I have just referred to, if the latter is retained. And if this should be the case, we fear that the Brussels plans for reducing the wine-growing area will be given a easier passage.

The destruction of part of the Community's vineyards is a very serious matter. Others have said it before me — a hectare of vineyard is not simply a hectare of land which yields a harvest year. It represents a high level of investment, and our vineyards — and I would stress this point — are a valuable part of the Community's economy. We do not contest the need for legislation to improve quality, and from this point of view, we can be confident that our wine-growers will use all the experience at their spirit of cooperation. But any policy which sought to sacrifice part of the Community's vineyards without due consideration would ultimately be a suicidal policy for the Community to espouse. This is why we would go beyond what the Committee on Agriculture said and claim that we should not simply pass on recommendations to Brussels, but should quite simply block these projects. Going beyond these four walls, we would say to the wine-growers that they should regard the doubts

expressed here with respect to the views of the Commission in Brussels as ammunition in their fight, particularly in France, to defend the wine-growing industry. We are on our guard, because the recommendations made by our Committee on Agriculture on increasing consumption are not readily applicable in terms of the policy currently being pursued. They are 100 % at variance with the whole Community policy which has resulted in tens of thousands more people being laid off. And the Commission knows perfectly well that it is a difficult matter to increase consumption, whether it be of wine, meat or milk. It is in the process of transforming entire regions into disaster areas by, for example, dismantling part of the steel industry.

The Pisoni Report which we are discussing today admittedly calls on the Commission in Brussels to eliminate the compensatory amounts on wine, but we saw just now what is going to become of this proposal — these amounts are not going to be eliminated right away.

To put it another way, the wine policy pursued by Brussels is in line with the overall policy aimed at restricting every aspect of the European productive apparatus — whether it be agricultural or industrial production — to the ultimate benefit of nobody but the big multinational concerns.

Consequently, we regard our defence of the wine-growing industry as part and parcel of our overall struggle to defend the Community's economy. Of course, there are too many vineyards, especially against the background of the impending accession of Spain to the Common Market, at a time when Europe can look forward to increasing austerity. But, on the other hand, there is a place for wine-growing in our Community and it is possible for it to develop in conjunction with a policy of overall social progress.

Finally, the average consumption of the nine Member States of the Community is currently stagnant at 50 litres per head per year, which is not very much. On average over a 5-year period, annual production in the Community's producer countries has been around 150 million hectolitres, whereas the amount drunk plus industrial consumption accounts for some 148 million hectolitres, of which 9 million go into appellation contrôlée cognac and armagnac. We know that consumption has remained at a very low level in certain countries — for example 6.5 litres per head per year in the United States, 5 in the United Kingdom, 2 in Ireland and 20 in the Federal Republic of Germany — and although I do not want to advocate alcoholism, it would be much more realistic — instead of pursuing a policy of destroying part of our invaluable stock of vines — to do what the report recommends and concentrate on the high level of taxation imposed on wine and which acts as a barrier to the development of a reasonable, rather than exces-

Soury

sive, level of consumption. This is why it seems perfectly possible to us — even at this time of economic crisis — to formulate a policy on wine-growing which will not reduce the growers to destitution and unemployment by the adoption of restructuring measures which will upset an age-old socio-economic structure. We would underline the fact that part of the Pisoni Report leans in the right direction, but it also contains a dangerous proposal which I feel bound to dwell on a little.

In the name of the free movement of goods within the Community, he proposes to allow wines to be sold freely at a price below the minimum guaranteed floor price. Looking at things from the standpoint of French producers, we believe that a specified guaranteed minimum price for the wine we sell within the Community is essential to guarantee a vital minimum below which the profitability of wine-growing is — as everyone knows — touch-and-go. It will also protect us against excessively cheap imports which the big boys are using as a means of putting pressure on the price of wine at the production stage. I would even go so far as to say that this represents a demand of the utmost importance for French wine-growers and which could, we think, establish some common ground with the Italian wine-growing industry if we managed to establish a constructive overall policy. By abandoning those measures which would give such a guarantee, the Pisoni Report is leaving the door wide open to speculation. We see looming large on the horizon the challenge facing the whole of the south of France from the accession of Spain, with a total wine-producing area of 1 700 000 hectares, compared with only 1 500 000 in France.

Of course, we cannot do everything at once. We cannot give favourable treatment to Spain's future exports at the same time as guaranteeing a minimum price to French producers while production conditions in Spain differ from those in France and who must yet be regarded as full members of the Community.

What the Pisoni Report calls the free movement of goods — without, I would point out, taking account of national specialities — would result in the wine sector — as has already happened in other sectors — in the disappearance of a number of producers. We would point out once again that a Community spirit cannot be built on the ruining of one section of the population for the benefit of another. Our wine-growers need a guaranteed minimum price of 15 francs per hectolitre for the wine produced by a small family holding. They need an assurance that intracommunity trade will not be carried on at anything less than a fixed reference price. It is vital to them and vital to us. These are the demands of French wine-growers, demands which have found no response in the Pisoni Report, although Mr Pisoni has taken a positive

approach, as I said earlier. This is why we feel unable to vote in favour of the report.

President. — I call Mr Inchauspé.

Mr Inchauspé, draftsman of an opinion. — (F) Mr President, I should like very briefly to give you the opinion of the Committee on Budgets on this report and to assure Mr Joxe that there are still people here who are members of committees other than the Committee on Agriculture.

Firstly, the Committee on Budgets has taken note of all the measures proposed by the Commission subject to the two amendments which have been referred to.

Secondly, the Committee stresses the fact that only relatively moderate resources are available to the wine-growing sector of the Community — a total of 150 million EUA — whereas, wine growing is an important activity from the geographic, economic and human points of view.

Thirdly, the Committee regrets the absence of positive measures designed to encourage consumption and, in particular, regards the fiscal discrimination to which wine is subjected within the Community, and particularly in Denmark and the Benelux countries, as unacceptable.

Fourthly, the Committee urges the Commission to set up a comprehensive and coherent system to estimate agricultural expenditure by means of modern financial forecasting techniques.

I would also point out that the Committee on Budgets has tabled six amendments which, I hope, will meet with the approval of this House.

IN THE CHAIR : MR HOLST

Vice-President

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I thank Mr Pisoni for the report he has presented on behalf of the Committee on Agriculture. Although there was so little time available, despite the complexity of the subject and the scope of the proposals put forward by the Commission, his report is very lucid and comprehensive. I also wish to thank the other participants in the debate, which has been extremely interesting.

I had no difficulty in following the rapporteur in the main points of his argument. I agree with some of his introductory remarks, and even with some of his criticisms and requests for improvement relating to the rules for the application of structural measures. On the other hand, I cannot accept some of his general remarks, and even with some of his criticisms and requests for improvement relating to the rules for the application of structural measures. On the other hand

Gundelach

I cannot accept some of his general remarks and comments on some of the market measures. The Commission considers that its proposals faithfully reflect the policy already adopted — on the Commission's proposal — by the Council, at its meeting in May and discussed by Parliament and that they constitute a realistic approach to improving the management of the market by means of instruments designed to prevent serious crisis.

I do not want to discuss fundamental economics here, but Mr Soury's repeated remarks make it necessary for me to make it abundantly clear that Brussels, as he calls us, does not intend, or wish, to cut down on economic activity. I think in another context earlier today I had the opportunity to express the opposite point of view rather clearly. But we do wish to use economic resources in the most economical way. We believe that this return to growth, which I consider to be essential for our society, can be enhanced by shifting economic resources and investments away from sectors which have a surplus and are unprofitable to sectors which are profitable thereby benefiting society as a whole.

Mr President, before I return to the more specific issues — I do not intend to go into all the amendments to the report; most of those made by Mr Liogier we can accept — I should make it clear that Amendment No 2 by Mr Brugger and Mr Ligios concerning the abolition of MCAs in trade relations with non-producer countries is, in our view, likely to cause trade diversion and is not therefore acceptable to us. I do not agree with the rapporteur that the Commission proposals are essentially negative because they are aimed more at drastically reducing productive capacity rather than stepping up consumption. I would like to remind him and the House that the Commission's proposals concerning the use of concentrated must and rectified must in vinification is an attempt to find outlets for wine products. In addition, the Commission has proposed that higher excise duties on wine, which hold down consumption in some Member countries, should be appreciably reduced. In so far as discriminatory taxation exists, the Commission applies Treaty rules. Four cases concerning France, Italy, Denmark and the United Kingdom were brought before the Court of Justice of August. Furthermore, the Commission wants to use information in sales promotion campaigns, perhaps concentrating on certain table wines, to expand the market for our producers, to improve wine labelling requirements at Community level so as to expand consumption. As regards refunds on wine, the Commission intends to fix them in accordance with the aims of the Community rules so that export continue to develop reasonably. The Commission is convinced that these measures will together contribute to the increased consumption of wine.

I cannot accept the remark that the Commission does not attack surpluses in other production sectors with the same vigour with which it attacks surpluses in the wine sector. May I, in this context, remind you of the last Commission report on the situation in regard to the milk sector about which I spoke this afternoon.

The Commission proposals on wine production are based on three main assumptions:

First, we should attempt to improve and modernize those vineyards which are best suited to wine production. Secondly, we should not compel anyone to give up their vineyards but should provide adequate premiums to enable some of those with less suitable vineyards to convert to other enterprises or to abandon wine production. Thirdly, the confidence of wine producers in the market organization must be maintained until the structural measures take effect and for this reason we need the juridical basis to enable the market to be supported on the lines laid down in the Council declarations of last May. We are not dealing with automatic measures, we are dealing with measures which can be taken if the need arises. But we must have the means to do so.

As regards your rapporteur's remarks concerning concentrated musts I have to emphasize that the Commission has proposed that rectified concentrated must or grape sugar should be permitted for use in wine as a means of enrichment. As this is a new product, its technical definition is difficult but necessary. By permitting and encouraging the use of rectified concentrated musts, the Commission's aim is that, in the long term only, wine products should be used for enriching wine and this objective is shared by the rapporteur. The Commission cannot share the view that the aid in respect of concentrated musts used for enrichment should be automatic. Climatic conditions in some years would not warrant such aid. It would then be difficult to justify considerable annual expenditure by the EAGGF. The rapporteur, himself estimated that expenditure should amount to as much as 90 million units of account for this measure.

As regards the rapporteur's remarks that the aid should be reserved on a priority basis for musts from wine growing zone C 3, I would like to emphasize the following. The practical benefit of this measure will go mainly to South Italy, as the principal producing region. I agree that in volume I of our report, we indicated that this aid would be reserved to the most southerly regions of the Community. We have to decide, however, whether we should make it a legal requirement. On balance we think that we should not. That is why in the draft regulation we have limited the aid to musts produced in the Community but not limited the aid to must produced in the single region of C 3. The reasons are first, we see some difficulty in principle in creating a sort of supply monopoly.

Gundelach

Secondly, certain cooperative organizations in southern France or northern Italy produce both must and wine, so it would be sensible to allow this must to be used on the spot.

Your request that Community aid should be extended to cover musts used in the manufacture of grape juice, British wine and Irish wine was examined in great depth. The Commission adopted it yesterday and will shortly present to Parliament and Council a proposal providing for permanent aid for the use of Community must. I would stress that the proposed arrangement would be cost effective.

Your rapporteur totally rejects the proposal for statutory provisions for the ban on the marketing of table wines below a specified floor price. I agree that the instrument of a minimum price is a drastic remedy. But it is only to be used for an extreme crisis on the wine markets and not automatically and only subject to a specific Commission proposal and Council decision. It should be looked upon as the ultimate deterrent for dealing with market disturbances. The Commission rejects the idea of permanent intervention and sales guarantees for wine. I see a great danger here for the future of the sector. Such a guarantee could encourage the production of mediocre wine following excessive yields. At its meeting in May the Council accepted the principle of the minimum price as the ultimate measure to be applied in a serious crisis. The Commission reflected its stance in its proposal by giving it the requisite legal formulation. There are three points to be clarified.

First, should there be a legal basis in the regulations now for a minimum price. The Commission is firmly of the view that we should agree on this legal basis now, as it would not be reasonable in a situation of market crisis to start all the procedures. We should be prepared now, and the Council Resolution of May is not a sufficient legal basis. Secondly, should other specific measures be taken before the minimum price can be applied? In practice, it is clear that we should take as many effective measures as is reasonable in order to avoid a fall in prices to a level as low as 85 % of the guide price. The Commission's own proposal included the phrase, and I quote, 'despite implementation of all the intervention measures provided for in this regulation'. It is apparent that the Commission itself expects to implement the other measures before we have reached the grave market situation which could justify a minimum price. Thirdly, the Commission has proposed that, if the minimum price were imposed, there should be an ban on sales below this price. This is in line with our earlier proposals of last February. Obviously there is no question of any obstacles to trade over frontiers. And obviously there is also a question, as presented previously by us in these circumstances, concerning distillation.

Now some words on behalf of the obligatory distillation, this so-called 'superprestation vinique'. The Commission has proposed that there should be an

increase in the maximum rate of obligatory distillation, which may be applied in years of surplus, from 6 to 8 %, and that this should be applied in Italy with a reduction of 3 percentage points in order to take account of the existing obligations to distill the wine of surplus table grapes. This is in response to the second indent in the Council's declaration of 12 May, when the Council agreed on the need to strengthen the market disciplines in case of surplus production until such time as the stock problems have been resolved. I would stress again, however, that the 'superprestation vinique' is not applied automatically, but depends on the balance of the market in each year and upon specific decisions each year.

The system of 'superprestation vinique' should be understood as obligatory distillation at low prices constituting a kind of participation by wine growers in the reorganization of the market, at the beginning of the marketing year following an excessive harvest. It would be particularly valuable in an enlarged Community, which will account for 60 % of world wine production. Such a system should not, however, be applied too rigidly. Allowance may be made for very small producers, who could be exempted from the obligation, thereby facilitating administration of the system, and for the possibility of modifying the obligation depending on the type of wine concerned, the yield per hectare, the variety, the alcoholic strength and hence the quality of the wine obtained. This possibility already exists under the present provisions, and will be maintained. In my mind, there is no question that without this proposal the compromises reached earlier in the Council would be jeopardized. Taking into account also the experience of recent years this measure would save us from very high costs for absorption of surpluses. The rapporteur says that the Commission's proposals concerning the classification of vineyards could penalize production instead of using the criteria of natural suitability for winegrowing as a means of flexible adjustment to market requirements. I cannot accept this statement. The classification of vineyards producing table wines on the basis of their natural suitability for wine-growing, as proposed by the Commission in the 1979-1985 action programme, is based on a combination of the criteria of climate, relief and soil-type. Such a classification of wine-growing areas constitutes the starting point for any specific structural measures.

The aim is not to limit geographically all the land under vines, but to establish selectivity in the granting of structural aid and in the arrangements governing the planting of vines, in order to improve the quality of wine. That is one of the most important requirements.

I accept to a certain extent the rapporteur's criticism with regard to the technical data relating to criteria. As stated in the action programme, work has been undertaken, particularly with regard to meteorological data, but the results are only now becoming available.

Gundelach

They have to be analysed, and research has to be continued with the collaboration of all the Governments and of the trade experts concerned from the Member States. The criterion of natural alcoholic strength suggested by the rapporteur is certainly valid. But this should be a logical consequence of the climatic criterion. Nor would it be wise to give it absolute priority. I also note with satisfaction that the rapporteur shares the Commission's view regarding the principle of such classification.

With regard to rules on plantings and replantings, the Commission proposes the introduction of Community rules requiring prior authorization for planting vines, with administrative instruments for applications, supervision and sanctions and a decision-making procedure relating to new plantings. This is an extremely important matter, on which a decision must be taken before the accession of new wine-producing Member States, otherwise we shall not be able to cope with the problems of enlargement.

The general aim of these rules is also to improve the quality of our wines and to prevent new wine lakes. Such new arrangements are the only way to end the present total ban on new planting, which has been enforced since 1976, and which is too inflexible and has an adverse effect on the economy of some regions.

Therefore, the Commission's proposals correspond exactly to the requirements put forward in your rapporteur's statement. It is proposed that management and assistance be based on the classification of areas under vines according to their natural stability for wine growing. It is quite clear in this connection that the improvement of the classification criteria is a pre-requisite, if discipline is to be imposed on the wine sector, as recommended.

I cannot see any suggestion of 'dirigisme' in these measures. We have basic requirements to be fulfilled by producers in all our structural policy measures, the rules have always to be consistent with the general aims to be attained. As the Commission has said, it took account in its proposal of the authorization system already set up in certain Member States.

The Commission noted with great satisfaction that your rapporteur agreed to most of the structural measures proposed. The purpose of this programme is that the measures to convert the areas under vines in certain regions to other crops should be implemented simultaneously with measures to rationalize vineyards in the regions most suitable for wine growing.

To conclude, I would like to emphasize the following main lines in our proposals. Balance is to be progressively restored to the wine market by simultaneously implementing measures in respect of supply and demand. Wine must find on all consumer markets in the Community conditions of competition equivalent to those for other beverages. The measures concerning production are tailored to the geographic situation of

the vineyards. The areas planted are classified according to their natural suitability for winegrowing on the basis of physical criteria. In areas naturally suited for wine growing, the policy of replanting with a view to quality should enable supplies to be better adjusted to demand, while ensuring an optimum combination of productive factors. The potential for table-wine production is reduced by progressively converting vineyards which are not naturally suited for wine growing to other crops or uses. Finally, the intervention measures provided for in the common organization of the market are intended to be mainly preventive and of a transitional nature.

(Applause)

President. — I call Mr Ligios.

Mr Ligios. — *(I)* I simply want to put a question to Mr Gundelach. Perhaps it should have been put before his reply, but this was not possible. The question concerns one of the most controversial points — additional compulsory distillation, which the rapporteur regards as harmful, adducing a whole series of reasons for this view. I agree with the rapporteur and disagree with the Commission proposal, but I should like the Commissioner to tell me the results in the last two wine-growing years — 1976 and 1977 — of additional compulsory distillation in France, which according to Mr Liogier is in favour of this increase in compulsory distillation. I believe that in 1976 France delivered 111 000 hectolitres in response to the obligation to contribute 6 %; Italy contributed for distillation 400 000 hectolitres of wine from dessert grapes; in 1977 — according to my information — France did not contribute one hectolitre of wine in accordance with paragraphs 24 (a) and 24 (b) of Regulation No 816. I should like simply to ask whether this information is correct, and why the need for an increase in compulsory distillation is still insisted upon if it is true that this measure has not been respected in the past, even for a much smaller quantity.

President. — I call Mr Pisoni.

Mr Pisoni, rapporteur. — *(I)* Thank you, Mr President, for allowing me to make a very brief reply, particularly as I had the impression when I spoke earlier that the President had cut me off long before the end of the time allotted to me, so that I was able to deliver only the introduction to my speech.

I note with satisfaction, Mr Gundelach, that on most of the aims to be pursued we are more or less in agreement, or at any rate the points which divide us are few. Thus we have the same objectives, and on the means to achieve them my report differs from the Commission proposals on only two fundamental points: firstly, on the minimum price, which — take note — is not the guaranteed price for the producer, on which we are fully agreed, but the minimum

Pisoni

market price, which does not necessarily take account of the minimum producer price. If it is true that the introduction of a minimum price is only a way of penalizing Italy as part of the 'wine war', with a view to preventing Italy from exporting below cost price, it is equally true that France and Italy are in the same boat. Indeed, if the essential minimum price per degree/hl for the French producer is 15 francs, this is also true for the Italian producer. It is not in our interest to undersell this product, since millions of people make their living from wine-growing.

Nonetheless, the proposed measure constitutes a form of penalization. And it is no use saying that it will never be applied, on the grounds that before it is applied there will have to be distillation of a surplus quantity, aids for storage and so on. But certainly if that were the situation, it would be useless to apply it!

We wish to see a fundamental principle respected. If the Council wishes to meet the commitment it made in May, it and the Commission will have to bear the responsibility for having consciously agreed to the violation of one of the basic principles on which a certain type of agricultural policy rests.

I am making a question of principle of this because I am convinced — I have said so in committee and I reaffirm it here — that in practice it will be impossible to apply the minimum price. If the minimum price were to become a legal basic, in relation not to Italy but to the candidate countries, we would then invoke it for fruit, vegetables and cereals. But at that stage we would have only a semblance of a Community. We must say these things openly; if it is still intended to proceed in full awareness of the facts, then so be it! But Parliament must not accept such measures.

The Economic and Social Committee negotiates, the Ministers negotiate and have already accepted, the Commission negotiates; but Parliament does not negotiate — if affirms a series of principles and it seems to me that this should be stressed once more.

With regard to additional compulsory distillation, the Commissioner has just stated, in contrast to what we read in the Commission document, that it would be applied only in the case of serious surpluses, that small undertakings would be exempt from it, and that its application would be graduated according to the quality of the wines, thus in favour of the good wines.

In that case we too would agree. But, as originally set out, the provision was only likely to reduce further already low incomes. It is not a question of principle but a simple matter of fact that incomes in the wine-growing sector are so low that they must on no account be reduced by measures of this kind, and for that reason I invite the French Members also to give the matter further thought.

The French Members are free to think of penalizing Italian wine by this means, but they will not thereby succeed in eliminating bad wine. I too agree with the latter aim, although I have no illusions about the social problems which will inevitably arise, given that the wine-growers will be deprived of a part of their already low income.

With regard to classification, we too agree that it is absolutely necessary to bring this about and then to draw the appropriate conclusions.

Mr Liogier, we accept the classification of vineyards as well as the prohibition of replantings, land taxation or other measures of that kind with the same objective. We wish, however, to point out to the Commission that the criteria of 300 metres' altitude and 5% gradient are inadequate, and other criteria must therefore be found which really give priority to areas suitable for wine-growing.

With regard to the Commissioner's remark that I had accused the Commission of failing to present the proposal which Parliament was expecting, I wish to make clear that I only intended to point out the incomplete nature of the Commission proposal, in that it confines itself to proposing a drop in production, when it should also be trying to encourage expansion of consumption. The vine is a crop which provides income. In some areas of Italy it would be difficult to suggest an alternative to this crop, and there are many areas which could be classified A, B or C I, II or III. It is therefore necessary to give all possible encouragement to consumption of good quality wine, and to regulate it, since none of us wants bad wine or inflation on the wine market.

We must therefore try to find clearly defined outlets. It does not seem to me that complete agreement has been reached on this aim, and this is why I reminded the Commission of the need for practical proposals to broaden markets and to eliminate excise duties on wine, which constitute one of the main obstacles to the sale of this product.

We also expect the system of export refunds, which has been unchanged for several years, to be reviewed. In fact, we shall have a wide market even outside Europe. This is important, indeed essential, especially in view of enlargement.

I think I can claim to have clarified the rapporteur's position without animosity, although perhaps with some warmth. Finally, I should like to say to Mr Joxe that to say to the Commissioner 'Forget what all the others have said, and listen to us because only we speak the truth' seems somewhat presumptuous to me, all the more so since I think conflicting views have emerged in this debate.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, I have already spoken at quite some length on this subject, but I would not be discourteous and fail to answer the rapporteur, who has put a precise question to me.

No, we have not been saying at any stage that there is, so to speak, a wine lake at the present moment or that there has been a need over the last two years for the so-called *superprestation*. There was in 1976, to a limited extent — 1 %, or nearly 200 000 hectolitres — but in the last two years no. But that does not mean that it may not happen.

I think everybody has understood well enough, and the rapporteur certainly has, where we are heading. For the Commission, the market regulations are not really the most important part of this exercise. The most important part of this exercise is to open up additional markets for wine, because we know perfectly well that in Italy as well as in France there are areas where there is simply no alternative to wine-growing: there is no alternative in other forms of agricultural production; the lie and nature of the land simply do not permit of anything else. And the idea of industrializing those areas is simply something belonging to a different world and a different age. Consequently, one has to take steps to make sure that there is the best possible outlet for wine. But that, I think, means that one has to carry out the structural reforms which remove from wine-growing those areas which are notoriously unsuited to it or are economically better suited for something else. Now, we may still have some technical details to work out between ourselves, such as the criteria to be adopted in order to carry out such structural reform, but what pleases me about the debate which is taking place this afternoon is that on this — for me — fundamental issue there does not really seem to be any disagreement in principle. This is very essential for me, and therefore I think this debate has enabled us to progress a very long way. If such a policy is conducted on the consumption and production side, then I am pretty sure that the Community, even when enlarged, will be capable of withstanding pressures in the wine-growing sector and avoiding the kind of situation which we find in that of milk. For the market during the period before these measures on the consumption and the production side may be expected to become effective, we have made provision for a safety-net, which we may not have to use. We have had no need for it in the last two years, we may not need it next year, and the further we move towards full implementation of the two fundamental policies to which I have referred the less chance there is of our needing it in future; but in the meantime I must as a practical man say that there is a need for some additional discipline in

order to ensure that one year the bottom does not fall off of the market. No more and no less. And as a practical man listening to everybody, I am convinced that, despite the discussions that have gone on for many months in this place and in the Council, there is a practical solution which can enable us to avoid situations which are in conflict with the Treaty — which, of course, we do not want, since they would have intolerable social consequences. It must be possible to find ways of achieving such discipline, which, in effect, is in the interests of the growers themselves, because it will secure them a socially acceptable income.

I am grateful for the debate this afternoon, because on the whole it has been moving forward a little more than the discussions in the Council, and your reports may therefore have a beneficial effect upon the coming week's discussions in the Council.

President. — I note that no one else wishes to speak. The motion for a resolution and the amendment which has been tabled will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

15. Amount allotted to and aid from the EAGGF Guidance Section

President. — The next item is a joint debate on:

- report (Doc. 521/78) by Mr Joxe on behalf of the Committee on Agriculture on the agricultural aspects of the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 729/70 concerning the amount allotted to the EAGGF, Guidance Section;
- report (Doc. 507/78) by Mr Früh on behalf of the Committee on Budgets on the budgetary and financial aspects of the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No. 729/70 concerning the amount allotted to the EAGGF, Guidance Section;
- report (Doc. 522/78) by Mr Joxe on behalf of the Committee on Agriculture on the proposal from the Commission to the Council for a regulation on the granting of aid from the EAGGF Guidance Section under Regulation No. 17/64/EEG for 1978 and 1979 and under Council Directive No. 77/391/EEC.

As Mr Joxe has decided not to introduce his reports, I call Mr Früh.

Mr Früh, rapporteur. — (D) Mr President, ladies and gentlemen, bearing in mind the hour and the very intensive debate and long day we have had today, I do not wish to spend too much time presenting this report. Moreover, this is probably unnecessary, since I am sure there will be no opposition in the House to the content of my report, which deals with the increase in the amounts allotted to the EAGGF, in particular those allotted to the Guidance Section.

Früh

The lack of balance between the Guarantee and Guidance Sections of the EAGGF has always been a matter of concern to the Parliament and has often been criticized. Now this wrong, as it is considered by some, is to be redressed. However, I should like to say something by way of explanation of this large imbalance. The situation is, I believe, related to the fact that the national agricultural budgets also have always included appropriations for a structural and guidance policy and that, to that extent, EAGGF funds represented only an additional grant. I do not regard this as at all inappropriate, if an apposite structural policy is pursued at ground level where conditions are accurately known, particularly since one thing is certain — that an agricultural structural policy alone will not solve our problems. For that there must also be a regional policy, the creation of jobs outside agriculture, etc.

However, that is not what I am supposed to be talking about. I am to speak only on the budgetary aspects of an increase in the amounts allocated to the Guidance Fund. The Committee on Budgets has rejected the fixing of ceilings, particularly since previous experience of ceilings for the Guidance Funds has not been very encouraging. As you know the Guidance Fund was initially allocated 285 million EUA, this sum being increased to 325 million EUA on Community enlargement. However, there were difficulties since there were initial problems in utilizing the amounts. Then a reserve fund was created, the 'Mansholt Reserve', and there followed long discussions as to whether this reserve actually existed or not. For this reason the Committee on Budgets is convinced that ceilings should not be reintroduced and that we should avoid being forced into such a straight-jacket, since in general such ceilings are either too high or too low.

The main focus of Parliament's work — and I say this in spite of this morning — is still in the budgetary sphere, where it can use its powers to influence policy-making. Therefore, we request that these ceilings be fixed for five years, but that after that period the amounts be fixed, as part of the annual budget procedure, in line with requirements or political objectives in such a way that they can be adjusted at any time and so keep pace with our needs.

There is a further aspect to be considered: we in the Committee on Budgets believe that the forecasts and estimates which have been made are too static and should therefore be reviewed to see if new application and new plans up to around 1984 might not be taken into consideration.

I shall conclude my presentation here in view of the lateness of the hour and also because I do not believe that there are any conflicting views in the House on this matter.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, at this late hour I shall also try to be very short, and as Mr Früh rightly pointed out, there is no real deep controversy, there is just a question of how best to go about it. Now we all agree that structural policy is bound to play a bigger role in the common agricultural policy in the future than it did in the past. There is no doubt about it. On the other hand we do not believe that there is going to be a miraculous cure for all our ills. Nobody would believe that. But obviously there is room for it to be applied in a more consistent, systematic or powerful manner in the future than in the past. This means taking into account, certainly, lack of proper balance in commodity markets, but, also and particularly, taking into account the regional differences, and the differences in regard to incomes of the producers of the various commodities. In other words, we want a structural policy which goes hand in hand with the price policy, which is a more integral part of the overall policy.

In this respect I would like to say that in our communications to the European Council we did underline these aspects of this structural policy, and in informing you about this I take the opportunity to reply to Mr Soury — which I apologize for not having done under the last point — that the paper to the European Council, the content of which I have described, is naturally available to the Member of the Committee on Agriculture or to any other Member of the Parliament — there is no secrecy about that document, certainly not.

Now about the fixing of a ceiling. We do feel on balance that there is a case for having a ceiling, because Community contributions in the field of structural measures only cover part of the total expenditure, and consequently Member States have to cover between 50 and 75 % of the cost of the measures themselves — that requires certain assurances to enable them to plan for future national budgets. Secondly, as most structural measures are at least of medium-term duration, the proposal gives better security regarding continued financing of the measures.

But the fixing of a ceiling does not prevent the Community from reviewing the amount in the case where new structural measures are to be decided, or, when for example, the Community is enlarged. Naturally we have not taken that into account in the figure which we have presented which is for the present Community. Should one of these contingencies occur, then the proposals simply mean that the decisions on the new structural measures must be accompanied by a decision to review the new amount. As these measures are proposed under Article 43 of the Treaty, consultation of the Parliament is obligatory.

Gundelach

Now these comments indicate why it was that both Mr Früh and myself said there was not all that much of a difference between us, because we fundamentally seek the same objective. But maybe from a technical point of view, where I am not the greatest living expert, one has to find the proper way of doing it. What is of concern to me is that a solution be found, because the lack of a solution to this problem is currently holding up decisions in the Council concerning important measures of a structural nature in regard to the Mediterranean policy — which, in turn affects decisions on a number of other fundamental issues — therefore I do hope that some solution which is satisfactory can be found, and I can, for my part, assure you that whatever comment and statements may be made as a result of your debate and your voting, will be most carefully examined and considered by the Commission.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

16. *Tunisian attacks on Italian fishing boats*

President. — The next item is the motion for a resolution (Doc. 515/78), tabled by Mr Vernaschi, Mr Amadei, Mr Martinelli, Mr Lezzi, Mr Ligios, Mr Scelba, Mr Pisoni, Mr Bersani, Mr Fioret, Mr Ripamonti, Mr Granelli and Mr Covelli, on Tunisian attacks on Italian fishing vessels.

I call Mr Ligios.

Mr Ligios. — (*I*) Mr President, our motion for a resolution is prompted by an incident a few days ago which I am sure the House is aware of. A number of Italian fishing boats, all with a proper licence, were working about 30 miles off the Tunisian coast, in an area covered by their licence, when they were treacherously attacked by Tunisian naval vessels. Shots were fired and two fishermen were unfortunately hit. One of them was killed.

We are horrified by incidents of this nature, for which there was no justification.

We are shocked that anyone can be so trigger-happy, especially when dealing with unarmed fishermen, who even had a proper licence, as was the case here.

Since 1976 there has been a formal agreement on fishing between Italy and Tunisia, and this agreement is due to expire next spring. The agreement was reached after long negotiation. In a way, it was forced upon us by Tunisia, at least as regards one or two clauses. It involved Italy's paying around 3 000 million lire in return for the licences which were granted, the purchase of 20 000 tonnes of olive oil by a country which certainly did not need any more of this product, and credit facilities for Tunisia to the tune, I believe, of some 30—35 000 million lire.

Everything seemed to be settled, but for some time there has been this aggressive attitude which, in our view, is designed to push up the stakes for any agreements which might be negotiated in the near future. This is a deplorable manoeuvre by Tunisia which Parliament cannot fail to condemn. Furthermore, we call on the Community institutions to take a firm stand and to open immediately negotiations with Tunisia for the renewal of the fishing agreement, as this sector is now the responsibility of the Commission.

These are the reasons behind our motion for a resolution, Mr President, which we have tabled at a moment of particular tension between the two countries. We call on the Community institutions to intervene before there is any further deterioration in relations with a country which has received considerable benefits from the Community, with a not insignificant contribution from Italy.

President. — I call Mrs Squarcialupi.

Mrs Squarcialupi. — (*I*) Mr President, we also wish to express our indignation and our sympathy at the loss of another human life, that of a Sicilian fisherman killed by the Tunisians. But sympathy is not enough, because as politicians we should merely be weeping crocodile tears. Of course, it is quite right to point out to the Tunisians that agreements have to be respected, but in this case we also have to point out that human rights are to be respected, because you cannot go shooting at people as though you were at a fairground, especially if you are using lethal weapons. Justice in this case cannot be satisfied by representations to the Tunisian Government, nor can representations put an end to a situation which is a regular occurrence and which very often becomes, if I may use the term, a battle between the poor, bringing sorrow and fear into the already hard lives of fishing folk.

Battles between the poor can break out, like this one, when fishing zones get smaller, and in the Mediterranean these zones have shrunk dramatically, primarily because of pollution which is made worse in this sea by the fact that it takes 80 years for the water to be recycled completely. Everything is dumped into this enclosed sea, from the washings of oil tankers to substances highly deleterious to marine life, such as titanium dioxide. Every so often the cry goes up: the Mediterranean is dying! But in fact it is people that are dying in the Mediterranean. There is an undeniable link between the two events: pollution on the one hand and the death of a fisherman on the other. There is a cause-and-effect relationship between the two events. We cannot fail to see the protest over this death — of a husband and father, of a fellow citizen and worker — as part of the more general protest against the exploitation for capitalist gain of the waters of the Mediterranean, which has been stripped

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of its natural wealth, so that what little remains is defended by force of arms and with an irresponsibility that ignores all civilized rules, as happened in this case.

The unfortunate fact of the matter is that those who depend on fishing for their livelihood are often tempted to go looking for fish where it can still be found.

One way to reduce distress and to ensure justice in such cases is to make sure that natural resources are there for everyone and that they are not sacrificed to the interests of the few.

The European Economic Community must also examine its conscience and ask itself a few questions. The Community has always taken a conscientious stand on pollution, it has signed international conventions for the protection of the Mediterranean — the most vulnerable sea in our continent — and it has acted when spurred on by events like the Amoco Cadiz disaster. But has it pursued a genuine environmental policy, a proper policy to safeguard the environment and which rejects any compromise with big business? The recent events provide an opportunity for politicians to express their indignation in a genuine manner, without any speechifying which has never yet saved any human lives.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Mr President, the Commission was informed by the Italian authorities on 11 December of the grave incident which took place during the night between 8 and 9 December between an Italian fishing vessel and a Tunisian coastguard vessel. One fisherman was killed and one fatally by machine-gun fire from a Tunisian coastguard vessel. The Tunisian explanation is that five Italian vessels were fishing in a prohibited area inside Tunisian territorial waters. These things happen, I must say, all the time, to my knowledge. When the Tunisian patrol vessel approached, four of the Italian vessels fled, whereas one which was much bigger than the patrol vessel tried to upset the patrol vessel.

Now it is obviously not possible or appropriate for the Commission to formulate an opinion on the sequence of events. But it is evident that the incident is extremely grave, and that the reaction by the control authorities, whatever their rights otherwise might have been, would appear to have been excessive and to have led to an unnecessary loss of life. The Commission and the Council, in a joint démarche to the Tunisian Government on 12 December, consequently expressed the Community's deep concern about this incident and the situation which it might lead to. The way in which we feel that one might move to a situation in which this kind of confrontation and this kind of incident can be avoided is through negotiation of a

proper fishing agreement between the Community and Tunisia which, among other things naturally, will take care of the interests of Italian fishermen.

At the present stage in the development of a fishing policy it is no longer the individual Member State which has the legal opportunities for dealing with these matters and the Community must consequently shoulder its responsibility. This being so, the Commission and the Council on the same occasion invited Tunisia to start forthwith negotiations with the Community, in order to arrive at a fishing agreement between the Community and Tunisia to succeed existing fisheries arrangements between Italy and Tunisia. The question of solidarity raised by the honourable Member is consequently totally accepted by us. This action finds its place in the fishing negotiations we are conducting with a number of other African States, and in which some progress has been made, which will enable us shortly to submit an overall proposal to the Council concerning the conclusion of fisheries agreements with a number of African States, including Tunisia.

So much for the fisheries aspect. In regard to the question of pollution, insofar as the Commission has responsibilities and authority, I am sure that it will pursue a similar approach, involving joint negotiations with its partners in the Mediterranean area in order to obtain an improvement in a situation which everybody who visits the region can see for him or herself is rapidly deteriorating.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote at the beginning of tomorrow's sitting. The debate is closed.

17. Textile from third countries

President. — The next item is the debate on the report (Doc. 467/78), tabled by Mr Inchauspé on behalf of the Committee on External Economic Relations, on

the proposal from the Commission to the Council for a regulation on common rules for imports of certain textile products originating in third countries.

I call Mr Inchauspé.

Mr Inchauspé, rapporteur. — (F) Mr President, since it is late I shall try to be as brief as possible, although the subject in question is of considerable interest to very many European textile workers.

In requesting emergency procedure, the Council thought that the problem should best be dealt with at this part-session so as to avoid creating a legal void as from 1 January 1979.

This proposal for a regulation provides for definitive rules on Community textile imports until 1982. These are aimed at regulating a very sensitive area of the

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Community's external economic relations, to which our committee has already turned its attention on several occasions.

For my part, in a motion for a resolution of 4 July 1977, I warned of the danger of the Community market being flooded with low-priced products from third countries; in a report on this motion for a resolution your Committee then called upon the Commission to ensure the punctilious execution of the agreements it had negotiated with foreign suppliers of textiles within the framework of the Multifibre Arrangement.

In addition to the 23 supplying countries which are parties to the MFA, the Commission has worked out agreements with six additional countries. In this way a total of 127 categories of textile products from forty countries are monitored on entry into the Community.

As regards the agreements running from 1 January to 31 December 1982 which have not yet been completely finalized, the Commission took measures for their *de facto* application for one year on 1 January 1978. These measures also provide for possible restrictions in respect both of sensitive goods of each category from less important supplying countries and of hitherto less sensitive products which might become sensitive.

In the same way these agreements provide for quantitative restrictions on all categories of sensitive products from the principal supplying countries, which are thus subject to the double-checking system: on the one hand export licences from the supplying countries and on the other import authorizations from the Community. Your committee supports and recommends the proposal for a regulation under study but stresses, as does the Commission, that this breathing space until 1982 must be used by the Community's textile industry to adjust to competitive conditions at both Community and international level.

In this connection the Community should also take into account the problems posed by the forthcoming accession of three important textile producing countries: Greece, Portugal and Spain.

The Committee on Economic and Monetary Affairs has been consulted. It fully shares our concern and urges that Articles 1 and 11 be amended. It 'opposes the proposal in Article 1 which would forbid any system of authorization of imports taking the form of *a priori* surveillance and that in Article 11 which would limit the system of administrative control of imports not subject to quantitative limits under the proposed regulation to retrospective statistical surveillance'. In my view the amendment which I will outline here in a moment will dispel this concern and avoid a situation where a remedy is applied too late because the problem was not identified.

The Committee on Economic and Monetary Affairs 'also stresses the importance of the provisions contained in Article 12 and urges that should full compliance by Member States not be secured the Commission take appropriate steps'.

The Committee on Social Affairs, Employment and Education developed the same points and approved the proposal for a regulation, though it added an amendment stressing the need for measures bearing on the social aspects of the problem which I had not gone into in depth owing to the technical nature of the problem.

I therefore accept Mr Vandewiele's long amendment and I believe that the Commission also will accept it.

On behalf of the Committee on Development and Cooperation Mr Cunningham has presented an amendment concerning the proposed Textile Committee which, under the proposal for a regulation, is to be consulted by third countries and Member States. The Committee on Development and Cooperation proposes that these provisions be extended to include the management of requests for consultation by the supplying countries. Although this text is intended for internal Community use I propose that this amendment be accepted so as to enable the Committee to become a forum for all problems related to imports of textile products.

I will conclude, Mr President, by enumerating the amendments made to the Commission text by the Committee on External Relations. Article 1 (3) of that text provides:

Subject to the provisions of this Regulation, the importation into the Community of textile products listed in Annex 1 shall not be subject to quantitative restrictions or measures having equivalent effect, nor to a system of authorization taking the form of *a priori* surveillance.

The Committee on External Relations considered that it ought not to be bound by obligations which it might subsequently regret and that consequently the end of this paragraph should be deleted, i.e. the words 'nor to a system of authorization taking the form of *a priori* surveillance'. At the same time this meets the wishes of the Committee on Economic and Monetary Affairs.

As regards Article 9, we considered that account should be taken of each market's possibilities and paragraph 3 has therefore been completed as follows:

In increasing the Community quantitative limits, account shall be taken of

- a) the situation on the Community market in the product concerned;
- b) the need not to jeopardize the objective in view by Community quantitative limits and to ensure the proper functioning of the Common Market.

I thought it useful to recall this.

We have made quite a substantial amendment to paragraph 4 which concerns the Committee. We consider

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that consultation by the Commission should not simply be oral or written as there would then be no way of knowing if consultation had taken place. Our amendment would allow the Commission to authorize a Member State having reached its quota to exceed it 'after receiving the opinion of the Committee set up under Article 14 and unless express objections are made by one or more Member States'.

I should like, Mr President, to point out a printing error in Article 11 in the French text. The amendment to Article 11 is correct in the German, Italian and Danish texts but erroneous in the French, English and Dutch texts. The last four words at the end of Article 11 (1) of the original text stating that administrative control shall be limited to retrospective statistical surveillance should be deleted. This complies with the wishes not only of our committee but also with those of the Committee on Economic and Monetary Affairs, which requests that such administrative control for products which are not currently subject to quantitative limits shall not be retrospective but shall be 'similar to that which at present exists in the form of automatic authorizations, so as to avoid being faced with a *fait accompli*, as has happened in the past.

I shall conclude with the amendment to Article 11 (8) which becomes :

The agreements referred to in paragraph 6 shall be concluded by the Commission after it has received the opinion of the Committee set up under Article 14 unless express objections are made by one or more Member States.

This, Mr President, complies with the objective of the proposal for a regulation. I believe that the amendments made by the other committees and those proposed by the Committee on External Relations meet the general wishes. I therefore hope that the Assembly will adopt them. They take into account both the difficulties facing the European textile industry and the need to maintain trade between the Community and non-member countries.

(Applause)

President. — The necessary changes will be made in those versions where there are mistakes.

I call Mr Sandri to present the opinion of the Committee on Development and Cooperation.

Mr Sandri, deputy draftsman of an opinion. — (I) Mr President, as deputy for Mr Cunningham, I shall merely outline the reasons for the amendment which the Committee on Development and Cooperation was unanimous in tabling and which Mr Inchauspé has said he accepts. I am grateful to Mr Inchauspé because that definitely makes my job here much easier.

We are tackling a very sensitive issue, as Mr Inchauspé said, of great interest, in spite of the small number present in the House. We agree that we have to respond to the crisis besetting this industrial sector of the Community. However, we also agree that there must be some reaction to exports from those countries where there has been uncontrolled investment by the multinationals, while at the same time we feel there is a primary need to encourage growth in the developing countries by every means and to reject any form of direct or covert protectionism. In its opinion, the Committee on Development and Cooperation has taken note of the bilateral agreements which the Community has signed with a number of developing countries. We have considered them and feel that they were a necessity which the Commission could not overlook.

There is one point about these agreements we want to stress, however, and that is their temporary nature. They are valid for four years. This means that there is no getting away from the need to develop a textile policy for the restructuring of this sector. This is one of the chief obligations of the Community.

And now to our amendment, which the rapporteur has accepted. I only want to stress the fact that there should be provision for consultations by the supplying countries as well as by the Member States. This is to avoid any kind of contradiction with the bilateral agreements which contain provisions for the supplying countries to request consultations. But, in particular, it is to avoid imposing a rigid and basically unfair system on the supplying countries, because if there were a rigid system of consultation, the upshot would be to inspire distrust of our intentions. When the first problem arose, even a small one, the developing countries which had signed these agreements would be forced to take action at the level of the GATT Textiles Committee. A small issue would escalate and misunderstandings would arise which in fact could be put in their proper perspective and dealt with at once at committee level. For this reason, we feel that it would be to the advantage of both the supplying countries and the Community, and would especially benefit general relations between the Community and the developing countries, if this amendment were adopted and we could establish this small but important channel of mutual trust between the developing countries and the European Economic Community.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — I should like to thank the rapporteur for his very clear presentation.

Gundelach

With one exception the Commission has no difficulty in accepting the amendments put forward by the rapporteur's committee and by other committees. The Commission must firmly reject, however, Mr Cunningham's amendment concerning Article 16 which calls for the setting up of internal committees to which third countries can have access. It is simply not feasible. Moreover, it would establish a precedent for participation by third countries in the Community's decision-making procedures, and I shudder to think of the far-reaching consequences such a precedent would have.

Moreover, such a measure is unnecessary. I share the rapporteur's view that proper discussion should be made possible. But the arrangements already provide for many consultation procedures. In my experience, gained in the textile discussions, it is not lack of opportunity for discussion which causes the problems.

With that one exception, where I hope the rapporteur will reconsider his position, we can accept his report.

Mr Inchauspé, rapporteur. — (F) Mr President, the Committee on External Economic Relations was unable to study the amendment to Article 16 since it has only just been presented. For my part I must confess to sharing Mr Gundelach's viewpoint.

Usually if a third country has difficulties it must have recourse to the normal Community bodies which deal with such matters, and as you know discussions within these bodies are not without difficulties. I agree fully with the Commission that this Committee is purely technical rather than consultative. What I found of interest in Mr Cunningham's amendment, as defended by Mr Sandri, was that it might help to avoid subsequent clashes; however, I think the remedy might well be worse than the danger involved. The result would be that the third countries' dialogue with the Community would be of a dual character, via the Textile Committee and the normal bodies. I presume that Mr Sandri does not wish to withdraw his amendment since he presented it on behalf of the Committee on Development and Cooperation. However, in the light of Mr Gundelach's statement, I must, I am afraid, depart somewhat from my previous viewpoint.

Thus I think we must retain the Commission text, and I therefore suggest that Mr Sandri or the committee which he represents withdraw the amendment in question.

President. — I call Mr Sandri.

Mr Sandri, deputy draftsman of an opinion. — (I) Mr President, for obvious reasons I cannot consult the committee. However, I feel I can maintain this amendment on behalf of the committee, because all of us who were present were unanimous in backing it. I do

not feel it can be withdrawn, for the simple reason that this amendment does not call for the inclusion on the committee of the countries which have signed the agreements, but merely asks that the chairman should be able to consult the committee if so requested by a supplying country. There is no question of direct participation, which of course would turn things into a tower of Babel and set a precedent for similar institutions. We are simply asking that the committee be convened and consulted by the chairman at the request of a supplying country. That's all. There would be no change in the format of the committee or in the way it operated, no rule would be infringed, nor would a Community committee be opened to non-member countries. All we are asking is that the chairman may convene the committee at a country's request.

It is for these reasons — which may seem subsidiary but which are prompted by sense of partnership which we have to encourage as much as possible with the developing countries — that we feel the amendment should be put to the vote, and I do not intend to withdraw it.

President. — I call Mr Gundelach.

Mr Gundelach, Vice-President of the Commission. — Well, I just take note of that fact. Parliament will take the responsibility. I must however make it quite clear that as far as the Commission is concerned, I am not in the least impressed by this long stream of words. It is a new precedent, it is a new way of going about decision-making in the Community. The idea that it should provide a better climate and all that, is just that much window-dressing. Anybody like me who has participated in international negotiations for 25 years, knows that the more forums for talk you create the more talk you get, but you will not get any more solutions. So we simply note this amendment.

President. — I note that no one else wishes to speak. The motion for a resolution will be put to the vote at the beginning of tomorrow's sitting.

The debate is closed.

18. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday, 15 December 1978 at 9 a.m., with the following agenda :

- procedure without report ;
- voting time ;
- joint debate on three oral questions to the Commission on GATT negotiations ;
- oral question with debate to the Commission on unfair trade practices of state-trading countries ;
- Betwell report on health protection against ionizing radiation ;

President

- Cifarelli report on the EEC-Spain fishing agreement ;
- Lemp report on the Northwest Atlantic fisheries ,
- Pisoni report on drainage in catchment areas in Ireland and Northern Ireland ;
- joint debate on two Lord Reay reports on generalized tariff preferences ;

— Albers motion for a resolution on cargo shipping.

End of sitting : voting time.

The sitting is closed.

(The sitting was closed at 8.45 p.m.)

ANNEX

Questions which could not be answered during Question Time, with written answers

Question No 10, by Sir Brandon Rhys-Williams

Subject : Animal Welfare

Is it the opinion of the Commission that slaughterhouses in the United Kingdom have sufficient unused capacity to handle the additional demand for slaughtering facilities that would arise in the event of a ban on exports of live animals?

Answer

The Commission is not at the moment discussing a ban on the export of live animals from Britain so that the question of slaughterhouse capacity does not arise.

If, however, the Commission were to discuss such a ban at any time, the question of whether or not there is adequate capacity would have to be considered. And, judging by the number of requests for FEOGA Guidance grants for the building of new slaughterhouses in the United Kingdom, it would appear that there is already little spare capacity.

But, as I began by saying, the question is hypothetical since we are not discussing a ban on the export of live animals at the moment.

Question No 12, by Mr Noè

Subject : Possibility of a future shortage of energy supplies

In view of the outcome of the recent Austrian referendum, does the Commission not think that there is an urgent need to promote research into the effects which a future shortage of energy supplies may have on society and subsequently give wide publicity to the findings?

Answer

The Commission agrees with the honourable Member that the public should be much better informed about the effects of a possible shortage of energy supplies. It was for this reason that the Commission organized two public hearings on nuclear energy in Brussels in November 1977 and January 1978. Future trends in energy requirements and the various ways in which they could be met were discussed in particular detail.

The Commission has financed a series of studies on the same topic, and experts are currently working on simulation models for the year 2000. Special attention will be paid to the analysis of the factors determining demand for electricity and for energy from natural sources. The Commission is also supporting research on how to gear our society to lower energy consumption. In this connection, a special effort is being made to discover what social, economic and institutional obstacles stand in the way of the increased use of energy-saving technology and procedures. An initial report is expected in May 1979. The European Parliament and the general public in the Community will naturally be informed of the findings of these studies.

Question No 14, by Mr Howell

Subject . Dairy Sector Measures

What is the Commission's assessment of the overall impact of the dairy marketing and conversion schemes currently in force, and in particular has it noted any tendency for applications for premiums to come from those countries in which the dairy surplus problem is greatest?

Answer

Detailed information on the take-up of the dairy non-marketing and conversion schemes will be available at the end of January. The Commission will then submit a full report on the operation of the schemes up to the end of 1978 to the European Parliament and the Council of Ministers.

But on the figures available so far — and more than half-a-million cows are already covered by the schemes — it is clear that their effectiveness is considerable in regions of milk surplus.

Question No 16, by Mrs Ewing

Subject : Community Financing

Will the Commission comment on the paper widely reported to have been drafted by one of their members, Mr Tugendhat, containing proposals for the reform of Community financing and the need for some redistribution of wealth within the Community.

Answer

The honorable Member is referring to a communication sent by the Commission to Council and Parliament in the latter half of last month. This paper points out that our estimates show that additional Community revenue will be required at least by 1982, and examines the institutional, technical and economic considerations concerning the choice of new own resources to be made and lists the different options which are available.

The paper is intentionally neutral and is meant to be the basis for a wide-ranging discussion among the Community institutions and beyond. We have not at this stage made a proposal. We have, however, indicated, our general approach. This is that raising the 1 % ceiling of VAT would have the advantage of simplicity. However, the possibility should be examined of ensuring that the overall impact of Community resources, other than customs duties and agricultural levies, should be progressive, and as a matter of principle, the Commission believes that any element of regressivity should be avoided.

The Commission hopes that the Parliament will consider this problem bearing in mind the need for a decision to be taken by the end of next year if the additional revenue is to be available by 1982.

Question No 20, by Mr Edwards

Subject : Improper pressure by multinational corporations.

Has the Commission's attention been drawn to a pamphlet entitled 'Infiltration of the UN System by Multinational Corporations', and in particular to the authentic documents showing how multinational companies manoeuvre to obtain nominees on important advisory bodies of international organizations ?

What action will they take to prevent such improper pressure from being applied to decisions by the Commission ?

Answer

The Commission is aware of the 'Berne Declaration' which alleges that the UN system has been infiltrated by multinational companies. However, while condemning any attempt to exert improper pressure on the decisions of international organizations, the Commission is not in a position to comment on the accuracy of the allegations in this document.

Decisions by the Commission are always preceded by consultations with as many of those involved as possible and the procedures used depend on the question under consideration. This flexible approach ensures that no specific lobby group can influence the decision-making process in an improper manner.

Question No 21, by Mr Ryan

Subject . Postal services within the Community

It appears to many citizens of the Community that delays in intra-Community postal services are on the increase and that recent years have seen a serious disimprovement in the reliability and speed and an increase in the cost of postal services.

What specific Community action is contemplated to arrest the deterioration in postal services within the Community?

Answer

National postal administrations are solely responsible for the provision of postal services in the Member States of the Community. The task of improving these services is thus primarily the responsibility of the national administrations.

Modern technology will soon be able to make a larger contribution to achieving better communication facilities, either by speeding up services by the introduction of new sorting systems or by providing the administrations with new services such as electronic data transmission.

There is great scope for Community action in these fields.

Telecommunications in the Community will require harmonized and modern infrastructure if electronic data transmission and other facsimile transmission systems are to be introduced. Consequently, following the Council meeting of 15 December 1977, the Commission set up a working party in collaboration with the postal and telecommunications administrations. The task of the working party is to study the future networks, and in particular to lay down common operating specifications for the new services and the new technical equipment.

The harmonization of automatic equipment (such as sorting equipment) also provides an opportunity for collaboration at Community level within the framework of the European Conference of Postal and Telecommunications Administrations. Automation of this kind, however, can exist only as an aid to the postman on his daily round, while ultimate responsibility for the problems of management and organization will always lie with the national administrations.

Question No 24, by Mr Schmidt

Subject: Talks between COMECON and the EEC

According to press reports, the three-day talks between COMECON Secretary Fadeyev and EEC Vice-President Haferkamp were broken off without tangible results.

How does the Commission view the prospects for a resumption of the EEC-COMECON dialogue?

Answer

It would be rather inaccurate to say that the three-day talks with Mr Fadeyev in Brussels at the end of November had not produced any results. Progress was made during this meeting in our efforts to become better acquainted with each other's views.

I think it is now generally felt that should be an end to the abnormal situation which has existed in relations between the two sides in the past. In our opinion, there should be no delay in opening negotiations between the Community and the individual state-trading countries for the purpose of settling existing economic problems through trade agreements. The Community has already taken concrete steps with this in mind. It has accepted in principle the conclusion of an agreement between the Community and COMECON. It has also accepted that the agreement be concluded with the Council, and not merely with the Commission. Lastly, it has agreed to negotiate with COMECON, in spite of the fact that the proposal for an agreement that we made in May 1974 has not yet led to any trade talks with individual member countries.

Furthermore, during the meeting in Brussels I submitted a further proposal, based on additional information supplied by Mr Fadeyev and on the Community's principles with regard to trade relations. Since our new proposal offers an equitable compromise, I believe that there are good prospects for the successful outcome of the negotiations. It is now up to the COMECON Executive Committee to express an opinion. I hope that our proposed compromise will be accepted, as this would open the way to a swift conclusion of the agreement.

A N N E X 1

AMENDMENTS
TO COUNCIL MODIFICATIONS

relating to the draft general budget
of the European Communities
for the financial year 1979

COUNCIL MODIFICATIONS
TO THE AMENDMENTS TO THE DRAFT
BUDGET
OF THE EUROPEAN COMMUNITIES
FOR THE FINANCIAL YEAR 1979

(Doc. 420/77)

Amendment No 1/rev
tabled by Mr Spinelli, Mr Vitale, Mrs Squarcalupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 59

Section III — Commission

STATEMENT OF REVENUE

Title 9	—	Miscellaneous revenue
Chapter 94	—	Borrowing and lending operations
Article 941	—	Euratom loans
Item	—	

Revenue

Unchanged

REMARKS

Amend the remarks as follows :

'EAEC Treaty (Art. 172(4)). This line is intended to cover the consequences of a general decision that has been taken, authorizing the Commission to raise loans to help finance nuclear power stations. The maximum amount of loans authorized is 500 m EUA. The individual amounts will be shown in the budget in accordance with the procedure laid down in the Treaty of 22.7.75 (Art. 203) and in the Financial Regulation of 21. 12. 77 (Art. 16(3)a).

The line is also intended to record 1) any revenue to which the EEC is entitled from recipients of loans and 2) any revenue deriving from claims by the Community against beneficiaries of Euratom loans.

Annex III to Section III — Commission shows the total figures for capital operations and debt management.¹

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the heading of the present article

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that it was not in a position to take a decision on the proposal to amend the Financial Regulation of 21. 12. 77 by creating a Part II in the budget. Parliament must therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to safeguard the decision-making and control powers conferred by the Treaties on the Budget Authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

Amendment No 2/rev.

tabled by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 60

Section III — Commission

STATEMENT OF REVENUE

Title 9 — Miscellaneous revenue
 Chapter 94 — Borrowing and lending operations
 Article 942 — Community loans raised for the purpose of giving balance of payments support
Revenue
 Unchanged

REMARKS

Modify the remarks as follows :

'EEC Treaty (Art. 199 ; Council Regulation (EEC) No 397/75 of 17 February 1975 (OJ L 46, 20. 2. 1975).

This line is intended to cover the consequences of a general decision that has been taken, authorizing the Commission to raise loans to help Member States in balance of payments difficulties caused by the increase in prices of petroleum products. The maximum amount of loans authorized is US \$ 3 000 m. The individual amounts will be shown in the budget in accordance with the procedure laid down in the Treaty of 22. 7. 75 (Art. 203) and in the Financial Regulation of 21. 12. 77 (Art. 16(3)a).

The line is also intended to record 1) any revenue to which the Community is entitled from the recipients of loans and 2) any revenue deriving from claims by the Community against the beneficiaries of Community loans.

Annex III to Section III — Commission shows the total figures for capital operations and debt management. ¹

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that it was not in a position to take a decision on the proposal to amend the Financial Regulation of 21. 12. 77 by creating a Part II in the budget. Parliament must, therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to safeguard the decision-making and control powers conferred by the Treaties on the Budget Authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the heading of the present article

Amendment No 3/rev.

tabled by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 61

Section III — Commission

STATEMENT OF REVENUE

Title 9 — Miscellaneous revenue
 Chapter 94 — Borrowing and lending operations
 Article 943 — Community loans raised to generate investment in the Community

Revenue

Unchanged

REMARKS

'EEC Treaty (Art.199); Council decision of 16 October 1978. This line is intended to cover the consequences of a decision that has been taken, authorizing the Commission to raise loans to promote investments in the Community. The maximum amount of loans authorized is 1 000 m EUA. The individual amounts will be shown on the budget in accordance with the procedure laid down in the Treaty of 22.7.75 (Art. 203) and in the Financial Regulation of 21.12.77 (Art. 16(3)a). The line is also intended to record 1) any revenue to which the Community is entitled from the recipients of loans and 2) any revenue deriving from claims by the Community against the beneficiaries of Community loans. Annex III to Section III — Commission shows the total figures for capital operations and debt management.¹

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that it was not in a position to take a decision on the proposal to amend the Financial Regulation of 21.12.77 by creating a Part II in the budget. Parliament must, therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to safeguard the decision-making and control powers conferred by the Treaties on the Budget Authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

Amendment No 4/rev.

tabled by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 52

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
 Chapter 32 — Expenditure under the energy policy
 Article 329 — Expenditure resulting from borrowing and lending operations in the energy sector
 Item 3291 — Euratom loans

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the heading of the present article

(A) Expenditure

unchanged

(B) Compensation

—

(C) Revenue

—

REMARKS

Modify the remarks as follows :

'EAEC Treaty (Art. 172(4)). This line is intended to cover the consequences of a general decision that has been taken, authorizing the Commission to grant loans to help finance nuclear power stations. The maximum amount of loans authorized is 500 m EUA. The individual amounts will be shown in the budget in accordance with the procedure laid down in the Treaty of 22.7.75 (Art. 203) and in the Financial Regulation of 21.12.77 (Art. 16(3)a).

Community guarantee.

Should the recipient of a loan default and the related guarantees cannot be brought into effect in time, having regard to the due dates, the Commission will use its cash reserves to service the debt of the Community under its direct legal obligation to the lenders. Any expenditure thus incurred by the Community will be charged to this article ; the Community would then have to enforce its claim on the defaulting debtors.¹

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that it was not in a position to take a decision on the proposal to amend the Financial Regulation of 21.12.77 by creating a Part II in the budget. Parliament must, therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to safeguard the decision-making and control powers conferred by the Treaties on the Budget Authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

Amendment No 5/rev.

tabled by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 54

Section III — Commission

PAYMENTS

Title 4	— Repayments and aids to Member States and miscellaneous
Chapter 42	— Community loans for the purpose of giving balance of payments support
Article	—
Item	—

(A) Expenditure

unchanged

(B) Compensation

—

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the present article

(C) Revenue

—

REMARKS

Modify the remarks as follows :

'EEC Treaty (Art. 199) ; Council Regulation (EEC) No 397/75 of 17 February 1975 (OJ L 46, 20. 2. 1975).

This line is intended to cover the consequences of a general decision that has been taken, authorizing the Commission to grant loans to help Member States in balance of payments difficulties caused by the increase in prices of petroleum products. The maximum amount of loans authorized is US \$ 3 000 m.

The individual amounts will be shown in the budget in accordance with the procedure laid down in the Treaty of 22.7. 75 (Art. 203) and in the Financial Regulation of 21. 12. 77 (Art. 16 (3) (a).

Community guarantee.¹

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that was not in a position to take a decision on the proposal to amend the Financial Regulation of 21. 12. 77 by creating a Part II in the budget. Parliament must, therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to Budget authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

Amendment No 6/rev

tabled by Mr Spinelli, Mr Vitale, Mrs Squarcialupi, Mr Mascagni and Mr Sandri

to the Council's modification to Parliament's amendment No 56

Section III — Commission

PAYMENTS

Title 4	—	Repayments and aids to Member States and miscellaneous
Chapter 43	—	Loans for the promotion of investment in the Community
Article	—	
Item	—	

(A) Expenditure

unchanged

(B) Compensation

—

(C) Revenue

—

COMMITMENTS

REMARKS

'EEC Treaty (Art. 199) : Council decision of 16 October 1978. This line is intended to cover the consequences of a decision that has been taken, authorizing the Commission to grant loans to

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the heading of the present article

promote investments in the Community. The maximum amount of loans authorized is 1 000 m EUA. The individual amounts will be shown in the budget in accordance with the procedure laid down in the Treaty of 22. 7. 75 (Art. 203) and in the Financial Regulation of 21. 12. 77 (Art. 16 (3) a). Community guarantee.¹

JUSTIFICATION

At the meeting of 20 November 1978 the Council informed the European Parliament delegation that it was not in a position to take a decision on the proposal to amend the Financial Regulation of 21. 12. 77 by creating a Part II in the budget. Parliament must, therefore, in compliance with the Treaties and existing regulations, enter borrowing and lending operations in the budget in order 1) to safeguard the decision-making and control powers conferred by the Treaties on the Budget Authority and the European Parliament in particular and 2) to ensure the greatest possible transparency of borrowing and lending operations in the Community budget.

* * *

Amendment No 7

tabled by Mr Klinker, on behalf of the Committee on Agriculture

to the Council's modification to Parliament's amendment No 89

Section III — Commission

PAYMENTS

Title 3	— Community policies in regard, particularly to research technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 38 (new)	— Common policy on the sea
Article 387 (new)	— Protection of the marine environment
Item 3872 (new)	— Community coastguard service

(A) *Expenditure*

- Create a new Chapter 38 : 'Common policy on the sea'
- Create a new Article 387 : 'Protection of the marine environment'
- Create a new Item 3872 : 'Community coastguard service'
- Enter a payment appropriations of 20 000 000 EUA.

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by the same amount

COMMITMENTS

—

¹ These remarks constitute the basis for the implementation of this budget line, as authorized by the heading of the present article

Schedule

REMARKS

Enter the following new remarks :

Article 387 (new Article)

Item 3872 (new)

This appropriation is intended to cover the purchase by the Community of sea surveillance and anti-pollution equipment. 18 m EUA remain frozen and will be released by the Budgetary Authority once the Commission has submitted to the Council a proposal for the creation of a Community coastguard service and, pending the final establishment of this service, has specified interim measures for preparing the ground, on the basis of the Member States' existing capabilities, for the establishment of this service. The European Parliament will be consulted on each of these proposals.

This new item complies with point 5 (c) of the European Parliament's resolution of 16 February 1978 on some aspects of the final version of the common fisheries policy (OJ C 63, 13. 3. 1978, p. 28), point 2 of its resolution of 14 April 1978 on the 'Amoco Cadiz' disaster (OJ C 108, 8. 5. 1978, p. 59) and point 6 of the resolution of 15 June 1978 embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland (OJ C 163, 10. 7. 1978, p. 43).

JUSTIFICATION

A Community coastguard service will offer the following advantages :

(a) as regards the surveillance of fishing operations

- more effective control,
- assurance of the neutrality of the control,
- assertion of the Community's own responsibility for the control of fishing activities,
- assertion of the European Community's identity *vis-à-vis* both its own citizens and third countries ;

(b) as regards combating pollution

- ability to purchase specialized equipment which individual States could not afford,
- improved coordination of anti-pollution activities.

* * *

Amendment No 8/rev.

tabled by Mr Klinker, on behalf of the Committee on Agriculture

to the Council's modification to Parliament's amendment No 81

Section III — Commission

PAYMENTS

- | | |
|-------------|--|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials |
| Chapter 31 | — Expenditure in the agricultural sector |
| Article 314 | — Agricultural research |
| Item 3141 | — Research programmes |

(A) *Expenditure*

Increase the payment appropriation by 4 000 000 EUA (instead of a token entry)

(B) *Compensation*

Delete the appropriation of 2 705 000 EUA earmarked under Chapter 100 'Provisional appropriations' for Item 3141 'Research programmes'

(C) Revenue

Increase revenue by 1 295 000 EUA

COMMITMENTS

—

Schedule

—

REMARKS

Modify the remarks under Item 3141 as follows :

The Commission placed before the Council in July 1978 a set of proposals for common research programmes to supplement the work undertaken in the Member States in fields which are of particular importance to the Community. These programmes, which will cover the socio-structural field, efficiency in production, removal of hindrances to the operation of the intra-Community agricultural markets and encouragement of alternative products, are intended to continue the action the Community has already undertaken from 1975 to 1978.

The total figure for the new programmes is 22 000 000 EUA, to be spent over five years, from 1979 to 1983. The appropriation to be entered for 1979, the first stage of the programmes, is 4 000 000 EUA.

JUSTIFICATION

The Committee on Agriculture feels that the research programme proposed by the Commission to the Council (Doc. 247/78) should be amplified in the following fields :

- improvement of the productivity of Community cow herds,
- plant proteins,
- improvements in the utilization of soil and water resources in the Community's least-favoured areas,
- encouragement of the production of new cereals and better varieties,
- the agri-foodstuffs programme.

The Committee on Agriculture considers it essential that the results of the agricultural research programmes should actually be applied and that to this end the Commission should :

- (a) publish and disseminate the results in due and proper form so as to reach a wider public and enhance their value and,
- (b) intensify contact and exchanges of information with the agricultural advisory services of the Member States.

Thus the purpose of the proposed increase in appropriations is to amplify the research programmes and ensure that they reach the widest possible public.

* * *

Amendment No 9/rev

tabled by Mr Klinker, on behalf of the Committee on Agriculture

to the Council's modification to Parliament's amendment No 82

Section III — Commission

PAYMENTS

- | | |
|-------------|--|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials |
| Chapter 31 | — Expenditure in the agricultural sector |
| Article 316 | — Community action relating to the vocational training of farmers |

(A) *Expenditure*

Increase the payment appropriation by 250 000 EUA (from 50 000 to 300 000 EUA)

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

Schedule

—

REMARKS

Unchanged

JUSTIFICATION

The European Training and Promotion Centre for Farming and Rural Life (CEPFAR) performs a most valuable function in the dissemination of knowledge in the countryside, particularly among women and young people, by organizing seminars.

It has received the following appropriations in the last two financial years :

121 000 EUA in 1977

and 131 100 EUA in 1978

The subsidy proposed by the Commission in the preliminary draft budget and adopted by the Council in the draft budget amounts to 50 000 EUA. This is insufficient to cover the deficits for the years 1977 and 1978 generated by the Centre's numerous activities.

The Committee on Agriculture recommends, therefore, that the Community appropriation for CEPFAR be increased so as to cover the accumulated deficit for the last two years (111 000 EUA) and enable it to intensify its information and training activities in the countryside, particularly with a view to the election of the European Parliament by direct universal suffrage which requires a general mobilization of European public opinion.

The Committee on Agriculture therefore proposes that the Community subsidy to CEPFAR be increased from 50 000 to 300 000 EUA

* * *

Amendment No 10

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 258

Section III — Commission

Establishment Plan

(a) Reject the Council's modifications on second reading to Parliament's amendment No 258, and therefore :

(b) Create 52 permanent posts in Category A :

3 A 2, 1 A 3, 9 A 4, 12 A 5, 12 A 6, 15 A 7

46 permanent posts in Category B :

3 B 1, 7 B 2, 9 B 3, 13 B 4, 14 B 5

37 permanent posts in Category C :

3 C 1, 11 C 2, 11 C 3, 6 C 4, 6 C 5

—————
Total 135 permanent posts

Expenditure

Increase expenditure by 1 632 000 EUA

Revenue

Increase revenue by the same amount

REMARKS

Unchanged

JUSTIFICATION

The above permanent posts are intended to cover new actions by the Commission.

	<i>A</i>	<i>B</i>	<i>C</i>
1. Posts requested by the Commission (Preliminary draft)	123	129	126
2. Posts approved by the Council for new actions (Draft)	26	26	25
3. Difference	97	103	101
4. Requests for posts justified by new actions (Bangemann draft report)	52	96	37

The author of this draft amendment is of the opinion that new posts must be approved for new actions. Following a close scrutiny of requirements and on the basis of the justification provided by the Commission in accordance with Article 12 of the Financial Regulation (Doc. IX/1181/78) he proposes the following allocation of the posts to be approved (the page numbers refer to the Commission's justification):

	<i>A</i>	<i>B</i>	<i>C</i>	
Unemployment among young people and women	2	2	2	DG V, Dir. B 4, C 1 (p. 15)
Regional fund	4	4	2	DG XVI (p. 18-22)
Energy, particularly new energy sources, adjustments	3	2	2	DG XVIII (p. 3) see BANGEMANN report
Fisheries	2	2	2	DG XIV (p. 65)
Agricultural structures	2	2	2	F-3, F-4 (p. 61) As a consequence of the letter of amendment
Protection of the sea environment	2	1	1	see BANGEMANN report
Environmental protection, general	2	1	1	(p. 43-48)
Health policy	1 A 3		1	See BANGEMANN report
Transport	2			Transport infrastructures see BANGEMANN report
Education	2	2	1	See BANGEMANN report
Supply agency	2	0	1	(p. 38)
Enlargement	2 + 1 A 2	1	2	(p. 26) see also BANGEMANN report
Non-associated countries	5 + 1 A 2	8	7	DG VIII (p. 33/34)
Maghreb, Mashreq, Israel	5	8	6	DG VIII (p. 32-33)
Non-govt. organizations	2	2	2	DG VIII (p. 34)
VAT, own resources	3	4	2	DG XIX (p. 69)
Budget	+ 1 A 2			DG XIX
Financial control	4	4	1	DG XX
Direct elections	4	3	2	General secretariat (p. 75)
Total	52	46	37	

At the meeting of the Committee on Budgets on 16 and 17 October 1978 the following two additions were made to the rapporteur's proposals :

- (a) For DG VIII development (5 A 4 — 7, 11 B, 12 C)
(Part of the draft amendment Doc. 296/182 tabled by the Committee on Development)
- (b) For DG XC financial control (2 A, 2 B)
(Part of the draft amendment Doc. 296/150 tabled by the C-D Group)

The breakdown of the overall appropriation is as follows :

<i>Expenditure</i>	<i>(EUA)</i>
Item 1100	1 012 000
Item 1101	98 000
Item 1102	129 000
Item 1103	12 500
Item 1130	30 000
Item 1131	6 000
Item 1141	34 000
Item 1144	1 500
Part Total	1 323 000
Item 1211	17 000
124	292 000
Part Total	309 000
Total	1 632 000
<i>Revenue</i>	
Chapter 400	202 000
Chapter 410	68 000
Total	270 000
Balance	1 362 000

* * *

On second reading the Council has maintained its global and minimalist approach. It has made no effort to move towards Parliament's position.

In these circumstances the Committee on Budgets considers that the only possible solution for Parliament is to stand by its decisions on first reading.

* * *

Amendment No 11
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 256

Section III — Commission

Establishment Plan

- (a) Reject the Council's modifications on second reading to Parliament's amendment No 256, and therefore .

- (b) *Create* 26 permanent posts in Category A :
 1 A 3, 4 A 4, 6 A 5, 7 A 6, 8 A 7
 19 permanent posts in Category B :
 3 B 2, 5 B 3, 5 B 4, 6 B 5
 43 permanent posts in Category C :
 6 C 1, 7 C 2, 9 C 3, 10 C 4, 11 C 5
 10 permanent posts in Category D :
 5 D 2, 5 D 3

	Total	98 permanent posts			
(c) Conversion of posts		+ 8 A 3			
		— 8 A 4			
		+ 15 A 4			
		— 15 A 5			
		+ 15 B 1			
		— 15 B 2			
		+ 60 C 1			
		— 60 C 2			
		Total		98	

Expenditure

Increase expenditure by 1 167 000 EUA

Revenue

Increase revenue by the same amount

REMARKS

Unchanged

JUSTIFICATION

The above new posts and conversions are required to consolidate existing administrative structures. The A 3 post is intended for an official who belonged to the former Board of Auditors.

(a) *New posts*

Those posts are vitally required for the expansion of existing administrative sectors.

The breakdown is as follows :

Former Board of Auditors	1 A				
Customs Union	4 A	2 B	25 C		
EAGGF	8 A	7 B		10 D	
EAGGF-Control	6 A	5 B	2 C		
Computer centre	7 A	5 B	16 C		
	26 A	19 B	43 C	10 D	

= 98 permanent posts

(b) *Conversion of posts*

434 grade A 5 officials are eligible for promotion to A 4

454 grade B 2 officials are eligible for promotion to B 1

606 grade C 2 officials are eligible for promotion to C 1

In order to allow for the promotion of at least 5 % of the officials in Categories A and B and at least 10 % of those in Category C, 98 post conversions should be approved.

Promotion should be linked to the requirement of prior further training measures.

* * *

At the meeting of the Committee of Budgets on 16 and 17 October 1978 the following additions were made in DG VI (EAGGF-Control) to the rapporteur's proposals :

2 A, 2 B, 2 C.

This partly caters for the proposals made in draft amendment Doc. 296/151 tabled by the C-D Group.

* * *

The breakdown of the overall appropriation is as follows :

<i>Expenditure</i>	<i>(EUA)</i>
Item 1100	735 000
Item 1101	71 000
Item 1102	94 000
Item 1103	14 000
Item 1130	22 000
Item 1131	4 000
Item 1141	25 000
Part Total	965 000
<hr/>	
Item 1211	12 000
124	190 000
Part Total	202 000
<hr/>	
Total	1 167 000
<hr/>	
<i>Revenue</i>	
Chapter 400	147 000
Chapter 410	49 000
Total	196 000
<hr/>	
Balance	971 000
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* * *

On second reading the Council has maintained its global and minimalist approach. It has made no effort to move towards Parliament's position.

In these circumstances the Committee on Budgets considers that the only possible solution for Parliament is to stand by its decisions on first reading.

* * *

Amendment No 12
 tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 257

Section III — Commission

Establishment Plan

(a) Reject the Council's modifications on second reading to Parliament's amendment No 257, and therefore ·

(b) Create 8 permanent posts in Category A ·

1 A 3, 2 A 4, 2 A 5, 1 A 6, 2 A 7

20 permanent posts in Category B :

2 B 1, 2 B 2, 3 B 3, 6 B 4, 7 B 5,

3 permanent posts in Category C :

1 C 4, 2 C 5

Total 31 permanent posts

(A) *Expenditure*

Increase expenditure by 372 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

REMARKS

unchanged

JUSTIFICATION

Those additional posts are for EURATOM security surveillance. Under the agreement between the Community and the International Atomic Energy Organization of 21 April 1977, the Commission was made responsible for the security surveillance of nuclear material both in storage and in transport. Specialist staff are required for those special duties and they cannot be obtained by transfer within the Commission.

Last year, the recruitment of 8 Grade A officials, 25 Grade B officials and 10 Grade C officials was approved pursuant to draft amendment Doc. 270/247 (first instalment). The necessary second instalment was promised to the Commission under the 1979 budget. This promise is covered by the present draft amendment.

The breakdown of the overall appropriation is as follows :

<i>Expenditure</i>	<i>(EUA)</i>
Item 1100	232 000
Item 1101	22 000
Item 1102	29 000
Item 1103	1 000
Item 1130	6 000
Item 1131	1 000
Item 1141	7 000
Part Total	298 000
Item 1211	3 000
124	71 000
Part Total	74 000
Total	732 000
<i>Revenue</i>	
Chapter 400	46 000
Chapter 410	15 000
Total	61 000
Balance	311 000

* * *

On second reading the Council has maintained its global and minimalist approach. It has made no effort to move towards Parliament's position.

In these circumstances the Committee on Budgets considers that the only possible solution for Parliament is to stand by its decisions on first reading.

* * *

Amendment No 13
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 284

Section III — Commission

ESTABLISHMENT PLAN FOR RESEARCH AND INVESTMENT ACTIVITIES

'INDIRECT ACTION' SECTION

(a) New posts

In Grade A :

1 A 4, 1 A 5, 1 A 6

In Grade C :

2 C 3

(b) Post conversions

- + 2 A 2
- 2 A 3
- + 2 A 3
- 2 A 4

PAYMENTS

—

(A) *Expenditure*

Title 10 'Other Expenditure'

Chapter 100 'Provisional appropriations'

Reinstate payment appropriations of 150 200 EUA in Item 3360 'Secondary raw materials'

Reinstate payment appropriations of 87 100 EUA in Item 3366 'Climatology'

(B) *Compensation*

—

(C) *Revenue*

Increase revenue accordingly, i.e.:

- | | |
|-----------------------|---|
| 1. Title 4 | — Deductions from staff remunerations |
| Chapter 40, Art. 400 | — Proceeds of taxation on salaries, wages and allowances of officials and other staff |
| | + 34 550 EUA |
| Chapter 41, Art. 410 | — Staff contributions to the pension scheme |
| | + 10 550 EUA |
| 2 Other own resources | + 192 200 EUA |

COMMITMENTS

Title 10 — Other expenditure

Chapter 100 — Provisional appropriations

Reinstate commitment appropriations of 150 200 EUA under Item 3360

Reinstate commitment appropriations of 87 100 EUA under Item 3366

JUSTIFICATION

(a) New posts

1 A 4, 1 A 6, 1 C 3 for a multiannual R & D programme for the recycling of waste

1 A 5, 1 C 3 for the five-year climatological research programme

(b) *Post conversions*

One post (scientific) to be converted from A 3 to A 2 for the director of research programmes covering raw materials and the environment.

One post to be converted from A 3 to A 2 covering duties relating to the general operation of the JRC

One post (administrative) to be converted from A 4 to A 3 for the official in charge of a service programme — 'fusion and plasma physics' — forming part of the JET project.

One post to be converted from A 4 to A 3 for physical protection at the Ispra research centre.

JUSTIFICATION

On a proposal from the Committee on Budgets, Parliament decided on first reading to create the new posts corresponding to new research actions to be launched in 1979, and also to regrade some posts in cases where this was deemed necessary. The Council felt unable to accept this amendment, firstly because it had not yet taken a decision on the new programmes and, secondly, because it

accepted only some of the regradings. The Committee on Budgets, which is in any case proposing to enter the appropriations needed for these new programmes, considers that the latter cannot get under way without the necessary staff and that four, not two, regradings are called for.

* * *

Amendment No 14
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 235

Section III — Commission

PAYMENTS

Title 1 — Expenditure relating to persons working with the Institution
Chapter 15 — Organization of internal training courses and vocational training of staff
Article 153 — O & M consultancy fees and measures in Commission departments
(new)

(A) *Expenditure*

- Create a new Article 153 'O & M consultancy fees and measures in Commission departments'
- Enter payment appropriations of 250 000 EUA (Reinstatement of the appropriation shown in the preliminary draft budget)

(B) *Compensation*

Decrease the appropriation shown in Article 151 by 181 500 EUA

(C) *Revenue*

Increase revenue by 68 500 EUA

COMMITMENTS

—

REMARKS

These appropriations will be used by the Commission to finance the following measure:
— use of O & M consultants following management studies within the Commission.

This appropriation has been frozen. It will be released by the budgetary authority after the Commission has submitted an action programme.

JUSTIFICATION

The variety of responsibilities within the Commission and its complex management structure is a hindrance to the work of all the Institutions. A clear and simple schedule showing the areas of responsibility of the Commissioners is urgently needed. The form of the administrative structure must be brought into line with the budgetary nomenclature. These appropriations will enable steady reorganization to be undertaken and a report then submitted to Parliament.

* * *

On second reading the Council has not justified the deletion of this amendment.

The Committee on Budgets therefore considers that it should be maintained.

* * *

Amendment No 15
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 36

Section III — Commission

PAYMENTS

Title 2 — Buildings, equipment and miscellaneous administrative expenditure
Chapter 25 — Expenditure on formal and other meetings
Article 257 — Expenditure connected with the renegotiation of the Convention of Lomé
(new)

(A) *Expenditure*

Create a new Article 257 · 'Expenditure connected with the renegotiation of the Convention of Lomé'

Enter a payment appropriation of 1 100 000 EUA

(B) *Compensation*

Delete Article 949 and the appropriation shown against it

(C) *Revenue*

—

COMMITMENTS

—

Schedule

REMARKS

Enter the following new remark :

New Article

This appropriation will be used to finance expenditure by the Commission during the financial year on the following measures :

Additional administrative expenses involved in the renegotiation of the Convention (staff, meeting rooms and offices, and other operating costs).

JUSTIFICATION

The Committee on Development and Cooperation considers that this item concerns administrative expenditure which ought not to be entered under Title 9, thus artificially inflating the overall total of Community aid to developing and non-member countries.

* * *

On second reading the Council has again decided to enter these appropriations under Title 9, without answering the argument put forward by the Committee on Development and Cooperation.

In the circumstances the Committee on Budgets sees no reason why Parliament should alter the position it adopted on first reading.

* * *

Amendment No 16
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 197

Section III — Commission

PAYMENTS

- Title 2 — Buildings, equipment and miscellaneous expenditure
Chapter 29 — Subsidies and financial contributions
Article 293 — Subsidies in respect of certain activities of non-governmental organizations
(new) pursuing Community aims
- Item 2931 — Subsidies for non-governmental organizations promoting human rights
(new)

(A) *Expenditure*

- Create a new Article 293 — 'Subsidies in respect of certain activities of non-governmental organizations pursuing Community aims'
Create a new Item 2931 — 'Subsidies for non-governmental organizations promoting human rights'
Enter a payment appropriation of 200 000 EUA

(B) *Compensation*

- Delete Article 293 and the relevant appropriation

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

- Enter the following new remarks against Item 2931
The purpose of this appropriation is to enable the Commission to take the following measures in the course of the financial year
— Aid to non-governmental organizations pursuing humanitarian aims and promoting human rights

JUSTIFICATION

This change in nomenclature is designed to provide a satisfactory budgetary structure for Community action in pursuit of humanitarian aims and the defence of human rights. The Commission is invited to consider in what way funds could be provided for a European fund for the defence of human rights.

* * *

The Committee on Budgets proposes that this amendment, deleted by the Council on second reading without justification, be maintained.

* * *

Amendment No 17
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 198/38

Section III — Commission

PAYMENTS

Title 2 — Buildings, equipment and miscellaneous administrative expenditure
Chapter 29 — Subsidies and financial contributions
Article 293 —
Item 2932 — Subsidies to non-governmental organizations seeking a solution to the
(new) North-South conflict

(A) *Expenditure*

Create a new Item 2932 : 'Subsidies to non-governmental organizations seeking a solution to the North-South conflict'

Enter a payment appropriation of 100 000 EUA

(B) *Compensation*

Delete Article 946 and the appropriation shown against it

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Enter the following new remark :

This appropriation will be used by the Commission to finance the following measures :

Subsidies to certain activities by non-governmental organizations seeking a solution to the North-South conflict

JUSTIFICATION

This change in nomenclature is designed to delete the reference — unorthodox from a budgetary point of view — to a specific organization.

* * *

The Committee on Budgets proposes that this amendment, deleted the Council on second reading without justification, be maintained

* * *

Amendment No 18

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 247

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 30 — Expenditure in the social sector
- Article 301 — Tasks entrusted to the Commission in the field of vocational training
- Item 3010 — European Centre for the Development of Vocational Training
- (a) Expenditure on rent and administration
- (b) Staff expenditure
- (c) Operational expenditure
- Total for Item 3010 = 3 200 000 EUA.

(A) Expenditure

—

(B) Compensation

—

(C) Revenue

—

REMARKS

Unchanged

JUSTIFICATION

The purpose of this amendment is to make auditing easier by sub-dividing this item.

The Commission is asked to communicate the necessary sub-divisions before the budgetary procedure is concluded.

* * *

The Council has deleted this amendment on the grounds that provision is made under Regulation 337/75 for the subsidy to the Centre to be entered on a specific budget line.

The Committee on Budgets considers that this is an excessively restrictive interpretation of the regulation. Moreover one that is not conducive to budgetary transparency. It therefore proposes that the amendment be maintained.

* * *

Amendment No 19
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 320

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 30 — Expenditure in the social sector
- Article 307 — Community measures to promote the participation of both sides of industry in the economic and social decisions of the Community
- Item 3071 — Aid to the representatives of small and medium-sized undertakings for the provision of training and information for their representatives on the subject of European affairs

(A) *Expenditure*

Enter a payment appropriation of 200 000 EUA (instead of a token entry)

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

Enter the following remarks :

This appropriation will be used by the Commission to finance the following measures :

- the provision of training and information on European affairs, through seminars, to the staff of employers' organizations,
- further training of such staff through visits abroad

Priority No 9 proposed by the Council in its Resolution of 21 January 1974 concerning the social action programme is 'to promote the participation of the representatives of small and medium-sized undertakings in the economic and social decisions of the Community'.

JUSTIFICATION

Item 3071 is a complement to Item 3070 (European Trade Union Institute)

Experience has shown that representatives of small and medium-sized undertakings, craft enterprises and small business have a particularly inadequate knowledge of Community law and the Community institutions.

The appropriation must therefore be used to provide employers' organizations and their representatives with training and information on European affairs.

* * *

As the Council has deleted this amendment without justifying its action, the Committee on Budgets feels bound to reinstate it.

* * *

Amendment No 20
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 200/1/168

Section III — Commission

Payments

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 32 — Expenditure under the energy policy
Article 321 — Operations in the uranium sector
(new)
Item 3210 — Prospecting in the uranium sector
(new)

(A) *Expenditure*

- Modify the heading of Article 321 as follows :
'Operations in the uranium sector'.
- Create a new Item 3210 :
'Prospecting in the uranium sector'.
- Enter an appropriation of 4 000 000 EUA (reinstatement of the appropriation shown in the preliminary draft budget)

(B) *Compensation*

Delete the appropriation in Article 321 (3 000 000 EUA)

(C) *Revenue*

Increase revenue by 1 000 000 EUA.

COMMITMENTS

Increase the commitment appropriation by 5 000 000 EUA
(from 5 000 000 to 10 000 000 EUA).

REMARKS

Apart from the reference to the commitment appropriations and the schedule of payments, the remarks remain unchanged.

Schedule

Amend the schedule of payments as follows :

The commitment appropriation authorized for 1979 is 20 000 000 EUA. The likely schedule of payments against commitments is as follows :

(in L'U)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	3 300 000	2 300 000	1 000 000	—	—
Appropriations for 1978	5 000 000	3 000 000	1 000 000	1 000 000	—
Appropriations for 1979	10 000 000	—	2 000 000	4 000 000	4 000 000
Total	18 300 000	5 300 000	4 000 000	5 000 000	4 000 000

JUSTIFICATION

An intensive prospecting programme is essential if the Community is to reduce its dependence on hydrocarbon imports. It is known that there are some uranium deposits within the Community territory. More thorough prospecting operations, such as would be financed under this project, could lead to the location of major deposits. This project is particularly important in the light of the difficulties recently encountered in connection with uranium supplies from certain third countries. Since the Council deleted Item 3211, Item 3210 became Article 321. The creation of Item 3210 entails the restoration of the nomenclature as originally shown in the preliminary draft.

* * *

The Committee on Budgets considers that the budgetary decisions for 1979 in the energy field are on the whole modest and do not measure up to the magnitude of the problems confronting the Community. In contrast to the Council, which deleted this amendment on second reading, it proposes an increased effort in one of the few sectors where Community action can at present be effective.

* * *

Amendment No 21
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 4

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 32 — Expenditure under the energy policy
Article 328 — Studies in the energy sector

(A) *Expenditure*

- Enter a payment appropriation of 400 000 EUA (instead of a token entry) (reinstatement of the appropriation shown in the preliminary draft budget)

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by the same amount.

COMMITMENTS

—

REMARKS

This appropriation will be used by the Commission to finance measures and studies in the following sectors :

- analysis of the demand for energy
- energy prices
- energy conservation
- the coal sector
- the oil and gas sector
- the development of solar energy.

See Council Resolution of 17 December 1974 concerning Community energy policy objectives (OJ C 153 of 9. 7. 1975). Council Resolution of 13 February 1975 concerning measures to be implemented to achieve their objectives (OJ C 153 of 9. 7. 1975).

JUSTIFICATION

On second reading the Council took the view that adequate appropriations are already available under Chapter 26. The Committee on Budgets, however, considers that studies specific to energy problems should be undertaken, and therefore proposed that this amendment be maintained.

* * *

AMENDMENT No 22

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 51

Section III — Commission

PAYMENTS

Title 3	— Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 32	— Expenditure under the energy policy
Article 329	— Expenditure resulting from borrowing and lending operations in the energy sector
Item 3290	— Eximbank loans

(A) *Expenditure*

Unchanged

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

Schedule

REMARKS

Reinstate the following remarks which appear in the preliminary draft budget :

'For the legal basis of this heading see the general information in Part II of the budget. This heading constitutes the budgetary slot for any expenditure which the Community would have to bear in the event that — the Commission having paid the lenders the sums which had fallen due under the authorization given in Part II of the budget — the recipient of a loan should default or the guarantees relating to the loan could not be invoked in time.'

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that 'b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure ; d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness, f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending

operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulates that 'all items of revenue and expenditure of the Community . . . shall be shown in the budget'), borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission, the remarks against the item concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital account budget.

* * *

Amendment No 23
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 52

Section III — Commission

PAYMENTS

Title 3	— Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 32	— Expenditure under the energy policy
Article 329	— Expenditure resulting from borrowing and lending operations in the energy sector
Item 3291	— Euratom loans

(A) Expenditure

Unchanged

(B) Compensation

—

(C) Revenue

—

COMMITMENTS

—

Schedule

REMARKS

Reinstate the following remarks which appear in the preliminary draft budget :

'For the legal basis of this heading see the general information in Part II of the budget. This heading constitutes the budgetary slot for any expenditure which the Community would have to bear in the event that — the Commission having paid the lenders the sums which had fallen due under the authorization given in Part II of the budget — the recipient of a loan should default or the guarantees relating to the loan could not be invoked in time'.

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that: 'b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure; d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness; f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that: 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulates that 'all items of revenue and expenditure of the Community ... shall be shown in the budget'), borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission, the remarks against the item concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital account budget.

* * *

Amendment No 24

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 239/5/rev.

Section III — Commission

PAYMENTS

- | | |
|-------------|---|
| Title 3 | — Community policies in regard, particularly, to research technology, industry, the social sector, the environment and the supply of energy and raw materials |
| Chapter 33 | — Expenditure on research and investment |
| Article 333 | — Joint Research Centre — other activities |
| Item 3333 | — Measures for physical protection at JRC establishments |

(A) *Expenditure*

Increase the payment appropriation by 2 292 200 EUA (from 2 000 000 EUA to 4 292 000 EUA)

(B) *Compensation*

Delete the appropriation of 1 292 200 EUA in Chapter 100 — 'Provisional appropriations' earmarked for Item 3333 'Measures for the physical protection of JRC establishments'

(C) *Revenue*

Increase revenue by 1 000 000 EUA

COMMITMENTS

Increase the commitment appropriation by 3 212 000 EUA (from 2 000 000 EUA to 5 212 000 EUA) and delete the commitment appropriation of 2 212 000 EUA entered in Chapter 100.

REMARKS

Modify remarks as follows :

'These appropriations will be used to enable the Commission to finance the following measures :
— arrangements and activities to improve protection and surveillance at JRC establishments and some of their installations, especially :

1. Investments, including in particular :

- erection, reinforcement or realignment of fences ;
- tree felling in peripheral areas and laying of patrol paths — in some cases, lighting of sites ;
- reinforcement or construction of access facilities and installation of requisite remote control system ,
- installation of electronic detection, inspection, monitoring and alarm networks and the requisite premises ;

2. Cost of patrolling or guarding the abovementioned installations ;

3. Cost of maintenance, including routine maintenance of all protected facilities and areas, especially electronic networks.

The illustrative breakdown of appropriations over these expenditure groups is derived from the 'table of equivalence' set out in Annex 2 to this Section III ('Commission') of the budget. These measures are in keeping with the recommendations drawn up by the International Atomic Energy Agency concerning the protection of nuclear materials (Doc. INFCIRC/225) They are not covered by the JRC's multi-annual research programme'.

Schedule

Modify the schedule of payments as follows :

The commitment appropriation authorized for 1979 is 5 212 000 EUA. ¹

The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Pre-1978 commitments to be discharged from new appropriations for payment		—	—	—	—
Appropriations outstanding from 1977		—	—	—	—
1978 Appropriations	5 500 000	4 455 000	1 045 000	—	—
1979 Appropriations	5 212 000	—	3 247 200	1 964 800	—
Total	10 712 000	4 455 000	4 292 200	1 964 800	—

JUSTIFICATION

Measures for physical protection at JRC establishments are absolutely vital.

The table of equivalence should be modified as follow :

Item	Heading	Sub-items						
		1	2	3	4	5	9	Total
3333	Measures for physical protection at JRC establishments	C						5 212 000
		P						4 292 200

C = Commitments

P = Payments

* * *

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

The Council has deleted this amendment on second reading, taking the view that no fresh considerations had arisen since it considered the requests put forward in the preliminary draft.

Parliament and the Committee on Budgets however, came away from an on-the-spot inspection with a number of new facts, which it could have put to the Council if only a more intense dialogue had developed within the budgetary authority.

The Committee on Budgets therefore proposes that this amendment be maintained.

* * *

Amendment No 25

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 240/122

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 33 — Expenditure on research and investment
- Article 333 — Joint Research Centre — other activities
- Item 3334 (new) — Modernization of the infrastructure of the JRC

(A) *expenditure*

- Create a new Item 3334 'Modernization of the infrastructure of the JRC'
- Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by the same amount

COMMITMENTS

Enter a commitment appropriation of 1 000 000 EUA.

REMARKS

Enter the following new remarks :

'These appropriations will be used to enable the Commission to finance the following measures :

- modernization of the JRC infrastructure, including in particular : road works, repair and modernization of existing buildings ; repair of gas and water pipes ;

— construction of administrative and other buildings.

These measures are not covered by the JRC's multi-annual research programme'.

Schedule

The Commitment appropriations authorized for 1979 amount to 1 000 000 EUA.

The likely schedule of payments against commitments is as follows :

(in 1 000 000)

Commitments		Payments		
		1979	1980	1981
Appropriations for 1979	1 000 000	1 000 000		

JUSTIFICATION

The condition of the buildings, technical facilities, water pipes and administrative buildings is such that repairs and modernization are essential.

Table of Equivalence

The table of equivalence of the new Item 3334 is as follows .

Item	Heading	Sub-items						Total
		1	2	3	4	5	9	
3334	Modernization of the infrastructure of JRC	C						1 000 000
		P						1 000 000

C = Commitments

P = Payments

* * *

The Committee on Budgets proposes that this amendment, deleted by the Council and second reading without justification, be maintained.

* * *

Amendment No 26
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 241

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 33 — Expenditure on research and investment
- Article 333 — Joint Research Centre — other activities
- Item 3335 — Collaboration with industry, universities and others
(new)

(A) *Expenditure*

- Create a new Item 3335 'Collaboration with industry, universities and others'
Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by the same amount

COMMITMENTS

- Enter a commitment appropriation of 1 000 000 EUA

REMARKS

Enter the following new remarks :

'These appropriations will be used to enable the Commission to finance the following measures :

- costs involved in the appointment of visiting scientists ;
- research contracts (in particular for items 3300, 3301 and 3302)

These are activities enabling the Commission :

- to acquire the specialist knowledge needed in the preparation, for example, of future programmes or for solving specific problems to assist the other departments of the Commission in new fields ;
- to establish scientific or technical contacts with industries, universities, research institutions and others'.

Schedule

The commitment appropriations authorized for 1979 amount to 1 000 000 EUA.

The likely schedule of payments against commitments is as follows :

(in 11.1)

Commitments		Payments		
		1979	1980	1981
Appropriations for 1979	1 000 000	1 000 000		

JUSTIFICATION

Parliament considers it desirable for the JRC to be able to assist the other departments of the Commission in specific fields to give the research carried out by the Centre a more practical purpose. Collaboration with other organizations is essential for the purpose of these contracts.

Table of equivalence

Item	Heading	Sub-items						Total	
		1	2	3	4	5	9		
3335	Collaboration with industry, universities and others	C	—		—	—		—	1 000 000
		P	—		—	—		—	1 000 000

C = commitment appropriations

P = payment appropriations

* * *

The Committee on Budgets proposes that this amendment which was deleted by the Council without justification on second reading should be maintained.

* * *

Amendment No 27
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 7

Section III — Commission

PAYMENTS

Title 10 — Other expenditure
Chapter 100 — Provisional appropriations

(A) Expenditure

Enter a payment appropriation of 1 644 800 EUA earmarked for Item 3360 — 'Secondary raw materials' (partial reinstatement of the appropriation shown in the preliminary draft budget).

(B) Compensation

—

(C) Revenue

Increase revenue by the same amount.

COMMITMENTS

Title 10 — Other expenditure
Chapter 100 — Provisional appropriations

Enter a commitment appropriation of 4 144 800 EUA, earmarked for Item 3360 — 'Secondary raw materials' (partial reinstatement of the appropriation shown in the preliminary draft budget).

REMARKS

(A) Remarks to Item 3360 — delete the last sentence: 'Pending a programme decision there will be a token entry for this Item'.

(B) Remarks to Chapter 100 — Provisional appropriations — enter the following remarks:

- (7) Item 3360 — Secondary raw materials
 - Appropriations for payment 1 644 800
 - Appropriations for commitment (4 144 800)

Schedule

In the remarks to Item 3360, restore the following schedule:

The commitment appropriation authorized for 1979 is 4 144 800 EUA¹

The likely schedule of payments against commitments is as follows:

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Pre-1978 commitments to be discharged from new appropriations for payment	—	—			—
Appropriations outstanding from 1977	—	—			—
1978 Appropriations	—	—			—
1979 Appropriations	4 144 800	—	1 644 800 ¹	2 500 000	—
Total	4 144 800	—	1 644 800	2 500 000	

¹ Appropriations entered in Chapter 100

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

JUSTIFICATION

The secondary raw materials programme concerns the recycling of municipal, industrial and agricultural waste, with the dual aim of reducing raw materials imports and eliminating waste that might otherwise be harmful to the environment. This programme would coordinate research underway in the Member States, as well as organizing complementary projects partially financed by the Community.

* * *

On second reading the Council opted for a mere token entry although a proposal for a programme has been in its hands for a long time.

The Committee on Budgets considers that this programme should start in 1979 and that the necessary appropriations and staff should therefore be entered in the budget

* * *

Amendment No 28
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 8

Section III — Commission

PAYMENTS

Title 10 — Other expenditure
Chapter 100 — Provisional appropriations

(A) *Expenditure*

Enter a payment appropriation of 629 900 EUA earmarked for Item 3366 — 'Climatology' (partial reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

Title 10 — Other expenditure
Chapter 100 — Provisional appropriations

Enter a commitment appropriation of 2 029 900 EUA, earmarked for Item 3366 — 'Climatology' (partial reinstatement of the appropriation shown in the preliminary draft budget).

REMARKS

(A) Remarks to Item 3366 — delete the last sentence: 'Pending a programme decision there will be a token entry for this item'.

(B) Remarks to Chapter 100: Provisional appropriations — enter the following remarks:

- (21) Item 3366 — Climatology
— Appropriations for payment: 629 000
— Appropriations for commitment: (2 029 000)

Schedule

In the remarks to Item 3366, reinstate the following schedule :

The commitment appropriation authorized for 1979 is 2 029 900 EUA. The schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Pre-1978 commitments to be discharged from new approps. for payment	—	—	—	—	—
Approps. outstanding from 1977	—	—	—	—	—
1978 Appropriations	—	—	—	—	—
1979 Appropriations	2 029 000 (*)	—	629 900 ¹	1 400 000	—
Total	2 029 000	—	629 900	1 400 000	—

¹ Appropriations entered in Chapter 100

JUSTIFICATION

These appropriations are required to finance a research programme dealing with the mechanism of climate and its effects on agriculture, water resources, energy requirements, etc., as well as the effects of certain human activities on climate. Increased knowledge of climate would have obvious economic benefits for the Community.

* * *

On second reading the Council opted for a mere token entry although a proposal for a programme has been in its hands for a long time.

The Committee on Budgets considers that this programme should start in 1979 and that the necessary appropriations and staff should therefore be entered in the budget.

* * *

Amendment No 29
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 248

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials.

Chapter 35 — Protection of man and his environment

Article 359 — Grant towards the operation of the European Foundation for the Improvement of Living and Working Conditions

Item 3590 (new) — Expenditure on rent and administration

Item 3591 (new) — Staff expenditure

Item 3592 (new) — Operational expenditure

Total for Item 359 = 2 590 000 EUA.

(A) Expenditure

Create a new item 3590 'Expenditure on rent and administration'
 Create a new item 3591 'Staff expenditure'
 Create a new item 3592 'Operational expenditure'
 Total Article 359 = 2 590 000 EUA

(B) Compensation

—

(C) Revenue

—

REMARKS

Unchanged

JUSTIFICATION

The purpose of this amendment is to make auditing easier by sub-dividing this item. The Commission is asked to communicate the necessary sub-divisions before the budgetary procedure is concluded.

* * *

The Council deleted this amendment on the grounds that Regulation 337/75 stipulates that the subsidy for the Foundation is entered on a specific budget line.

The Committee on Budgets considers that this interpretation of the regulations is too restrictive and prejudicial to budgetary transparency. It therefore proposes that the amendment should be maintained.

* * *

Amendment No 30
 tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 9

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
 Chapter 36 — Expenditure on scientific and technical information and information management
 Article 361 — Dissemination, circulation and utilization of scientific and technical knowledge
 Item 3611 — Assessment and utilization of the research findings

(A) Expenditure

Enter a payment appropriation of 420 000 EUA (instead of a token entry) (reinstatement of the appropriation shown in the preliminary draft budget)

(B) Compensation

Decrease by 150 000 EUA the appropriations in Chapter 100 'Provisional appropriations' earmarked for Item 3611 'Assessment and utilization of the research findings'

(C) Revenue

Increase revenue by 270 000 EUA

COMMITMENTS

—

REMARKS

Modify the remarks as follows :

The sentence 'This item is intended to record expenditure on' is replaced by 'This appropriation will be used for the financing by the Community of the following measures'.

Delete the following sentence : 'An appropriation of 150 000 EUA has been entered in Chapter 100'.

JUSTIFICATION

Work on this programme, including the definition and implementation of a Community policy on industrial innovation by means of studies and services, has been under way during the course of 1978. This useful work would be interrupted unless the necessary appropriations were reinstated in Chapter 36.

* * *

Unlike the Council which deleted this amendment on second reading the Committee on Budgets considers that these appropriations can and must be used immediately by the Commission.

* * *

Amendment No 31
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 211, 18 and 72

Section III — Commission

PAYMENTS

Title 10 — Other expenditure
Chapter 100 — Provisional appropriations

(A) Expenditure

—

(B) Compensation

—

(C) Revenue

—

COMMITMENTS

—

REMARKS

— Specify that the sums of 20 000 000 EUA in commitment appropriations and 10 000 000 EUA in payment appropriations entered under Chapter 100 for Item 3750 — Measures on behalf of certain industrial sectors in crisis — and Article 512 — Consequences of industrial conversion — are allocated equally between these two budget lines.

JUSTIFICATION

By this amendment the Committee on Budgets wanted to stress that it was against the constitution of a global reserve for these two measures

* * *

Amendment No 32
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 213

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 37 — Expenditure in the industrial and transport sectors
- Article 378 — Financial operations in transport infrastructure projects
- Item 3780 — Studies preliminary to the financial measures

(A) *Expenditure*

Enter an appropriation of 1 000 000 EUA (reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

Enter the following remarks :

This appropriation will be used by the Commission to finance the following measures :

Specific studies concerning in particular :

- compilation of the results of the COST 33 project (passenger traffic forecasts);
 - comparison between infrastructure capacity and transport demand;
 - infrastructure requirements resulting from the accession of the new Member States;
 - the specific infrastructure problems in transit corridors and the assessment of the various alternative arrangements;
 - examination of certain methodological points for planning and financing at Community level.
- See the communication from the Commission to the Council of 30 June 1976 on action in the field of transport infrastructure (Doc. COM(76) 336 final).

JUSTIFICATION

This appropriation is needed to finance studies preliminary to the projects referred to under Item 3781, to bring these to the stage where they can be implemented.

* * *

The Committee on Budgets proposes that this amendment which was deleted by the Council on second reading without justification should be maintained. It is of the opinion that a budgetary initiative can help to bring the Community transport policy out of the present impasse.

* * *

Amendment No 33
 tabled by the Committee on Budgets
 to the Council's modification to Parliament's amendment No 238
 Section III — Commission
 PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
 Chapter 37 — Expenditure in the industrial and transport sectors
 Article 378 — Financial operations in transport infrastructure projects
 Item 3781 — Financial support for projects

(A) *Expenditure*

Enter a payment appropriation of 1 000 000 EUA
 (instead of a token entry)

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by 1 000 000 EUA

COMMITMENTS

Enter a commitment appropriation of 5 000 000 EUA.

REMARKS

Modify the remarks as follows :

'This appropriation will be used by the Commission to finance the following measures :

- feasibility studies of one or more infrastructural projects of interest to the Community either by reason of their ability to lessen the isolation of a particular region of the Community or because of their transfrontier character or possibility of improving links with the applicant countries ;
- granting of subsidies or interest rebates for measures likely to accelerate the implementation of such projects.

The Commission is invited to present proposals for the use of this appropriation to the budgetary authority in the first quarter of the financial year 1979.

The commitment appropriation authorized for 1979 is 5 000 000 EUA¹. The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be paid from new appropriations for payment					
Appropriations for commitment remaining					
Appropriations for commitment 1978					
Appropriations for commitment 1979	5 000 000		1 000 000	2 000 000	2 000 000
Total	5 000 000		1 000 000	2 000 000	2 000 000

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977.

JUSTIFICATION

On first reading, Parliament adopted an amendment introducing appropriations to facilitate the launching of specific transport infrastructure projects of Community interest. The Committee on Budgets has ascertained that the implementation of several such projects within the Community (high speed rail link between Brussels and Strasbourg; bridge across the Straits of Messina) or in respect of links between the Community and the applicant countries, could be speeded up decisively by the grant of financial assistance.

On second reading the Council rejected this amendment without giving any justification. The Committee on Budgets considers that a dialogue with the Council is impossible under these conditions and that the amendment should be maintained.

* * *

Amendment No 34
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 273

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials

(A) *Expenditure*

Introduce the following new nomenclature:

- Chapter 38 — Common policy on the sea
- Article 381 — Common organization of the markets in fisheries products
- Article 382 — Common measures for the improvement of fisheries structures
- Article 383 — Immediate measures for the adaptation of capacity in the fisheries sector
- Article 384 — International obligations of the Community in the fisheries sector
- Article 385 — Inspection of the sea
- Article 386 — Surveillance of seaways
- Article 387 — Protection of the marine environment
- Article 388 — Measures related to the study, exploration, exploitation and protection of the marine environment.

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

—

JUSTIFICATION

On first reading the European Parliament, at the initiative of its Committee on Agriculture and Committee on Budgets decided, through certain amendments, to create a number of budget lines and transfer others in order to constitute a new chapter dealing with the 'Common policy on the sea'.

The Council reacted in a strictly technocratic manner to this essentially political intent of the Parliament: it rejected these amendments by reason of the technical difficulties created by this new nomenclature, having regard in particular to the classification of expenditure as compulsory and non-compulsory.

The Committee on Budgets is of the opinion that the political resolve strongly expressed by Parliament to see the establishment of a common policy on the sea must be reflected in the budgetary nomenclature.

* * *

Amendment No 35
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 273

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy on the sea
- Chapter 38 — Common policy on the sea
(new)
- Article 381 — Common organization of the market in fishery products
(new)
- Item 3810 — Refunds on fishery products
(new)
- Item 3811 — Intervention on fishery products
(new)
- Sub-Item 38110 — Withdrawal and buying-in
(new)
- Sub-Item 38111 — Aids to private storage
- Sub-Item 38119 — Other intervention
(new)

(A) *Expenditure*

Create the following new nomenclature and enter the following appropriations (nomenclature and appropriations from Chapter 88):

Article 381	— Common organization of the market in fishery products	
Item 3810	— Refunds on fishery products: 6 500 000 EUA	
Sub-Item 38110	— Withdrawal and buying-in :	9 000 000 EUA
Sub-Item 38111	— Aids to private storage :	1 500 000 EUA
Sub-Item 38119	— Other intervention :	3 000 000 EUA

(B) *Compensation*

Delete the payment appropriations of 20 000 000 EUA together with the budgetary nomenclature and remarks from this chapter.

(C) *Revenue*

Unchanged

COMMITMENTS

—

REMARKS

Enter the following remarks :

- Item 3811 — Former Article 711
- Sub-Item 38110 — These appropriations are intended to cover expenditure in respect of financial compensation granted to producer organizations pursuant to Regulation EEC No 100/76 and for the purchase of sardines and anchovies in the event of a serious crisis pursuant to Article 12 of the said regulation
- Sub-Item 38111 — These appropriations are intended to finance, in the present stage of implementation of the applicable regulations, aids to private storage pursuant to Article 15 of EEC Regulation No 100/76
- Sub-Item 38119 — This item is intended to cover, in the present stage of implementation of the applicable regulations, expenditure in respect of compensatory allowances for tuna for the processing industries pursuant to Article 16 of Regulation EEC No 100/76

N.B. Article 381, submitted here in order to group the appropriations relating to the common policy on the sea, is part of the EAGGF Guarantee Section.

JUSTIFICATION

The various aspects of a common policy on the sea are grouped under Chapter 38 ; they include the 'guarantee' component in respect of fishing.

This amendment was deleted on second reading by the Council which considered it to be a proposed modification.

The Committee on Budgets considers that, under the terms of the Financial Regulation, changes in nomenclature fall within the province of Parliament's final say and therefore proposes to restore this amendment to the nomenclature.

* * *

Amendment No 36
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 274

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy on the sea
- Chapter 38 — Common policy on the sea
(new)
- Article 382 — Common measures to improve fisheries structures
(new)
- Item 3820 — Common measures to improve non-industrial inshore fisheries structures
(new)
- Item 3821 — Common measures to improve deep-sea fisheries structures
- Item 3822 — Producer groups in the fisheries sector
(new)

(A) *Expenditure*

Create the following nomenclature and enter the following appropriations :

- Article 382 — Common measures to improve fisheries structures
- Item 3820 — Common measures to improve non-industrial inshore fisheries structures : token entry
- Item 3821 — Common measures to improve deep-sea fisheries structures : token entry
- Item 3822 — Producer groups in the fisheries sector : 100 000 EUA

(B) Compensation

Delete Chapter 86 and the payment appropriation of 100 000 EUA

(C) Revenue

Unchanged

COMMITMENTS

—

REMARKS**Former Item 8320**

The expenditure against this item in 1979 arises from a proposal for a regulation presented by the Commission to the Council on 28 November 1975 with a view to the reorganization of non-industrial inshore fisheries; it has not yet been adopted.

The purpose of the regulation is both to encourage the development of inshore fishing in areas where the catch potential permits and also to increase aquaculture capacity in the areas particularly suited to this type of activity.

The Commission therefore proposes that the EAGGF Guidance Section should contribute to the financing of investment projects concerning the modernization and conversion of fleets, the farming of fish, crustaceans and molluscs and the training of fishermen. The appropriation for commitment authorized for 1979 is 5 000 000 EUA.¹

The likely schedule of payments against commitments is as follows:

(in E.U.A.)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be paid from new appropriations for payment					
Appropriations for commitment remaining					
Appropriations for commitment 1978	5 000 000	5 000 000 ¹	—	—	—
Appropriations for commitment 1979	5 000 000 ¹	—	5 000 000 ²	—	—
Total	10 000 000	5 000 000	5 000 000		

¹ Automatic carry-over corresponding to existing appropriations

² This appropriation is entered in Chapter 100

Former Item 8301

This article is to cover the expenditure which will arise from the proposal which the Commission is to submit to the Council for a common measure relating to the modernization and restructuring of the deep-sea fishing fleet. This proposal will be based on:

- the statement contained in the minutes of the Council meeting of 5 and 6 December 1972,
- The draft resolution on the common structural policy for fisheries which the Commission presented to the Council (Doc. COM(78) 10 final) on 16 January 1978.

Since this proposal has not yet been submitted to the Council by the Commission there is no need to provide for expenditure in 1979.

Former Article 894

Regulation (EEC) No 100/76 of 19 January 1976 (OJ L 20 of 28. 1. 1976).

This measure consists of a system of aid to encourage the formation and facilitate the operation of producer groups in the fisheries sector.

The appropriation for commitment authorized for 1979 is 100 000 EUA.²

¹ Automatic carry-over corresponding to existing appropriations and this appropriation is entered in Chapter 100

² See Article 1 (3) of the Financial Regulation of 21 December 1977

The likely schedule of payments against commitments is as follows

(in ECU)

Commitments		Payments			
		1978	1979	1980	1981
1978 appropriations	100 000	100 000 ¹			
1979 appropriations	100 000		100 000		
Total	200 000	100 000	100 000		

¹ Automatic carry-over corresponding to existing appropriations

JUSTIFICATION

The 'guidance' aspects of the fisheries policy were considered by the Parliament on first reading to be an essential part of the common policy on the sea.

This amendment was deleted on second reading by the Council which considered it to be a proposed modification.

The Committee on Budgets is of the opinion that, under the Financial Regulation, changes in nomenclature fall within the province of Parliament's final say, and proposes to restore this amendment which only affects the nomenclature.

* * *

Amendment No 37
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 275

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy on the sea

Chapter 38 — Common policy on the sea
(new)

Article 383 — Immediate measures to adjust capacity in the fisheries sector
(new)

(A) Expenditure

Create a new Article 383 'Immediate measures to adjust capacity in the fisheries sector'
Enter a token entry

(B) Compensation

Delete Article 870

(C) Revenue

Unchanged

COMMITMENTS

Enter commitments of 5 000 000 ECU.

Schedule

As in Article 870 of the draft budget.

JUSTIFICATION

This new action entered in the Council's draft budget under Article 870 constitutes by its very nature non-compulsory expenditure.

The Committee on Budgets proposes that the classification effected by the Council on second reading should not be accepted and that this amendment should be restored.

Amendment No 38
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 87

Section III — Commission

PAYMENTS

- | | |
|----------------------|--|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials |
| Chapter 38
(new) | — Common policy on the sea |
| Article 384
(new) | — The Community's international obligations in respect of fisheries |
| Item 3840
(new) | — International agreements on fisheries |
| Item 3841
(new) | — Reimbursements in respect of certain financial obligations relating to fishing the Adriatic |
| Item 3842
(new) | — Payment of compensation for salmon fishing in the Baltic |
| Item 3843
(new) | — Payments in respect of compensation and dues relating to fishing in the maritime waters of certain African countries |

(A) *Expenditure*

- Create a new Chapter 38 : 'Common policy on the sea'
- Create a new Article 384 : 'The Community's international obligations in respect of fisheries'
- Create a new Item 3840 : 'International agreements on fisheries'
 - Make a token entry
- Create a new Item 3841 : 'Reimbursements in respect of certain financial obligations relating to fishing in the Adriatic'
 - Make a token entry
- Create a new Item 3842 : 'Payment of compensation for salmon fishing in the Baltic'
 - Make a token entry
- Create a new Item 3843 : 'Payments in respect of compensation and dues relating to fishing in the maritime waters of certain African countries'
 - Make a token entry

(B) *Compensation*

- Delete Item 2987 : 'International agreements on fisheries'
 - Delete the token entry shown against it
- Delete Chapter 89 : 'Assumption by the Community of certain financial obligations pursuant to agreements on fishing rights in non-Community waters'
- Delete Article 890 : 'Reimbursements in respect of certain financial obligations relating to fishing rights in the Adriatic'

- Delete the token entry shown against it
- Delete Article 891 : 'Payment of compensation for salmon fishing in the Baltic'
- Delete the token entry shown against it
- Delete Article 892 : 'Payments in respect of compensation and dues relating to fishing in the maritime waters of certain African countries'
- Delete the token entry shown against it

(C) *Revenue*

Unchanged

COMMITMENTS

—

Schedule

—

REMARKS

- Item 3840 (new Item) —
Enter the remarks appearing against former Item 2987
- Item 3841 (new Item) —
Enter the remarks appearing against former Article 890
- Item 3842 (new Item) —
Enter the remarks appearing against former Article 891
- Item 3843 (new Item) —
Enter the remarks appearing against former Article 892

JUSTIFICATION

The Committee on Budgets proposes the reinstatement of this amendment which only affects the nomenclature ; the Council, on second reading, had treated it as a proposed modification and, as such, rejected it.

* * *

Amendment No 39
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 277

Section III — Commission

PAYMENTS

- Titel 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy on the sea
- Chapter 38 — Common policy on the sea
(new)
- Article 385 — Sea inspection
(new)
- Item 3851 — Financial participation in inspection and surveillance operations in the maritime waters of Denmark and Ireland
(new)

(A) *Expenditure*

- Create a new Article 385 — 'Sea inspection' with a new Item 3851 — 'Financial participation in inspection and surveillance operations in the maritime waters of Denmark and Ireland
- Enter a payment appropriation of 16 000 000 EUA.

(B) *Compensation*

— Delete Article 871 and the appropriation of 16 000 000 EUA entered against this Article

(C) *Revenue*

Unchanged

COMMITMENTS

Enter a commitment of 40 000 000 EUA (delete the identical commitment appropriation in Article 871).

REMARKS

These appropriations will be used for Commission expenditure for the purpose of ensuring effective surveillance of the waters of Greenland and Ireland in the context of the Community arrangement for the conservation and management of fishery resources. The aim is to establish appropriate specific structures for the inspection and surveillance of these fishery zones with the aid of coastguard vessels, aircraft and a corresponding land-based infrastructure. Community financial participation is proposed for:

- investments to be effected by 31 December 1982;
- leasing of the surveillance equipment which should be brought into service without delay for a period of not more than two years expiring on 31 December 1979.

Schedule

The likely schedule of payments against commitments is as follows:

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Appropriations for 1979	40 000 000		16 000 000	10 000 000	14 000 000

JUSTIFICATION

On second reading the Council entered against Article 871 the appropriations which it had previously shown in Chapter 100 and which Parliament had decided to enter in Item 3851. The Committee on Budgets is of the opinion that to obtain a coherent budgetary structure for the common policy on the sea the appropriations must be entered in Item 3851; it therefore proposes this amendment to the nomenclature.

* * *

Amendment No 40
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 278

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 38 — Common policy on the sea
- (new)
- Article 385 — Inspection of the sea
- Item 3852 — Standardization of surveillance craft
- (new)

(A) Expenditure

- Create a new Chapter 38 : 'Common policy on the sea'
- Create a new Article 385 : 'Inspection of the sea'
- Create a new Item 3852 : 'Standardization of surveillance craft'
- Enter a payment appropriation of 1 000 000 EUA

(B) Compensation

—

(C) Revenue

- Increase revenue by the same amount

COMMITMENTS

—

REMARKS

Enter the following new remarks :

Article 385 (new Article)

This appropriation is intended to cover the initial measures (studies, meeting of experts, etc) which the Commission will implement during 1979 to achieve standardization of the aircraft and ships to be acquired by the Member States for the surveillance of the maritime waters off the Community's coasts, more particularly within the framework of the common fisheries policy.

This new Article thus complies with point 5 (d) of the European Parliament's resolution of 16 February 1978 on some aspects of the final version of the common fisheries policy (OJ C 63, 13. 3. 1978, p. 28) and point 11 (c) of the resolution of 15 June 1978 embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland (OJ C 163, 10. 7. 1978, p 43).

The Commission will propose to the Council during 1979 the measures necessary to achieve standardization of the aircraft and ships to be acquired by the Member States for the surveillance of the maritime waters off their coasts. The European Parliament will be consulted on each of the proposals submitted the Commission to the Council.

JUSTIFICATION

By standardizing their surveillance craft, the Member States

- (a) can obtain aircraft and ships on better terms than if they adopted a purely national solution ;
- (b) will increase the competitiveness of the Community's aircraft and shipbuilding industries ,
- (c) will create the basis for closer integration of surveillance of maritime waters off the Community's coasts, since these craft can subsequently be transferred, against their compensation from the Community, to a Community coastguard service.

The Council deleted this amendment on second reading, on the ground that it was not for the Budgetary Authority to anticipate, through entries in the budget, decisions on possible new Community actions.

The Committee on Budgets considers that this position on the part of the Council is unacceptable because it runs counter to the reality of the budgets adopted in the past five years, represents a return to the budget as a mere bookkeeping instrument and makes cooperation between the budgetary authority and the executive impossible. It therefore proposes the reinstatement of this amendment.

* * *

Amendment No 41
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 279

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 38 — Common policy on the sea
(new)
- Article 385 — Inspection of the sea
(new)
- Item 3853 — Coordination of surveillance operations by the Member States
(new)

(A) *Expenditure*

- Create a new Chapter 38 : 'Common policy on the sea'
- Create a new Article 385 : 'Inspection of the sea'
- Create a new Item 3853 : 'Coordination of surveillance operations by the Member States'
- Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by the same amount

COMMITMENTS

—

Schedule

—

REMARKS

Enter the following new remarks :

Item 3853 (new Item)

This appropriation is intended to cover measures to coordinate surveillance operations by the Member States in Community fishing zones. 900 000 EUA are frozen and will be released by the budgetary authority once the Commission has submitted a suitable proposal.

This measure was envisaged in point 5 (a) of the European Parliament's resolution of 16 February 1978 on some aspects of the final version of the common fisheries policy (OJ C 63, 13. 3. 1978, p. 28).

JUSTIFICATION

On first reading the Parliament decided to enter an appropriation intended to enable the Commission to coordinate surveillance measures by the Member States in the Community fisheries zone. The Council deleted this amendment without justification and the Committee on Budgets now proposes that it should be reinstated.

Amendment No 42
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 280

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy of the sea
- Chapter 38 (new) — Common policy on the sea
- Article 386 (new) — Surveillance of maritime navigation routes

(A) *Expenditure*

- Create a new Article 386 : 'Surveillance of maritime navigation routes'
- Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by 1 000 000 EUA

COMMITMENTS

Enter a commitment appropriation of 1 000 000 EUA

REMARKS

These appropriations will be used for Commission expenditure on Community surveillance of maritime navigation routes in sea waters. The technical aids shown for surveillance of sea waters in Article 385 can also be effectively used for this purpose.

JUSTIFICATION

These appropriations are intended for the introduction on a trial basis of Community surveillance of navigation routes in the English Channel. The Amoco Cadiz disaster showed that Community measures were urgently necessary for this purpose. International law on the sea does not provide instruments for preventing similar accidents in future and national regulations cannot on their own offer adequate safeguards against such disasters. Community action is therefore essential.

* * *

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the partial reinstatement of this amendment.

* * *

Amendment No 43

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 281

Section III — Commission

PAYMENTS

- | | |
|----------------------|--|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment, the supply of energy and raw materials and the common policy on the sea |
| Chapter 38
(new) | — Common policy on the sea |
| Article 387
(new) | — Protection of the marine environment |
| Item 3871
(new) | — Community programme to combat and prevent pollution of the maritime environment by hydrocarbons |

(A) Expenditure

- Create a new Article 387: Protection of the maritime environment
- Create a new Item 3871: Community programme to combat and prevent pollution of the maritime environment by hydrocarbons
- Enter a payment appropriation of 1 000 000 EUA

(B) Compensation

—

(C) Revenue

Increase revenue by 1 000 000 EUA

COMMITMENTS

—

REMARKS

Enter the following new remarks:

'This appropriation will be used by the Commission to finance the following measures:

- Contribution, in the form of investment premiums and interest subsidies, to the planning and development of 'cleaning-up' vessels;
- Studies on:
 - (a) chemical and mechanical methods of combating hydrocarbon pollution;
 - (b) the effects of hydrocarbon pollution on flora and fauna,
- Computerization of data on the remedial techniques available in the event of accidents,
- Computerization of data on oil tankers;
- Coordination of emergency action squads (joint training exercises, comparison of equipment, exchanges of information).

JUSTIFICATION

The Amoco Cadiz disaster aroused public opinion to the problem of marine pollution by hydrocarbons. However, barely 5% of such pollution is caused by accidents and an estimated 6 000 000 tonnes of oil finds its way into the sea each year. In view of the extent of this problem, public opinion would be alienated if the Community took no action. The aim of this amendment is to enable the Commission to adopt immediate measures without waiting for the completion of the cumbersome decision-making process used by the Council.

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the partial reinstatement of this amendment.

* * *

Amendment No 44
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 89

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 38 — Common policy on the sea
(new)
- Article 387 — Protection of the marine environment
(new)
- Item 3872 — Community coastguard service
(new)

(A) *Expenditure*

- Create a new Chapter 38: 'Common policy on the sea'
- Create a new Article 387: 'Protection of the marine environment'
- Create a new Article 383: 'Community coastguard service'
- Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Enter the following new remarks:

Item 3872 (new item)

This appropriation is intended to cover the purchase by the Community of sea surveillance and anti-pollution equipment. 18 m EUA remain frozen and will be released by the Budgetary Authority once the Commission has submitted to the Council a proposal for the creation of a Community coastguard service and, pending the final establishment of this service, has specified interim measures for preparing the ground, on the basis of the Member States' existing capabilities, for the establishment of this service. The European Parliament will be consulted on each of these proposals.

This new item complies with point 5(c) of the European Parliament's resolution of 16 February 1978 on some aspects of the final version of the common fisheries policy (OJ C 63, 13.3.1978, p. 28), point 2 of its resolution of 14 April 1978 on the 'Amoco Cadiz' disaster (OJ C 108, 8.5.1978, p. 59)

¹ See Article 1(3) of the Financial Regulation of 21 December 1977

and point 6 of the resolution of 15 June 1978 embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland (OJ C 163, 10.7.1978, p. 43).

JUSTIFICATION

A Community coastguard service will offer the following advantages :

- (a) as regards the surveillance of fishing operations
- more effective control,
 - assurance of the neutrality of the control,
 - assertion of the Community's own responsibility for the control of fishing activities,
 - assertion of the European Community's identity *vis-à-vis* both its own citizens and third countries ;
- (b) as regards combating pollution
- ability to purchase specialized equipment which individual States could not afford,
 - improved coordination of anti-pollution activities.

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes that a token entry be shown against this item.

* * *

Amendment No 45
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 282

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 38 — Common policy on the sea
(new)
- Article 388 — Measures relating to the study, exploration, exploitation and protection of the
(new) marine environment

(A) *Expenditure*

- Create a new Chapter 38 : 'Common policy on the sea'
- Create a new Article 388 : 'Measures relating to the study, exploration, exploitation and protection of the marine environment'
- Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Enter the following new remarks :

Article 388 (new Article)

The Commission will submit to the Council in 1979 an action programme concerning the study, exploration, the possibilities of exploitation on a Community basis, and the protection of the marine environment. The Council will adopt the necessary measures in agreement with the European Parliament.

This new Article complies with point 1 of the European Parliament's resolution of 14 April 1978 on the 'Amoco Cadiz' disaster (OJ C 108, 8.5.1978, p. 59) and with points 6 and 7 of its resolution of 15 June 1978 embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council in respect of the inspection and surveillance in the maritime waters of Denmark and Ireland (OJ C 163, 10.7.1978, p. 43).

JUSTIFICATION

It is imperative for the common fisheries policy to be complemented by the measures described above in order to ensure protection of the fisheries resources. The measures envisaged may be carried out within or outside Community waters, depending on the decisions to be taken by the Third United Nations Conference on the Law of the Sea.

* * *

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the reinstatement of this amendment.

* * *

Amendment No 46
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 242

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 39 — Other expenditure on specific projects undertaken by the Institution
- Article 392 — Educational measures
- Item 3922 — Expenditure on residential adult education centres
(new)

(A) *Expenditure*

- Create a new Item 3922 : 'Expenditure on residential adult education centres'
- Enter a payment appropriation of 350 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

New Item

Enter the following remarks :

'These appropriations will be used to enable the Commission to finance the following measures :

- pilot projects in the field of resident adult education ,
- financial support for the activities of Europe Houses, adult education centres, initiative groups, and other institutions in the field of adult residential education.

These measures will be adopted in the context of a programme to be submitted to the budgetary authority by the Commission during the first half of 1979. This programme will be based on the action programme in the field of education (OJ C 38, 19. 2. 1976, p. 1) and the European Parliament's resolution of 16 June 1978 (OJ C 163, 10. 7. 1978, p. 72).'

JUSTIFICATION

The European Parliament has repeatedly put forward proposals in the field of residential adult education as an element of the European Community's education policy (See most recently the Kellett-Bowman report (PE 49.547) and the Waltmans, Fruh and Albers motion for a resolution (Doc. 281/77)).

As regards general education, the Commission's action programme of 9 February 1976 must be supplemented so as to include residential adult education centres. It is proposed that particular encouragement be given to encounter opportunities involving teachers from more than one Member State. Furthermore, group initiatives should be promoted in those regions of the Community where residential adult education centres do not yet exist.

* * *

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to pre-judge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the reinstatement of this amendment.

* * *

Amendment No 47
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 243

Section III — Commission

PAYMENTS

- | | |
|--------------------|---|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials. |
| Chapter 39 | — Other expenditure on specific projects undertaken by the Institution |
| Article 392 | — Educational measures |
| Item 3923
(new) | — Expenditure on the promotion of language teaching |

(A) *Expenditure*

Create a new Item 3923 : 'Expenditure on the promotion of language teaching'
Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

New Item

This appropriation will be used for expenditure by the Commission to promote language teaching in the Community. Under the Education Action Programme at Community Level (COM(78) 222 final of 22 June 1978) a Community plan is to be drawn up to provide improved opportunities for the learning of foreign languages from an early age in primary school, through the different stages of education to higher and adult education.

The measures are to be concentrated in the following sectors :

- Initial training of foreign language teachers
- Continuing training of foreign language teachers
- Early foreign language teaching
- Teaching foreign languages to less able pupils
- Teaching of modern languages for the 16-25 age group in full-time education
- Teaching of languages to adults for vocational purposes
- Encouragement of schools teaching through the medium of more than one language
- Information and documentation services in language teaching

See Council Resolution of 9 February 1976 (OJ C 38 of 19. 2. 1976).

JUSTIFICATION

A better mutual understanding among the peoples of the Community and awareness of their right to freedom of movement and establishment depends largely on their ability to converse in a Community language other than their mother tongue.

Taken together with the draft amendments to Items 3934 and 3935, this represents a first attempt at the establishment of a Community education budget.

The rapporteur's proposals may be summarized as follows (without Items 3920 and 3921) :

— Item 3922 'Residential adult education centres'	100 000 EUA
— Item 3923 'Language teaching'	1 000 000 EUA
— Item 3924 'Exchange of pupils'	2 000 000 EUA
— Item 3925 'Exchange of teachers'	2 000 000 EUA

total	5 100 000 EUA for 1979
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In its Action Programme the Commission proposed the following financing schedule :

1980	6 400 000 EUA
1981	7 900 000 EUA
1982	8 200 000 EUA
1983	7 400 000 EUA

The rapporteur proposes that the programme should be launched already in 1979 with 5 100 000 EUA instead of in 1980 with 6 400 000 EUA.

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the reinstatement of this amendment.

* * *

Amendment No 48
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 244

Section III — Commission

PAYMENTS

- Title 3 — Community Policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 39 — Other expenditure on specific projects undertaken by the Institution
- Article 392 — Educational measures
- Item 3924 — Expenditure on pupil exchanges
(new)

(A) *Expenditure*

Create a new Item 3924: 'Expenditure on pupil exchanges'
Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

Enter the following new remarks :

New Item

The appropriation will be used for financing by the Commission of the following measures :

- Community participation in the expenditure resulting from :
- (a) study visits to other Member States (groups of pupils receiving general education and pupils undergoing vocational training in the 11-16 year age group)
 - (b) holiday arrangements for pupils from general schools in more than one country (16-19 year age group)
 - (c) management of information and guidance activities between the existing services in the Member States.

JUSTIFICATION

In cooperation with the Committee on Education, the Commission obtained reports in 1977 from the Ministries of Education in the Community countries. In October 1977, the Commission arranged a working conference in Venice attended by national and regional experts on school exchanges. The appropriation entered here should enable the Commission to take practical action on the basis of its previous theoretical work.

The Commission should take steps to alleviate the imbalance in school exchanges as between the Member States. For example, in 1977 one Member State arranged 2 390 pupil exchanges with two other countries, but only 13 with the other six Member States. Geographical disadvantages should also be attenuated.

The Commission has submitted a four-year plan for pupil exchanges representing a total expenditure of 5 400 000 EUA (2 200 000 EUA for the base year 1980).

It is proposed that the base year should be advanced to 1979 and the Commission's appropriation reduced by 200 000 EUA.

* * *

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the partial reinstatement of this amendment.

* * *

Amendment No 49

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 245

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 39 — Other expenditure on specific projects undertaken by the Institution
- Article 392 — Educational measures
- Item 3925 — Expenditure on the exchange of teaching staff
- (new)

(A) *Expenditure*

Create a new Item 3925: 'Expenditure on the exchange of teaching staff'
Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

REMARKS

Enter the following new remarks :

New Item

The appropriation will be used for financing by the Commission of the following measures :

- Community participation in the financing of the exchange of :
 - (a) foreign language assistants
 - (b) foreign language teaching staff and
 - (c) other teaching staff.

JUSTIFICATION

The Commission is planning the following expenditure under a four-year programme:

— Exchange of foreign language assistants	9 700 000 EUA (Base year 1980: 2 150 000 EUA)
— Exchange of teaching staff	4 600 000 EUA (Base year 1980: 1 150 000 EUA)

It is again proposed in this instance that the base year should be advanced to 1979, and that 1 000 000 EUA should be entered for the first year instead of 3 300 000 EUA.

* * *

The Council deleted this amendment on second reading, taking the view that it was not for the Budget Authority to prejudge, through a budget entry, possible decisions on new Community measures.

The Committee on Budgets considers that the Council's view is unacceptable as it denies the real substance of the last five years' budgets, implies a return to a purely accounting Budget and renders impossible any cooperation between the Budget Authority and the regulation-making authority. It therefore proposes the partial reinstatement of this amendment.

* * *

Amendment No 50
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 237

Section III — Commission

PAYMENTS

Title 3	— Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
Chapter 39	— Other expenditure on specific projects undertaken by the institution
Article 392	— Educational measures
Item 3926 (new)	— European University Institute in Florence

(A) *Expenditure*

- Create a new Item 3926 'European University Institute in Florence'
- Enter a payment appropriation of 260 000 EUA against it

(B) *Compensation*

- Delete Article 288 and the token entry shown against it
- Decrease the appropriations under Item 2940 'Research grants and study grants' by 200 000 EUA (from 257 000 to 57 000 EUA).

(C) *Revenue*

- Increase revenue by 60 000 EUA.

COMMITMENTS

Enter commitment appropriations

Increase the commitment appropriations by 400 000 EUA (from 200 000 EUA to 600 000 EUA) (Compensation of 200 000 EUA from Item 2940)

REMARKS

Modify the remarks as follows .

This appropriation will be used by the Commission to finance the following measures .

- subsidies for a 'research fund' administered by a Fund Council to be created ,
- research programme linked with Community policies

Schedule

The commitment appropriation authorized for 1979 is 600 000 EUA. The likely schedule of payments against commitments is as follows :

(in Ec'4)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment					
1978 appropriations					
1979 appropriations	600 000	—	260 000	200 000	140 000
TOTAL	600 000	—	260 000	200 000	140 000

JUSTIFICATION

Over and above the inter-governmental financing which it receives, the University Institute urgently needs additional funds from the Community budget. The appropriations for research grants are insufficient for this purpose. The appropriations under Item 2940, earmarked for the University Institute, have therefore been decreased by 200 000 EUA. The remarks against that item must be modified accordingly.

A sum of 600 000 EUA over three years is required for the research programmes. In the initial year 10 % of this sum, i.e. 60 000 EUA, will be sufficient, and this should be added to the 200 000 EUA approved by the Council

* * *

On second reading the Council has persisted in the view that no more than a token entry be shown against this item at present, and that the grants for the institute should be financed from Item 2940. The Committee on Budgets finds that this amounts not so much to a decision on Parliament's amendment as a refusal to take it into account. It therefore proposes that the amendment be maintained, but that the appropriation be moved to the article set aside for educational measures.

* * *

Amendment No 51
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 54

Section III — Commission

PAYMENTS

Title 4 — Repayments and aids to Member States and miscellaneous
Chapter 42 — Community loans for the purpose of giving balance of payments support
Article —
Item —

(A) *Expenditure*

Unchanged

(B) *Compensation*

Unchanged

(C) *Revenue*

—

COMMITMENTS

—

Schedule

REMARKS

Reinstate the following remarks which appear in the preliminary draft budget :

'This heading is the budget basis for any expenditure which the Community would have to bear if, after the Commission had paid to lenders, under the authorization granted in Part II of the Budget, sums due on maturity, the beneficiary of a loan were to default and the guarantees relating to the loan could not be implemented in time'.

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that : (b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure , (d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness ; (f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy' In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that : 'the method of loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulates that 'all items of revenue and expenditure of the Community... shall be shown in the budget'); borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54 500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second capital account budget' It is therefore appropriate to restore the second part, introduced by the Commission ; the remarks against the title and chapter concerned must be modified accordingly.

* * *

Amendment No 52
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 56

Section III — Commission

PAYMENTS

Title 4 — Repayments and aids to Member States and miscellaneous
Chapter 43 — Loans for the promotion of investment in the Community
Article —
Item —

(A) *Expenditure*

Unchanged

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

Schedule

—

REMARKS

Reinstate the following remarks which appear in the preliminary draft budget

'For the legal basis of this Chapter, see Article 103 of Part II of the budget. This heading is the budget basis for any expenditure which the Community would have to bear if, the Commission having paid to lenders under the authorization granted in Part II of the Budget, sums due on maturity, the beneficiary of a loan were to default and the guarantees relating to the loan could not be implemented in time'.

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that: (b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure; (d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness, (f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that: 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulates that 'all items of revenue and expenditure of the Community... shall be shown in the budget'); borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a

resolution' (PE 54 500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission, the remarks against the title and chapter concerned must be modified accordingly.

* * *

Amendment No 53
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 91

Section III — Commission

PAYMENTS

Title 4 — Repayments and aids to Member States and miscellaneous
Chapter 44 — Accession compensatory amounts granted in respect of intra-Community trade (new)
Article 440 — Accession compensatory amounts granted in respect of intra-Community trade (new)

(A) *Expenditure*

Create a new Chapter 44: 'Accession and compensatory amounts granted in respect of intra-Community trade'
Create a new Article 440: 'Accession compensatory amounts granted in respect of intra-Community trade'
Enter a payment appropriation of 1 200 000 EUA

(B) *Compensation*

Delete Chapter 75: 'Accession compensatory amounts granted in respect of intra-Community trade'
Delete Article 750: 'Accession compensatory amounts granted in respect of intra-Community trade' together with the appropriation of 1 200 000 EUA shown against it

(C) *Revenue*

Unchanged

COMMITMENTS

—

REMARKS

Restore against Article 440 the remark appearing against former Article 750 in the preliminary draft budget.

This appropriation is to cover the accession compensatory amounts provided for in Article 55 of the Act of Accession

JUSTIFICATION

Accession compensatory amounts were abolished on 1 January 1978 but, because of payment still outstanding, an appropriation of 1.2 m EUA has been entered in the 1979 draft budget.

As the common agricultural policy has come into force for all Member States since the above date, these appropriations should now be entered not under Title 7 'EAGGF, Guarantee Section' but under Title 4 'Repayments and aids to Member States and miscellaneous'.

During the discussions on the 1978 draft budget the Council accepted the modification with compensation proposed by the European Parliament (OJ L 36, 6. 2. 1978, p. 342)

However, during the budgetary procedure relating to the 1979 budget, the Council went back on its position but gave no convincing reason for so doing.

The Committee on Budgets considers that involving as it does a simple change in nomenclature, the amendment should be maintained both in form and content.

* * *

Amendment No 54
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No. 92/rev.

Section III — Commission

PAYMENTS

- Title 4 — Repayments and aids to Member States and miscellaneous
- Chapter 45 — Monetary compensatory amounts paid or levied in respect of trade in
(new) agricultural products
- Article 450 — Monetary compensatory amounts in respect of intra-Community trade
(new)
- Item 4500 — Monetary compensatory amounts paid or levied by importing Member States
(new)
- Item 4501 — Monetary compensatory amounts on imports paid by exporting Member States
(new) on behalf of importing Member States
- Item 4502 — Monetary compensatory compensatory amounts on exports paid or levied by
(new) exporting Member States
- Article 451 — Monetary compensatory amounts in respect of trade with non-Community
(new) countries
- Item 4510 — Portion of monetary compensatory amounts granted on imports over and above
(new) the levy
- Item 4511 — Monetary compensatory amounts on exports
(new)

(A) *Expenditure*

- Create a new Chapter 45 : 'Monetary compensatory amounts paid or levied in respect of trade in agricultural products'
- Create a new Article 450 : 'Monetary compensatory amounts in respect of intra-Community trade'
- Create a new Item 4500 : 'Monetary compensatory amounts paid or levied by importing Member States'
- Enter a payment appropriation of — 108 700 000 EUA
- Create a new Item 4501 : 'Monetary compensatory amounts on imports paid by exporting Member States on behalf of importing Member States'
- Enter a payment appropriation of 1 000 200 000 EUA
- Create a new Item 4502 : 'Monetary compensatory amounts on exports paid or levied by exporting Member States'
- Enter a payment appropriation of — 209 700 000 EUA
- Create a new Article 451 : 'Monetary compensatory amounts in respect of trade with non-Community countries'
- Create a new Item 4510 : 'Portion of monetary compensatory amounts on imports over and above the levy'
- Enter a payment appropriation of 104 600 000 EUA
- Create a new Item 4511 : 'Monetary compensatory amounts on exports'
- Enter a payment appropriation of 22 800 000

(B) *Compensation*

- Delete Chapter 78 'Monetary compensatory amounts paid or levied in respect of trade in agricultural products'
- Delete Article 780 'Monetary compensatory amounts in respect of intra-Community trade'
- Delete Item 7800 'Monetary compensatory amounts on imports paid or levied by importing Member States'
- Delete the appropriation of — 108 700 000 EUA shown against it

- Delete Item 7801 : 'Monetary compensatory amounts on imports paid by exporting Member States on behalf of importing Member States'
 - Delete the appropriation of 1 000 200 000 EUA shown against it
- Delete Item 7802 : 'Monetary compensatory amounts on exports paid or levied by exporting Member States'
 - Delete the appropriation of — 209 700 000 EUA shown against it
- Delete Article 781 : 'Monetary compensatory amounts in respect of trade with non-Community countries'
- Delete Item 7810 : 'Portion of monetary compensatory amounts granted on imports over and above the levy'
 - Delete the appropriation of 104 600 000 EUA shown against it
- Delete Item 7811 : 'Monetary compensatory amounts on exports'
 - Delete the appropriation of 22 800 000 EUA shown against it

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Transfer to Article 450 and Items 4500, 4501, 4502, 4510 and 4511 under Chapter 45 the remarks appearing under former Chapter 78 against Article 780 and Items 7800, 7801, 7802, 7810 and 7811.

JUSTIFICATION

As monetary compensatory amounts reflect the lack of alignment between Member States' economies and the lack of economic and monetary union, they cannot under any circumstances be regarded as expenditure directly chargeable to the common agricultural policy.

The Committee on Agriculture therefore requests that this expenditure be transferred to Title 4 'Repayments and aids to Member States and miscellaneous'.

Last year the Council accepted the modification with compensation proposed by the European Parliament requesting the transfer of this expenditure from Title 7 to Title 4 in the 1978 draft budget (OJ L 36, 6. 2. 1978, pp. 342 — 344).

However, during the budgetary procedure relating to the 1979 budget, the Council went back on its position but gave no convincing reason for so doing.

The Committee on Budgets considers that involving as it does a simple change in nomenclature, the amendment should be maintained both in form and content.

* * *

Amendment No 55
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 319

Section III — Commission

Payments

- Title 5 — Social and Regional Funds
 - Enter new subdivisions under Article 501, (reinstatement of the subdivision shown in the preliminary draft budget), viz :
- Article 501 — Measures for young people
- Item 5010 — Measures in the field of vocational training
- Item 5011 — Measures to promote youth employment

JUSTIFICATION

The budgetary nomenclature proposed by the Council is completely non-specific and would make the utilization of the appropriations in 1979 difficult. The Committee on Budgets therefore proposes a more functional nomenclature and calls for the reinstatement of the subdivisions used in the Commission's preliminary draft.

It is incomprehensible that the Council should have maintained this point of view on second reading. The Committee on Budgets proposes the reinstatement of this amendment.

* * *

Amendment No 56
tabled by the Committee on Budgets
to the Council's modification to Parliament's amendment No 166/44
Section III — Commission

PAYMENTS

Title — Social and Regional Funds
Chapter 50 — Social Fund — Expenditure provided for under Article 4 of the Council Decision of 1 February 1971
Article 500 — Aid to the agricultural and textiles sectors

(A) *Expenditure*

Amend the modifications made by the Council on second reading to Parliament's Amendment No 166/44 as follows:

Increase the payment appropriation by 5 000 000 EUA (from 38 000 000 EUA to 43 000 000 EUA) (reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*(C) *Revenue*

Increase revenue by the same amount.

COMMITMENTS

Unchanged

REMARKS

Unchanged

Schedule

Restore the schedule proposed by the Commission in the preliminary draft budget. The commitment appropriation authorized for 1979 is 35 000 000.¹ The likely schedule of payments against commitments is as follows:

(in LUA)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	118 900 000	52 000 000	31 000 000	85 900 000	—
Appropriations for commitment remaining	—	—	—	—	—
Appropriations for commitment 1978	35 000 000	9 000 000	12 000 000	6 000 000	7 000 000
Appropriations for commitment 1979	35 000 000	—	—	3 100 000	32 900 000
TOTAL	188 900 000	61 000 000	43 000 000	45 000 000	39 900 000

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

REMARKS

Unchanged

JUSTIFICATION

Aid to the agricultural and textile sectors is necessary in view of the serious crisis affecting them. Moreover, an increase in the appropriations under the Social Fund (in other words reinstatement of the amount proposed by the Commission) is in line with the decisions taken by the European Council in Bremen.

* * *

The only real reason for the modifications made by the Council to the appropriations entered by Parliament on first reading is a reluctance to go beyond a certain ceiling.

The Committee on Budgets takes the view that considerations of this kind have nothing to do with a realistic and politically responsible assessment of the scale of funds required for 1979. It therefore proposes that the Council's modifications be rejected and that Parliament's decisions on first reading be reinstated.

* * *

Amendment No 57
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 265

Section III — Commission

PAYMENTS

Title 5	— Social and Regional Funds
Chapter 50	— Social Fund — expenditure provided for under Article 4 of the Council decision of 1 February 1971
Article 501	— Measures for Young People
Item 5010 (new)	— Measures in the field of vocational training

(A) *Expenditure*

— Amend the modifications made by the Council on second reading to Parliament's Amendment No 265 as follows :

- a) Enter a new Item 5010 entitled 'Measures in the field of vocational training'
- b) Enter payment appropriations of 201 000 000 EUA (reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*

Delete Article 501 with payment appropriations of 150 000 000 EUA

(C) *Revenue*

Increase revenue by 51 000 000 EUA

COMMITMENTS

Enter commitment appropriations of EUA 230 000 000 (delete the appropriation of 230 000 000 EUA from Article 501)

REMARKS

Council Decision 75/459/EEC of 22 July on intervention by the European Social Fund in favour of persons affected by employment difficulties (OJ L 199 of 30 July 1975, p. 36)

Council Decision 77/802/EEC of 20 December 1977 amending certain decisions adopted pursuant to Article 4 of Decision 71/66/EEC on the reform of the European Social Fund (OJ L 337 of 27 December 1977, p. 10)

Schedule

The commitment appropriation authorized for 1979 is 230 000 000 EUA ¹

The likely schedule of payments against commitments is as follows :

(in ECU)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	193 700 000	75 000 000	84 000 000	34 700 000	—
Appropriations carried over from 1977	—	—	—	—	—
Appropriations 1978	179 000 000	44 000 000	60 000 000	43 700 000	31 300 000
Appropriations 1979	230 000 000	—	57 000 000	80 000 000	92 400 000
Total	602 700 000	119 000 000	201 000 000	159 000 000	123 700 000

JUSTIFICATION

Measures in the field of vocational training for young people must be given priority as confirmed by the European Council meeting in Bremen.

The Commission remains politically responsible for stepping up the rate of spending under the ESF. The cut made by the Council in the balance of commitments entered into in 1978 from ECU 84 000 000 to 28 000 000 cannot therefore be accepted.

Item 5010 should therefore be restored in accordance with the nomenclature of the preliminary draft since a new Item 5011 (see draft amendment) must be created. The provisional creation of an Article 530 — 'new measures to assist young people proposed by the Commission' — for Items 5011, 5101 and 5111 is not approved

The only real reason for the modifications made by the Council to the appropriations entered by Parliament on first reading is a reluctance to go beyond a certain ceiling.

The Committee on Budgets takes the view that considerations of this kind have nothing to do with a realistic and politically responsible assessment of the scale of funds required for 1979. It therefore proposes that the Council's modifications be rejected and that Parliament's decisions on first reading be reinstated.

* * *

Amendment No 58
tabled the Committee on Budgets

to the Council's modification to Parliament's amendment No 266

Section III — Commission

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

PAYMENTS

- Title 5 — Social and Regional Funds
 Chapter 50 — Social Fund — expenditure provided for under Article 4 of the Council decision of 1 February 1971
 Article 501 — Measures for Young People
 Item 5011 — Measures to promote youth employment
 (new)

(A) *Expenditure*

— Amend the modifications made by the Council on second reading to Parliament's Amendment No 266 as follows :

- a) Enter a new Item 5011 entitled 'Measures to promote youth employment'
 b) Enter payment appropriations of 30 000 000 EUA

(B) *Compensation*

Reduce the appropriation in Chapter 100 by 25 000 000 EUA (Point 25 in remarks)

(C) *Revenue*

Increase revenue by 5 000 000 EUA

COMMITMENTS

Enter commitment appropriations of 110 000 000 EUA (reinstatement of the appropriation shown in the preliminary draft budget)

Reduce the commitment appropriation in point 25 of the remarks in Chapter 100 by 72 000 000 EUA (giving a total increase of 38 000 000 EUA over the amended draft budget).

REMARKS

Proposal for a Council Regulation introducing a new European Social Fund aid in favour of young persons and

Proposal for a Council Decision amending Decision 75/459/EEC of 22 July 1975 on action by the European Social Fund for persons affected by employment difficulties, as amended by Decision 77/802/EEC of 20 December 1977, submitted by the Commission to the Council on 10 April 1978 (OJ C 100 of 25 April 1978, p. 4)

Schedule

The commitment appropriation authorized for 1979 is 110 000 000 EUA¹ The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments		
		1979	1980	1981
1979 :	110 000 000	30 000 000	40 000 000	40 000 000

JUSTIFICATION

Measures in the field of vocational training for young people must be given priority as confirmed by the European Council meeting in Bremen. The Commission remains politically responsible for stepping up the rate of spending under the ESF.

The entry of initial appropriations following Bremen is justified. The partial cut made by the Council (see Article 530) cannot be accepted.

Item 5010 should therefore be restored in accordance with the nomenclature of the preliminary draft since a new Item 5011 (see draft amendment) must be created. The provisional creation of an Article 530 — 'new measures to assist young people proposed by the Commission' — for Items 5011, 5101 and 5111 is not approved.

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

The only real reason for the modifications made by the Council to the appropriations entered by Parliament on first reading is a reluctance to go beyond a certain ceiling.

The Committee on Budgets takes the view that considerations of this kind have nothing to do with a realistic and politically responsible assessment of the scale of funds required for 1979. It therefore proposes that the Council's modifications be rejected and that Parliament's decisions on first reading be reinstated.

* * *

Amendment No 59
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 46

Section III — Commission

PAYMENTS

Title 5 — Social and Regional Funds
Chapter 50 — Social Fund — Expenditure provided for under Article 4 of the Council Decision of 1 February 1971
Article 502 — Measures for handicapped persons

(A) *Expenditure*

Amend the modifications made by the Council on second reading to Parliament's Amendment No 46 as follows:

Increase the appropriations for 1979 by 400 000 EUA (from 1 600 000 EUA to 2 000 000 EUA) (reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount.

COMMITMENTS

—

REMARKS

Unchanged

JUSTIFICATION

This article concerns the final stages of Fund operations which will in future come under Article 511. There is every reason, however, to complete the existing projects and therefore to retain in their entirety the appropriations entered for this purposes by the Commission.

The only real reason for the modifications made by the Council to the appropriations entered by Parliament on first reading is a reluctance to go beyond a certain ceiling.

The Committee on Budgets takes the view that considerations of this kind have nothing to do with a realistic and politically responsible assessment of the scale of funds required for 1979. It therefore proposes that the Council's modifications be rejected and that Parliament's decisions on first reading be reinstated.

* * *

Amendment No 60
tabled the Committee on Budgets

to the Council's modification to Parliament's amendment No 272

Section III — Commission

PAYMENTS

Title 5 — Social and Regional Funds
Chapter 50 — Social Fund
Article 505 — Measures to help women

(A) Expenditure

Amend the modifications made by the Council on second reading to Parliament's amendment No 272 as follows :

Increase the payment appropriation by 4 000 000 EUA (from 10 000 000 EUA to 14 000 000 EUA)

(B) Compensation

—

(c) Revenue

Increase revenue by 4 000 000 EUA

COMMITMENTS

Increase commitments by 6 000 000 EUA
(from 18 000 000 EUA to 24 000 000 EUA)

Schedule

The likely schedule of payments against commitments is as follows :

(in 11 1)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	—	—	—	—	—
Appropriations carried over from 1977	—	—	—	—	—
Appropriations for 1978	8 000 000	2 500 000	4 000 000	1 000 000	500 000
Appropriations for 1979	24 000 000	—	6 000 000	8 000 000	10 000 000
TOTAL	32 000 000	2 500 000	10 000 000	9 000 000	10 500 000

JUSTIFICATION

The number of unemployed women in the Community as a whole and in Germany, France, the Netherlands, Belgium, Luxembourg and the United Kingdom has increased more rapidly in recent months than the number of unemployed men.

Of the total number of registered unemployed in the Community, 44 % are women. In Germany, France and Belgium more than 50 % of the registered unemployed are women.

There is also a substantial increase in the number of unemployed women under the age of 25. To give expression to repeated requests by the European Parliament, this amendment aims to double the payment and commitment appropriations in the draft budget.

* * *

The modifications made by the Council to the appropriations entered by Parliament on first reading are attributable solely to the desire not to exceed a given ceiling on appropriations.

The Committee on Budgets is of the opinion that such considerations have no place in a realistic and politically responsible assessment of the volume of appropriations needed for 1979. It therefore proposes that the Council's modifications should be rejected and the decisions taken by Parliament on first reading restored.

* * *

Amendment No 61
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 267

Section III — Commission

PAYMENTS

- Title 5 — Social and Regional Funds
- Chapter 51 — Social Fund — expenditure provided for under Article 5 of the Council Decision of 1 February 1971
- Article 510 — Measures to improve the employment situation in certain regions, economic sectors adapting to technical progress or groups of companies

(A) *Expenditure*

- Amend the modifications made by the Council on second reading to Parliament's amendment No 267 as follows:
- Increase the payment appropriation by 88 000 000 EUA (from 245 000 000 EUA to 333 000 000 EUA) (reinstatement of the appropriation shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

- Increase revenue by 88 000 000 EUA

COMMITMENTS

Unchanged (The Council has accepted the increase of 11 000 000 EUA proposed by Parliament on first reading)

REMARKS

Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund (OJ L 28 of 4 February 1971, p. 15), as amended by Council Decision 77/801/EEC of 20 December 1977 (OJ L 337 of 27 December 1977, p. 8) and in particular Article 5 (1), subparagraphs (a), (b) and (c) thereof.

Council Regulation (EEC) No 2396/71 of 8 November 1971 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund (OJ L 249 of 10 November 1971, p. 54), as amended by Council Regulation (EEC) of 20 December 1977 (OJ L 337 of 27 December 1977, p. 1) and in particular Article 1 (1) and (3) and Article 3 (1) thereof.

Schedule

The commitment appropriation authorized for 1979 is 326 000 000 EUA.* The likely schedule of payments against commitments is as follows:

(in ECU)

Commitments	Payments				
	1978	1979	1980	1981	
Commitments entered into before 1978 to be covered by new appropriations for payment	473 000 000	206 000 000	156 700 000	110 600 000	—
Appropriations carried over from 1977	—	—	—	—	—
Appropriations 1978	281 000 000	69 000 000	94 300 000		
Appropriations 1979	326 000 000	—	82 000 000	108 000 000	136 000 000
TOTAL	1 080 300 000	275 000 000	333 000 000	277 500 000	194 800 000

JUSTIFICATION

Measures in the field of vocational training for young people must be given priority as confirmed by the European Council meeting in Bremen. The Commission cannot be absolved from political responsibility for stepping up the rate of spending under the ESF.

The cut of 100 000 000 EUA made by the Council in commitment appropriations entered into before 1978 and for which payments must be made from new payment appropriations, together with the cut of 2 000 000 EUA made in payment appropriations for 1979 (giving a total of 102 000 000 EUA) have both been rescinded. The additional 11 000 000 EUA in commitment appropriations are made up of 2 000 000 EUA for 1979, 3 000 000 EUA for 1980 and 6 000 000 for 1981 and subsequent financial years.

Item 5100 should therefore be restored in accordance with the nomenclature of the preliminary draft since a new Item 5101 (see draft amendment) must be created. The provisional creation of an Article 530 — 'New measures to assist young people proposed by the Commission' — for Items 5011, 5101 and 5111 is not approved.

* * *

The modifications made by the Council to the appropriations entered by Parliament on first reading are attributable solely to the desire not to exceed a given ceiling on appropriations.

The Committee on Budgets is of the opinion that such considerations have no place in a realistic and politically responsible assessment of the volume of appropriations needed for 1979. It therefore proposes that the Council's modifications should be rejected and the decisions taken by Parliament on first reading restored.

* * *

Amendment No 62
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 269

Section III — Commission

PAYMENTS

Title 5 — Social and Regional Funds
Chapter 51 — Social Fund — expenditure provided for under Article 5 of the Council Decision of 1 February 1971

* See Article 1 (3) of the Financial Regulation of 21 December 1977

Article 511 —
 Item 5110 — Measures in the field of vocational training
 (new)

(A) *Expenditure*

— Amend the modification made by the Council on second reading to Parliament's amendment No 269, as follows:

- a) Enter a new Item 5110 'Measures in the field of vocational training'.
- b) Enter payment appropriations of 47 000 000 EUA (reinstatement of the appropriation shown in the preliminary draft budget)

(b) *Compensation*

Delete Article 511 with payment appropriations of 40 000 000 EUA

(C) *Revenue*

Increase revenue by 7 000 000 EUA.

COMMITMENTS

Enter commitment appropriations of 61 000 000 EUA (figure taken unchanged from Article 511 of the draft budget).

REMARKS

Council Decision 71/66/EEC of 1 February 1971 on the reform of the European Social Fund (OJ L 28 of 4 February 1971, p. 15), as amended by Council Decision 77/801/EEC of 20 December 1977 (OJ L 337 of 27 December 1977, p. 8) and in particular Article 5 (1) subparagraph (d) thereof.

Council Regulation (EEC) No 2396/71 of 8 November 1971 implementing the Council Decision of 1 February 1971 on the reform of the European Social Fund (OJ L 249 of 10 November 1971, p. 54), as amended by Council Regulation (EEC) No 2893/77 of 20 December 1977 (OJ L 337 of 27 December 1977, p. 1), and in particular Article 1 (2) and (3) and Article 3 (1) thereof.

Schedule

The commitment appropriation authorized for 1979 is 61 000 000 EUA.* The likely schedule of payments against commitments is as follows.

(in ECU)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	47 400 000	25 000 000	16 500 000	5 900 000	—
Appropriations carried over from 1977	—	—	—	—	—
Appropriations 1978	49 000 000	12 000 000	16 500 000	19 100 000	1 400 000
Appropriations 1979	61 000 000	—	14 000 000	22 500 000	24 500 000
TOTAL	157 400 000	37 000 000	47 000 000	47 500 000	25 900 000

JUSTIFICATION

Measures in the field of vocational training for young people must be given priority as confirmed by the European Council meeting in Bremen. The Commission cannot be absolved from political responsibility for stepping up the rate of spending under the ESF.

* See Article 1 (3) of the Financial Regulation of 21 December 1977

The cut of EUA 10 500 000 in payment appropriations, made in the form of a reduction in the commitments entered into before 1978 and for which payments must be made from new payment appropriations, has been rescinded.

Furthermore, the schedule of payment shows cuts in the appropriations for 1979 which are incomprehensible when viewed in relation to the commitment appropriations of EUA 61 000 000. Item 5110 should therefore be restored in accordance with the nomenclature of the preliminary draft since a new Item 5111 (see draft amendment) must be created. The provisional creation of an Article 530 — 'New measures to assist young people proposed by the Commission' — for Items 5011, 5101 and 5111 is not approved.

* * *

The modifications made by the Council to the appropriations entered by Parliament on first reading are attributable solely to the desire not to exceed a given ceiling on appropriations.

The Committee on Budgets is of the opinion that such considerations have no place in a realistic and politically responsible assessment of the volume of appropriations needed for 1979. It therefore proposes that the Council's modifications should be rejected and the decisions taken by Parliament on first reading restored.

* * *

Amendment No 63
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 271

Section III — Commission

PAYMENTS

- Title 5 — Social and Regional Funds
- Chapter 53 — Social Fund measures to promote the employment of young people
- Article 530 — New measures proposed by the Commission to aid young people

(A) *Expenditure*

Delete Chapter 53 and the appropriation in Chapter 100

Justification

This deletion is a necessary consequence of the previous draft amendments to Items 5010, 5011 and 5110 restoring the nomenclature of the preliminary draft budget.

* * *

Amendment No 64
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 218

Section III — Commission

PAYMENTS

- Title 5 — Social and Regional fund
- Chapter 59 — Aid to disaster victims in the Community
- Article 590 — Aid to disaster victims in the Community

(A) *Expenditure*

Increase the payment appropriation by 5 000 000 EUA (from 5 000 000 to 10 000 000 EUA)
(reinstatement of the appropriation shown in the preliminary draft budget)

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

—

Schedule

REMARKS

Modify the remarks as follows .

This appropriation will be used by the Commission to finance the following measures .

— Emergency assistance to disaster victims in the Community.

JUSTIFICATION

On second reading the Council deleted this amendment by Parliament on the pretext that it is impossible to quantify this type of aid accurately. If this were a sound argument, it might be used equally against its author. The Committee on Budgets considers that the Commission's evaluation is sounder than that made by the Council and therefore proposes the restoration of this amendment.

* * *

Amendment No 65
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 249/96

Section III — Commission

Title 8 — European Guidance and Guarantee Fund — Guidance Section and fisheries policy

Amend the heading of Title 8 to read: European Agricultural Guidance and Guarantee Fund — Guidance Section'

JUSTIFICATION

The Committee on Budgets and the Committee on Agriculture have proposed amendments for the creation of a new Chapter 38 grouping together the appropriations intended for the 'Common policy on the sea'. These amendments simplify the nomenclature of Title 8 whose wording must be changed accordingly

* * *

The Committee on Budgets proposes that this amendment to the nomenclature which is a consequence of the creation of the new Article 38 should be maintained.

* * *

Amendment No 66

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 219

Section III — Commission

PAYMENTS

Title 8 — European Agricultural Guidance and Guarantee Fund — Guidance Section — and fisheries policy

Chapter 80 — Projects for the improvement of agricultural structures provided for under Article 13 of Regulation No 17/64/EEC

Article 800 — Projects for the improvement of agricultural structures provided for under Article 13 of Regulation No 17/64/EEC

(A) *Expenditure*

— Increase the payment appropriation by 20 000 000 EUA (from 40 000 000 to 60 000 000 EUA)

(B) *Compensation*

—

(C) *Revenue*

— Increase revenue accordingly

COMMITMENTS

Increase the commitment appropriation by 20 000 000 EUA (replace the token entry by 20 000 000 EUA)

Modify remarks as follows :

Expenditure to be incurred in 1979 under this article arises from the application of Regulation No 17/64/EEC and Article 6 (4) of Regulation (EEC) No 729/70. Pursuant to Regulation (EEC) No 729/70 such part of the annual amount of 325 m EUA as is not used for common measures and special measures is to be used for the EAGGF financing, as to 25 % of eligible expenditure actually incurred, of projects for the improvement of agricultural structures.

Experience has, however, shown that :

— limiting the allocation to the agricultural structures policy to 325 m EUA has been unrealistic ;
— financing of individual projects has met a genuine need.

The commitment appropriation entered, and the corresponding payment appropriations, are intended for the financing of individual projects selected by the Commission as likely to achieve the object defined by Regulations 17/64 and 729/70.

Schedule

Modify the schedule as follows :

The commitment appropriation authorized for 1979 amounts to 20 000 000 EUA.¹ The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	150 695 624	26 000 000	40 000 000	40 000 000	44 695 624
Appropriations outstanding from 1977	—	—	—	—	—
1978 appropriations	token entry	token entry	token entry	token entry	token entry
1979 appropriations	20 000 000	—	20 000 000	—	—
Total	170 695 624	26 000 000	60 000 000	40 000 000	44 695 624

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

JUSTIFICATION

The complete disappearance of individual projects, as envisaged by Regulation 729/70, would be very damaging to the Community's agricultural structures policy. The amount requested is far higher than the appropriations available.

Each of the institutions has stated it is in principle in favour of maintaining this method of financing.

It would appear more orthodox from a budgetary point of view to make provision in the budget rather than a regulation for the funds intended for the maintenance of this financing.

* * *

On second reading the Council rejected this amendment which it considers to be a proposed modification having regard to the Commission's proposal in the preliminary draft.

Nevertheless the 1978 appropriations will have to be increased by 70m EUA by effecting a transfer because of the heavy demand; this situation will continue in 1979. The Committee on Budgets therefore proposes that this amendment should be maintained.

* * *

Amendment No 67
tabled by the Committee on Budgets

to the Council's modification to Parliaments' amendment No 26

Section III — Commission

PAYMENTS

Title 9 — Cooperation with developing countries and non-member states

Chapter —

Article —

Item —

(A) *Expenditure*

—

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

Schedule

REMARKS

restore the following remark under the heading of Title 9 :

Chapters 90 and 91 are set aside for the appropriations of the European Development Fund (EDG).

JUSTIFICATION

The Council has deleted this remark. In view of the fact that the European Parliament has repeatedly pressed for the budgetization of the next EDF this remark should be restored in the 1979 budget.

* * *

Amendment No 68
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 224

Section III — Commission

PAYMENTS

Title 9 — Cooperation with developing countries and non-member states
Chapter 94 — Specific measures for cooperation with the developing countries
Article 945 — Community contribution towards schemes concerning developing countries carried out by non-governmental organizations (NGOS)

(A) Expenditure

Amend the modifications made by the Council on second reading to Parliament's amendment No 224 as follows :

Increase the payment appropriation by 1 500 000 EUA (from 7 500 000 to 9 000 000 EUA) (reinstatement of the appropriation shown in the preliminary draft budget)

(B) Compensation

—

(C) Revenue

Increase revenue by the same amount

COMMITMENTS

Increase the commitment appropriation by 3 000 000 EUA (from 12 000 000 to 15 000 000 EUA)

REMARKS

Modify the remarks as follows :

This appropriation will be used by the Commission to finance the following measures :

- Financing, jointly with the NGOs, of microprojects to benefit the poorest sections of the population in developing countries, whether associated or not, and implementation of such joint financing.
- A subsidy of 50 000 EUA for the committee set up for liaison between the NGOs and the Commission and amongst the NGOs themselves.
- Financing to an amount of approximately 200 000 EUA of public information campaigns on development carried out by the NGOs in the Member States of the Community

See : Commission Communication to the Council of 6 October 1975 (COM(75) 504 final)

The commitment appropriation authorized for 1979 is 15 000 000 EUA*

Schedule

The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments			
		1978	1979	1980	1981
1978 appropriation :	6 000 000	3 000 000	3 000 000	3 000 000	—
1979 appropriation :	—	6 000 000	6 000 000	6 000 000	3 000 000
Total	6 000 000	9 000 000	9 000 000	9 000 000	3 000 000

* See Article 1 (3) of the Financial Regulation of 21 December 1977

JUSTIFICATION

Through the work of its Committee on Development and its Control Subcommittee, Parliament has been able to satisfy itself as to the effectiveness of this form of development aid and the guarantees it offers in general from the standpoint of financial management. It is therefore desirable that the appropriations allocated to it should be increased. This measure should, however, be accompanied by an increase in the Commission's staff in this sector.

The increase accepted by the Council on second reading is inadequate and relates only to payments. The increase is in fact tant amount to stagnation in this field. The Committee on Budgets considers that these measures offer every guarantee from the budgetary standpoint of progress.

* * *

Amendment No 69
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 34/263

Section III — Commission

PAYMENTS

Title 9	— Cooperation with developing countries and non-member states
Chapter 94	— Specific measures for cooperation with the developing countries
Article 946a (new)	— Energy cooperation with non-oil-producing developing countries
Item	—

(A) *Expenditure*

Create a new Article 946a: 'Energy cooperation with non-oil-producing developing countries'
Enter a payment appropriation of 1 000 000 EUA

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by the same amount

COMMITMENTS

Enter a commitment appropriation of 3 000 000 EUA

REMARKS

Enter the following remarks:

This appropriation will be used by the Commission to finance the following measures:

- The formulation of a cooperation project with the developing countries for the development of their energy sources, centred on the development of potential resources, the training of scientific and technical staff and increased investment of Community origin. The project will include
 1. an assessment of energy resources;
 2. the establishment of five-year energy cooperation programmes,
- Pre-feasibility studies;
- An initial assessment of the requirements and potential resources of certain developing countries;
- The pilot schemes deemed necessary.

Schedule

Enter the following schedule of payments :

The commitment appropriation authorized for 1979 is 3 000 000 EUA. ¹

The likely schedule of payments against commitments is as follows :

(in EUA)

Commitments		Payments		
		1979	1980	1981
1979 appropriation	3 000 000	1 000 000	1 000 000	1 000 000
Total	3 000 000	1 000 000	1 000 000	1 000 000

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

JUSTIFICATION

The intention here is to implement one of the decisions taken by the European Council meeting in Bremen.

* * *

The Committee on Budgets does not share the Council's view that this measure cannot be envisaged in the 1979 budget. It is perfectly well aware of the slowness with which the Council takes decisions but it is specifically to avoid this problem that the committee is proposing this amendment and the entry of an appropriation which can be used directly by the Commission.

* * *

Amendment No 70
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 67

Section III — Commission

Borrowing and lending operations

- Delete Annex III : 'Borrowing and lending operations' in the draft budget
- Reinstate in its entirety Part II : 'Borrowing and lending operations' in the preliminary draft budget

(A) *Expenditure*

—

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

Schedule

REMARKS

Enter the following remarks at the beginning of Part II of the budget :

'Part II of the budget is an integral part of the latter. It shows all borrowing and lending operations which already appear as a guarantee in Part I: Statement of revenue and expenditure.

It constitutes an authorization to the Commission to effect borrowing and lending operations for fixed amounts.

It indicates the debt situation of the Community (reimbursement of loans, recovery of loans) and the corresponding financial expenditure.'

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that: 'b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure; d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness; f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy.' In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that: 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions.'

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulates that 'all items of revenue and expenditure of the Community ... shall be shown in the budget'); borrowing and lending operations would be shown on this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget.'

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital budget.

* * *

Amendment No 71
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment Nos 58 and 154

Section III — Commission

STATEMENT OF REVENUE

Title 9	—	Miscellaneous revenue
Chapter 94	—	Borrowing and lending operations
Article 940	—	Loans raised from Eximbank
Item	—	

Revenue

Unchanged

Schedule

—

REMARKS

Modify the remarks as follows :

'For the legal basis of this heading, see Article 100 in Part II of the budget. This heading is to record any revenue arising from claims of the EAEC against recipients of loans granted by Euratom.'

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that : 'b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure ; d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness ; f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that : 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulated that 'all items of revenue and expenditure of the Community ... shall be shown in the budget'); borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission ; the remarks against the article concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital budget.

* * *

Amendment No 72
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 59 and 153

Section III — Commission

STATEMENT OF REVENUE

Title 9	—	Miscellaneous revenue
Chapter 94	—	Borrowing and lending
Article 941	—	Euratom loans raised
Item	—	

Revenue

Unchanged

COMMITMENTS

—

Schedule

—

REMARKS

Modify the remarks as follows :

'For the legal basis of this heading, see Article 102 in Part II of the budget. This heading is to record any revenue arising from claims of the EAEC against recipients of loans granted by Euratom :

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that : (b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure ; (d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness ; (f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the view expressed by the European Parliament — stated that : 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulated that 'all items of revenue and expenditure of the Community . . . shall be shown in the budget') ; borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission , the remarks against the article concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital budget.

* * *

Amendment No 73
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 60 and 155

Section III — Commission

STATEMENT OF REVENUE

Title 9	—	Miscellaneous revenue
Chapter 94	—	Borrowing and lending
Article 942	—	Community loans raised for the purpose of giving balance of payments support
Item	—	

Revenue

Unchanged

COMMITMENTS

—

Schedule

—

REMARKS

Modify the remarks as follows :

'For the legal basis of this heading, see Article 101 in Part II of the budget. This heading is to record any revenue arising from claims of the Community against Member States in receipt of loans against these borrowing operations.'

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that : (b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure ; (d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness ; (f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that : 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulated that 'all items of revenue and expenditure of the Community ... shall be shown in the budget'); borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission ; the remarks against the article concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital budget.

* * *

Amendment No 74
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 61 and 152

Section III — Commission

STATEMENT OF REVENUE

Title 9	—	Miscellaneous revenue
Chapter 94	—	Borrowing and lending
Article 943	—	Community loans raised to generate investment in the Community
Item	—	

Revenue

Unchanged

COMMITMENTS

—

Schedule

—

REMARKS

Modify the remarks as follows :

'For the legal basis see Article 103 of Part II of the budget. This heading is to record any revenue arising from claims of the Community against Member States in receipt of loans against these borrowing operations.

JUSTIFICATION

Since 1975 the European Parliament has maintained that Community borrowing and lending operations should be subject to control by the budgetary authority. In its resolution of 13 May 1976 it stated in particular that : (b) the purpose of the entry in the budget of Community borrowing and lending operations is to bring these operations into the normal process of authorization of Community revenue and expenditure ; (d) entry in the budget enables the budgetary authority to fix the maximum annual amount of the capital account operations on the basis of full information relating to the Community's indebtedness ; (f) the creation of a capital account budget for the Communities will make for overall transparency of the Community loans policy'. In the introduction to its preliminary draft general budget of the European Communities for the financial year 1979, the Commission — following the views expressed by the European Parliament — stated that : 'the method of entering loans in the budget followed up to now does not appear to reflect the specific and complex nature of these operations. The Commission therefore proposes the creation of a second part of the general budget to contain the headings relating to borrowing and lending operations. The budgetary authority will thus have overall information at its disposal enabling it to exercise its powers of authorization and control under optimum conditions'.

On 14 June 1978 the Commission then submitted a draft regulation amending the Financial Regulation of 21 December 1977 by creating a second part of the general budget pursuant to Article 199 of the EEC Treaty (which stipulated that 'all items of revenue and expenditure of the Community ... shall be shown in the budget'); borrowing and lending operations would be shown in this second part of the budget. Finally in the document entitled 'elements of the motion for a resolution' (PE 54.500/add.) drawn up by Mr Bangemann and approved on 20 September 1978, the Committee on Budgets of the European Parliament states that 'the Community loans policy must be entered in a capital account budget'. It is therefore appropriate to restore the second part, introduced by the Commission ; the remarks against the article concerned must be modified accordingly.

* * *

The Committee on Budgets proposes the reinstatement of Part II 'Borrowing and lending operations' in case a solution can be found before the adoption of the 1979 budget to the problem of the rules that might be applied to the budgetization of the Community's borrowing and lending activities in the form of a capital budget.

* * *

Section III — Commission

PAYMENTS

- Title 9 — Cooperation with developing countries and other non-Member States
 Chapter 97 — Measures preparatory to enlargement of the Community
 (new)
 Article 970 — Special provisions for applicant countries to the European Community
 (new)

(A) *Expenditure*

- Create a new Chapter 97 'Measures preparatory to enlargement of the Community'
- Create a new Article 970 'Special provisions for applicant countries to the European Community'
- Enter a token entry

(B) *Compensation*

—

(C) *Revenue*

Unchanged

COMMITMENTS

—

REMARKS

The appropriations are for specific expenditure by the Commission for investment in infrastructure and investment by private industry in the 3 applicant countries.

50 % of the appropriations should be in the form of interest subsidies for loans by the European Investment Bank.

JUSTIFICATION

The special reserve to be created in Chapter 101 for expenditure relating to enlargement requires a structural provision in Chapter 97 to cover applicant countries, since the budgetary nomenclature does not include such provision for one applicant country and the budgetary lines of the Financial Protocols cannot be used for the other two.

* * *

The Council deleted this amendment by Parliament on second reading since it felt that a reserve for enlargement was premature.

That justification is clearly insufficient to call into question a decision taken by a large majority in Parliament.

The Committee on Budgets therefore proposes that this amendment should be restored.

* * *

Amendment No 76
 tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 229

Section III — Commission

PAYMENTS

- Title 10 — Other expenditure
 Chapter 100 — Provisional appropriations

(A) *Expenditure*

Increase payment appropriations by 10 000 000 EUA (from 114 722 800 to 124 722 800 EUA)

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by 10 000 000 EUA

COMMITMENTS

Increase the commitment appropriations shown in brackets by 45 000 000 EUA (from 190 471 000 to 235 471 000 EUA)

REMARKS

Add the following :

Overall operational reserve

— appropriations for payment 10 000 000 EUA

— appropriation for commitment (45 000 000 EUA)

to cover :

(a) Chapter 32 : Expenditure under the energy policy

(b) Chapter 37 : Expenditure in the industrial and transport sectors

(c) Article 384 : Assumption by the Community of certain financial obligations pursuant to agreements on fishing rights in non-Community water

JUSTIFICATION

The intention is to reinstate the overall operational reserve from the preliminary draft with the exception of the appropriations for Chapter 96 (new expenditure relating to enlargement). For this reason the full appropriations of the preliminary draft (15 000 000 EUA in payment appropriations and 50 000 000 EUA in commitment appropriations) have not been reinstated. A separate special reserve should be created for enlargement (see amendment to Chapter 101).

(Technical note : Article 384 in (c) corresponds to Chapter 89 of the draft).

* * *

The Council deleted this amendment on second reading since it felt that the implementation of the policies in question is far too uncertain for it to be necessary to enter appropriations in the 1979 budget. Parliament adopted these amendments for precisely the opposite reasons. The Committee on Budgets therefore proposes that this amendment should be restored.

* * *

Amendment No 77

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 317

Section III — Commission

PAYMENTS

Title 10 — Other expenditure

Chapter 101 — Special reserve for expenditure relating to enlargement
(new)

(A) *Expenditure*

— Create a new Chapter 101 'Special reserve for expenditure relating to enlargement'
(Chapter 101 becomes Chapter 102 and Chapter 102 becomes Chapter 103)

— Enter payment appropriations of 20 000 000 EUA

(B) *Compensation*

—

(C) Revenue

Increase revenue by the same amount.

COMMITMENTS

(Enter commitment appropriations of 150 000 000 EUA)

REMARKS

The appropriations are provisional and may not be used until they have been transferred from Chapter 97 by the procedure laid down in the Financial Regulation.

They are intended for the three countries which have applied for accession.

JUSTIFICATION

The overall operational reserve included by the Commission in the preliminary draft, which was deleted by the Council and which also included appropriations for Chapter 97 under (d), i.e. expenditure relating to enlargement, is not sufficient to finance certain measures prior to the actual year of enlargement.

A separate special reserve therefore had to be created. The overall reserve has been correspondingly reduced. The appropriations in this special reserve represent the absolute minimum to help finance both public investment in infrastructure and investment by private industry in the applicant countries.

To achieve the maximum possible multiplier effect, at least 50 % of the reserve appropriations — after they have been transferred to the corresponding budgetary lines — should be used as interest subsidies for loans by the European Investment Bank.

The structural changes in Chapter 97 to cover applicant countries will be made by means of a separate amendment (see above).

* * *

The Council deleted this amendment by Parliament on second reading since it felt that a reserve for enlargement was premature.

That justification is clearly insufficient to overrule a decision taken by a large majority in Parliament.

The Committee on Budgets therefore proposes that this amendment should be restored.

* * *

Amendment No 78

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 318

Section III — Commission

Enter the following text at the end of Section III :

Legislative decision of the budgetary authority

- I. Decision relating to the administration of Section III, Chapter 33, authorizing the Commission to make certain transfers

In accordance with Article 94 (2) of the Financial Regulation applicable to the Budget of the European Communities, the budgetary authority authorizes the Commission to effect the following transfers, if the need arises :

The Commission shall decide on transfers between Articles and between Items within the total appropriations entered under Articles 300, 331 and 332 (Joint Research Centre), provided that they relate to actions financed according to the same budgetary scale.

Such transfers may not have the effect of increasing or reducing, by more than 7 % in commitment appropriations and payment appropriations, the original appropriation entered in each Item of Articles 330, 331 and 332.

However, these transfers must not have the effect of exceeding the financial ceiling on JRC programmes.

II. Budget headings distinguishing between appropriations for commitment and appropriations for payment

(in EUA)

Chapter / Article / Item	Commitment Appropriations	Payment Appropriations
3030	600 000	465 000
3031	600 000	365 000
306	5 750 000	4 000 000
3200	20 000 000	31 000 000
3201	15 000 000	13 000 000
3210	20 000 000	9 000 000
3230	75 000 000	40 000 000
3240	16 000 000	7 000 000
3241	16 000 000	9 500 000
33	225 614 375	236 592 330
3620	2 800 000	3 350 000
3621	1 700 000	1 475 000
3701	p.m.	700 000
3702	17 000 000 ¹	8 000 000 ¹
3710	5 000 000	7 000 000
3750	30 000 000	22 000 000
3751	10 000 000 ¹	5 000 000 ¹
50 } Social Fund	355 000 000	304 000 000
51 }	492 000 000	411 000 000
52 }	3 000 000	3 000 000
55 Regional Fund	620 000 000	390 000 000
Title 8		
— Agricultural structures	532 900 000	394 090 000
— Fisheries	141 700 000	72 700 000
930	133 620 000	55 620 000
9310	5 500 000	4 500 000
945	12 000 000	9 000 000
961	2 500 000	3 000 000
962	16 500 000	13 500 000
963	66 000 000	33 000 000
964	4 000 000	2 200 000
9650	14 100 000	10 100 000
9651	23 700 000	19 400 000
9652	17 300 000	14 200 000
9660	24 600 000	18 000 000
9661	7 000 000	6 300 000
9662	3 000 000	3 000 000
9663	8 300 000	6 000 000
100	50 000 000 ²	15 000 000 ²
Totals	2 993 784 375	2 186 057 330

¹ New budget headings distinguishing between commitment appropriations and payment appropriations introduced into the 1979 budget

² Total reserve for intervention appropriations

III. Committees working under Article 251

Group I

(Government and other experts entitled to a refund of travel and subsistence expenses)

- Monetary Committee
- European Social Fund Committee
- Advisory Committee on Free Movement of Workers
- Advisory Committee on Transport
- Technical Committee on Free Movement of Workers

- European Regional Development Fund Committee
- Regional Policy Committee
- Scientific Committee on Foodstuffs
- Scientific Committee on Feedingstuffs
- Scientific and Technical Committee
- Scientific Committee on Fisheries

GROUP II

(Non-government experts entitled to a refund of travel and subsistence expenses)

- Advisory Committees on the Common Organization of the Agricultural Markets in :
 - Cereals
 - Rice
 - Pigmeat
 - Eggs and Poultry Meat
 - Unmanufactured Tobacco
 - Live Trees and Other Plants, Bulbs, Roots and the Like, Cut Flowers and Ornamental Foliage
 - Flax and Hemp
 - Seeds
 - Fruit and Vegetables
 - Wine
 - Beef and Veal

 - Milk and Milk Products
 - Hops
 - Oils and Fats
 - Sugar
 - Fishery Products
 - Feedingstuffs
 - Potatoes ^{1, 2}
 - Alcohol ^{1, 2}
 - Sheepmeat ^{1, 2}
 - Honey ^{1, 2}
 - Vinegar ¹,
- Advisory Committee on Customs Matters
- Advisory Committee on Foodstuffs
- Advisory Committee on Veterinary Matters
- Management Committee : Rail, Road and Inland Waterway Goods Transport Markets ^{1, 2}
- Advisory Committee on Social Questions affecting Farmers
- Advisory Committee on Questions of Agricultural Structure Policies
- Scientific Committee on the Effects of Chemicals on Man and the Environment ^{1, 2}
- Joint Advisory Committees on Social Problems in Respect of :
 - (a) Road Transport
 - (b) Inland Navigation
 - (c) The Railway Industry
 - (d) The Sea-Fishing Industry
- Joint Advisory Committee on the Social Problems of Paid Agricultural Workers
- Joint Committee on the Footwear Industry
- Standing Committee on Zootechnics
- Advisory Committee on Commerce and Distribution ¹

GROUP III

(Government experts entitled to a refund of travel expenses only)

- Economic Policy Committee
- Common Customs Tariff Nomenclature Committee
- Committee on Community Transit
- Committee for Customs Processing Arrangements
- Committee on Customs Valuation
- Committee on Duty-Free Entry
- Advisory Committee on Restrictive Practices and Dominant Positions
- Advisory Committee on Restrictive Practices and Dominant Positions in Transport
- Advisory Committee on Own Resources

- Committees on Customs Cooperation EEC-Turkey / EEC—Greece / EEC—Spain / EEC—Israel / EEC—ACP / EEC—Morocco / EEC—Tunisia / EEC—Malta / EEC—Cyprus / EEC—Austria / EEC—Portugal / EEC—Sweden / EEC—Switzerland / EEC—Iceland / EEC—Finland / EEC—Norway / EEC—Lebanon / EEC—Egypt / EEC—Algeria / EEC—Jordan / EEC—Syria
- Committee on Origin of Goods
- Coordinating Committee on Fast Reactors
- Committee of Senior Officials on Public Health
- Advisory Committee on Restrictive Practices and Dominant Positions (Control of Concentrations)
- Committee to Monitor Rail, Road and Inland Waterway Goods Transport Markets ^{1, 2}
- Value-Added Tax Committee
- Excise Committee ^{1, 2}
- Committee on Recovery
- Management Committees, Common Organizations of Agricultural Markets .
 - Cereals and Processed Products (+ Rice)
 - Sugar
 - Oils and Fats, Oil Plants
 - Flax and Hemp
 - Preserves
 - Pigmeat
 - Dehydrated Fodder
 - Ethyl Alcohol derived from Agricultural Products ^{1, 2}
 - Beef and Veal
 - Milk and Milk Products
 - Hops
 - Bananas ^{1, 2}
 - Live Plants, etc.
 - Seeds
 - Sheepmeat ^{1, 2}
 - Isoglucose ^{1, 2}
 - Eggs and Poultry Meat
 - Fruit and Vegetables
 - Wine
 - Fishery Products
 - Potatoes ^{1, 2}
 - Tobacco
 - Vinegar ¹
- Community Committee for the Farm Accountancy Data Network
- Standing Committee on Agricultural Structures
- European Agricultural Guidance and Guarantee Fund Committee
- Committee on General Customs Legislation ¹
- Standing Veterinary Committee
- Standing Committee on Agricultural, Horticultural and Forestry Seeds and Seedlings
- Standing Committee on Feedingstuffs
- Standing Committee on Plant Health
- Standing Committee on Structures for the Fishing Industry
- Transport Costs Committee
- Committee on the System of Charging for the Use of Road Infrastructures
- Committee for the Adjustment of National Tax Systems on Commercial Road Vehicles
- Public Works Committee
- NIMEXE Committee
- Committee on Road Tariffs
- Standing Committee on Agricultural Research
- Standing Committee on Agricultural Statistics
- Standing Committee on Forestry ¹
- Advisory Committee on Railway Accounts
- Committee for Scientific and Technical Information and Documentation
- Pharmaceutical Committee
- Committee on Proprietary Medicinal Products

- Committee on the Prices of Medicinal Products ¹
- Scientific Committee on Animal Nutrition
- Committee on Fisheries Resources
- Committee for Transport Infrastructure
- Committee on the Standard Principles for Calculating Railway Costs ¹
- Standing Committee on Foodstuffs

GROUP IV

(Government experts and others, the former being entitled to a refund of travel expenses only and the latter to a refund of both travel and subsistence expenses)

- Scientific and Technical Research Committee
- Advisory Committee on Vocational Training
- Committee on Adaptation to Technological Progress :
 - Motor Vehicles
 - Measuring and Checking Instruments
 - Wheeled Agricultural and Forestry Tractors
 - Dangerous Substances and Preparations
 - Textiles
 - Tachographs
 - Colouring Agents for Medicinal Products
 - Constructional Plant and Equipment ^{1, 2}
 - Lifting and Handling Equipment
 - Aerosol Dispensers
 - Cosmetics
 - Pressure Vessels and Inspection Methods
 - Fertilizers
- Advisory Committee on Granting of Aids for Transport by Rail, Road and Inland Waterway
- Committee for Scientific and Technical Information and Documentation
- Consumers' Consultative Committee
- Advisory Committee on Medical Training
- Advisory Committee on the Training of Dental Practitioners ^{1, 2}
- Advisory Committee on the Training of Nurses
- Advisory Committee on the Training of Midwives ^{1, 2}
- Advisory Committee on Banking ^{1, 2}
- Committee on Toxic and Dangerous Waste ^{1, 2}
- Committee on Wastes
- Committee on Noise Abatement Measures ^{1, 2}
- Advisory Committee on the Training of Vets ¹
- Advisory Committee on the Training of Architects ¹
- Contact Committee in Connection with the Fourth Company Law Directive regarding the Annual Accounts of Limited Liability Companies ¹
- Advisory Committee on the Operation of Goods Transport Markets ¹
- Technical Committee on Navigability Licences for Inland Waterway Vessels ¹
- Technical Committee on the Routine Inspection of Motor Vehicles ¹

JUSTIFICATION

The various decisions relating to the above are scattered throughout the draft budget or are shown in annexes for guidance only.

For the sake of clarity they should be grouped together at the end of Section III.

* * *

¹ To be set up

² The setting up of these Committees was provided for in the 1978 budget

The Council deleted this amendment on second reading for reasons of principle : it denies that the budget can have any legislative significance. For the opposite reason, the Committee on Budgets proposes the reinstatement of this amendment.

* * *

Amendment No 79
tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 254/rev.

Section III — Commission

Enter the following text at the end of Section III :

Legislative decisions of the budgetary authority

In the case of the budget lines listed below, the text of the remarks begins as follows :

'This appropriation will be used by the Commission to finance the following measures'.

1170	2242	2661	3103	3620
1171	2243	267	3141	3621
1172	2244	2710	315	3622
1173	2250	2711	316	363
1210	2251	2719	3200	3702
1302	2252	2720	3201	3710
141	2253	2721	3210	3740
142	2254	2722	3211	3741
144	230	2729	3212	3750
149	2310	273	3240	3751
150	2311	281	3241	376
1520	2320	288	325	3780
153	233	289	328	3781
202	234	290	3331	379
2100	2350	291	3332	387
211	2351	292	3333	390
212	2352	2931	3334	391
213	2353	2932	3335	3920
214	2354	2940	3370	3921
215	2391	2941	3372	3922
219	2392	2942	3380	3923
2200	241	2986	3381	3924
2201	250	295	3388	3925
2202	251	296	chap. 34	3930
2203	254	299	350	3931
2210	2550	3011	3520	395
2211	2551	302	3521	930
2212	2552	3030	353	931
2213	256	3031	3540	932
2220	260	304	3541	941
2221	262	3050	3542	942
2222	263	3051	3545	944
2223	264	306	3550	945
2230	2650	3070	3551	946 A
2231	2651	3071	3552	948
2232	2652	308	355	950
2233	2653	3101	360	
2240	2660	3102	361	

JUSTIFICATION

The wording given above has been used by the rapporteur for the draft amendments tabled by the Committee on Budgets. It must however be extended to the budget lines not affected by these amendments of the Committee on Budgets, but in the case of which the appropriations can be used by the Commission without prior intervention by the Council.

The purpose of this wording is to indicate to the Commission the appropriations for whose implementation the budgetary does not require the prior adoption of a decision by way of a regulation.

The Council rejected this amendment by Parliament on second reading because it considers that the remarks in the budget cannot alter the powers of the Institutions as laid down in the Treaties.

However, the purpose of Parliament's amendment is precisely to avoid the budgetary powers granted to Parliament by the Treaties from being deprived of all substance when the Council's inability to adopt regulations delays or even prevents the use of an appropriation duly entered in the budget. Moreover, the entry of a remark of this kind in no way prevents the Council from exercising its power to adopt regulations.

The Committee on Budgets therefore proposes that this amendment should be restored.

* * *

Amendment No 80

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 299

Section II — Council — Annex I — Economic and Social Committee

List of posts — add the following 8 posts to the establishment plan : 1A6 (Group III), 2 B2, 1B4, 2B5 Secretarial Assistants, 1C4, 1D1

(A) Expenditure

Increase the payment appropriation by 87 700 EUA (from 10 756 500 — the total under Title 1 — to 10 844 200 EUA) in accordance with the breakdown shown below.

(B) Compensation

—

(C) Revenue

Increase revenue by 75 280 EUA

Item 1100 —	Basic salaries	+ 51 000 (from 7 290 000 to 7 341 000)
Item 1101 —	Family allowances	+ 4 100 (from 582 000 to 586 100)
Item 1102 —	Expatriation allowances (incl. Art. 97 of ECSC Staff Regulations)	+ 8 100 (from 1 055 000 to 1 063 100)
Item 1130 —	Sickness insurance	+ 1 500 (from 217 600 to 219 100)
Item 1131 —	Accident insurance and occupational diseases	+ 700 (from 77 400 to 78 100)
Item 1141 —	Travel expenses on annual leave	+ 560 (from 80 500 to 81 060)
Art 119 —	Provisional appropriations to cover any adjustment of the remuneration of officials and other servants of the European Communities	+ 3 050 (from 440 000 to 443 050)
Item 1211 —	Travel expenses (incl. members of the family) — staff	+ 690 (from 2 500 to 3 190)
Item 1221 —	Installation, resettlement and transfer allowances — staff	+ 5 900 (from 31 000 to 36 900)
Item 1231 —	Removal expenses — staff	+ 5 200 (from 17 500 to 22 700)
Item 1241 —	Temporary daily subsistence allowances — staff	+ 6 900 (from 33 500 to 40 400)

REMARKS

—

JUSTIFICATION

The Parliament unanimously felt on first reading that the requests made by the Economic and Social Committee in respect of its establishment plan were well justified and therefore endorsed those

requests. The 8 posts in question are to be considered as the minimum necessary for the Committee to maintain the level of its activities.

The Committee on Budgets considers it imperative to restore this amendment, not only because the requests made by the Economic and Social Committee constituted a necessary minimum but also to ensure that the development of the activities of that Committee is not jeopardized; the European organizations representing the economic and social sectors directly concerned by the activities of the Communities are able to exercise a role commensurate with their importance.

FINANCIAL IMPLICATIONS

Breakdown of items

EXPENDITURE	— Chapter 11	— Item 1100	7 341 000	EUA
		Item 1101	586 100	EUA
		Item 1102	1 063 100	EUA
		Item 1130	219 100	EUA
		Item 1131	78 100	EUA
		Item 1141	81 060	EUA
	Article 119		443 050	EUA
	Article 120	— Item 1211	3 190	EUA
		Item 1221	36 900	EUA
		Item 1231	22 700	EUA
		Item 1241	40 400	EUA
REVENUE	— Chapter 40		8 970	1 196 970
	Chapter 41		3 450	485 450
		TOTAL :	12 420	1 682 420

* * *

Amendment No 81

tabled by the Committee on Budgets

to the Council's modification to Parliament's amendment No 233

Section V — court of auditors

List of posts — adjust the establishment plan by the following 38 new posts and the conversions shown below (23 posts are in fact involved as the Council had approved 15 additional posts for the Court which it is impossible to break down by grade because of the incompleteness of the Council's decision)

(a) creation of posts :

2 A 3, 3 A 4, 7 A 5, 3 A 6, 6 A 7, 1 B 1, 3 B 2, 2 B 3, 2 C 1, 5 C 2, 3 C 3, 1 D 1 ;

(b) convert one permanent C 1 into one permanent BS 3 ;

convert three temporary C 1 into three temporary BS 3.

These posts are frozen. They will be released in two stages at the end of the first two quarters of 1979, in the light of the establishment and performance of the Court's auditing activities, which are to be organized in sixteen sectors.

(A) *Expenditure*

Increase the payment appropriation by 1 135 157 EUA (from 7 049 290 to 8 184 447 EUA) in accordance with the breakdown shown below.

(B) *Compensation*

—

(C) *Revenue*

Increase revenue by 883 800 EUA

The overall increase is to be broken down as follows :

Item 1100 — Basic salaries + 500 465 (from 5 168 110 to 5 668 575)

This amendment does not include the increase in appropriations shown in the breakdown against in respect of acceleration of recruitment, in view of the fact that these posts are frozen. The difference

between the sum initially earmarked by the Court of Auditors for this heading and that allowed by the Council (164 300 = initial 300 000 — Council's 135 700) now appears under Item 110 'Auxiliary staff' 5 532 875 EUA.

Item 1101 — Family allowances	+ 59 840 (from 466 480 to 526 320)
Item 1102 — Expatriation allowances (including Art. 97 of ECSC Staff Regulations)	+ 113 990 (from 888 910 to 1 002 900)
Item 1103 — Temporary fixed allowances	+ 16 310 (from 39 150 to 55 460)
Item 1110 — Auxiliary staff	+ 164 300 (from 110 000 to 274 300)
Item 1130 — Insurance against sickness	+ 19 940 (from 155 500 to 175 440)
Item 1131 — Insurance against accidents and occupational diseases	+ 4 460 (from 34 720 to 39 180)
Item 1141 — Annual leave travel expenses	+ 34 022 (from 61 520 to 95 542)
Item 1221 — Staff	+ 128 000 (from 117 900 to 245 900)
Item 2210 — New purchases	+ 93 830 (from 117 000 to 210 830)

REMARKS

Modify the remarks against the above items accordingly.

JUSTIFICATION

Parliament feels the Court of Auditors must be allowed its responsibilities and carry out its tasks in accordance with the provisional programme it submitted to the Committee on Budgets. This decision by Parliament is based on a similar amendment unanimously adopted at the first reading. The Committee on Budgets feels bound to table an amendment concerning the creation of 38 posts in view of the incompleteness of the Council's decisions of 20 November 1978 on Parliament's amendments, the Council in fact approved 15 additional posts for the Court of Auditors (8 A, 3B, 4C) without specifying the breakdown by career bracket.

The Committee on Budgets has therefore no alternative but to retable in its entirety the amendment unanimously adopted at the October part-session. The fact that the posts are frozen enables Parliament to follow implementation of the Court's programme more closely.

FINANCIAL IMPLICATIONS

Breakdown by item

Expenditure — Chapter 11 — Article 110 —	Item 1100	5 668 575 EUA
	Item 1101	526 320 EUA
	Item 1102	1 002 900 EUA
	Item 1103	55 460 EUA
	Item 1110	274 300 EUA
Article 113 —	Item 1130	175 440 EUA
	Item 1131	39 180 EUA
Article 114 —	Item 1141	95 542 EUA
Chapter 12 — Article 122 —	Item 1221	245 900 EUA
Chapter 22 — Article 221 —	Item 2210	210 830 EUA
Revenue — Chapter 40	207 512	1 556 137 EUA
— Chapter 41	43 845	393 720 EUA
Total :	251 357	1 949 857 EUA

* * *

Amendment No 82

tabled by Lord Bessborough on behalf of the European Conservative Group

to the Council's modification to Parliament's amendment No 201/171/2

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 32 — Expenditure under the energy policy
- Article 321 — Prospecting for uranium in Community territory
- Item 3211 — Prospecting for uranium outside the European Community
(new)

(A) *Expenditure*

- Modify the heading of Article 321 as follows :
'Operations in the uranium sector'.
- Create a new Item 3211 :
'Prospecting for uranium outside the European Community'.
- Make a token entry (reinstatement of the token entry shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

Unchanged

COMMITMENTS

—

REMARKS

Restore the following remarks :

3211 New Item

EEC Treaty — Article 235.

The purpose is to promote the exploitation of uranium resources outside the Community, thereby ensuring supplies of uranium for Community users. In view of the energy objectives for 1985, Community financial support for uranium prospecting projects must be made available immediately in order to reduce the Community's dependence on producer countries (see Doc. COM(76) 20 of 16 January 1976 'Implementation of the energy policy guidelines set by the European Council at its meeting in Rome on 1 and 2 December 1977'). The associated costs of technical and financial assessments are also charged to this Item.

JUSTIFICATION

The European Community is principally dependent on uranium ore supplies from southern Africa. Continuity of supplies from these sources is fraught with uncertainties. When added to the difficulties for the Australian Government in defining a policy for uranium, the European Community is faced with the need to diversify its sources of uranium supply.

The European Community is therefore faced with the need to encourage prospecting for uranium in other promising areas overseas, particularly in partner states of the Lomé Convention where the income from uranium export earnings would provide a useful economic stimulus.

* * *

Amendment No 83
 tabled by Lord Bessborough on behalf of the European Conservative Group

to the Council's modification to Parliament's amendment No 202/169/3

Section III — Commission

PAYMENTS

Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
 Chapter 32 — Expenditure under the energy policy
 Article 321 — Prospecting for uranium in Community territory
 Item 3212 — Aid to uranium storage
 (new)

(A) *Expenditure*

- Modify the heading of Article 321 as follows: 'Operations in the uranium sector'.
- Create a new Item 3212: 'Aid to uranium storage'.
- Make a token entry (reinstatement of the token entry shown in the preliminary draft budget).

(B) *Compensation*

—

(C) *Revenue*

Unchanged

COMMITMENTS

—

REMARKS

Restore the following remarks:

3212 New Item

Euratom Treaty, Article 72, second paragraph.

Council Resolution of 17 December 1974 (OJ No C 153 of 9 July 1975).

Council Resolution of 13 February 1975 (OJ No C 153 of 9 July 1975).

This is a Community operation under the energy supply policy, to build up stocks of nuclear fuels in order to reduce the Community's dependence on producer countries. It is considered that a stockpile of some 500 to 600 tonnes of uranium, corresponding approximately to the Community's requirements for 1-2 months in 1981, will provide a reasonable safety margin for the electricity producers of the Member States. In view of the stocks already held, it would enable undertakings to face up to temporary interruptions of supplies such as occurred recently (Canada). The stockpile would, if possible, be made up of uranium produced in the Community.

JUSTIFICATION

The European Community has a need to stockpile uranium ore and enriched uranium against unforeseen circumstances.

Canada suspended uranium supplies for a year and there have been considerable uncertainties over the availability of enriched uranium from the United States of America. The Soviet Union also supplies enriched uranium to the European Community. Until the European Community has achieved a sufficiently diversified sourcing of uranium and an indigenous capacity to meet most of its enrichment needs it is prudent for the European Community to create stocks of uranium fuel to meet sudden contingencies.

* * *

Amendment No 84/rev.
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 89

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 38 — Common policy on the sea
(new)
- Article 387 — Community programme to combat and prevent pollution of the maritime environment
(new)
- Item 3872 — Community coastguard service
(new)

(A) *Expenditure*

- Create a new Chapter 38: 'Common policy on the sea'
- Create a new Article 387: 'Community programme to combat and prevent pollution of the maritime environment'
- Create a new Item 3872: 'Community coastguard service'
- Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

Schedule

REMARKS

Enter the following new remarks

Item 3872 (new Item)

This item is intended to cover expenditure for the purchase by the Community of sea surveillance and anti-pollution equipment, once the Commission has submitted to the Council a proposal for the creation of a Community coastguard service and, pending the final establishment of this service, has specified interim measures for preparing the ground, on the basis of the Member States' existing capabilities, for the establishment of this service. The European Parliament will be consulted on each of these proposals.

This new article complies with point 5 (c) of the European Parliament's resolution of 16 February 1978 on some aspects of the final version of the common fisheries policy (OJ C 63, 13. 3. 1978, p. 28), point 2 of its resolution of 14 April 1978 on the 'Amoco Cadiz' disaster (OJ C 108, 8. 5. 1978, p. 59) and point 6 of the resolution of 15 June 1978 embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for

a decision on financial participation by the Community in respect of the inspection and surveillance operations in the maritime waters of Denmark and Ireland (OJ C 163, 10. 7. 1978, p. 43).

JUSTIFICATION

A Community coastguard service will offer the following advantages :

- (a) as regards the surveillance of fishing operations
 - more effective control,
 - assurance of the neutrality of the control,
 - assertion of the Community's own responsibility for the control of fishing activities,
 - assertion of the European Community's identity vis-à-vis both its own citizens and third countries ;
- (b) as regards combating pollution
 - ability to purchase specialized equipment which individual States could not afford,
 - improved coordination of anti-pollution activities.

* * *

Amendment No 85/rev.
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 238

Section III — Commission

PAYMENTS

- Titel 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 30 — Expenditure in the social sector
- Article 306 — Pilot research projects on action to combat poverty

(A) *Expenditure*

Unchanged

(B) *Compensation*

—

(C) *Revenue*

Unchanged

COMMITMENTS

Increase the commitment appropriation by 4 000 000 EUA (from 5 750 000 to 9 750 000 EUA)

REMARKS

Modify the remarks as follows :

This appropriation will be used by the Commission to finance the following measures
— Community participation in the implementation of pilot projects on action to combat poverty.
See in particular Council Decisions Nos. 75/458/EEC of 22 July 1975 (OJ L 199 of 30 July 1975) and 77/79/EEC of 12 December 1977 (OJ L 322 of 17 December 1977).

Schedule

Amend the schedule of payments as follows :

The commitment appropriation for 1979 is 9 750 000 EUA¹ The likely schedule of payments against commitments is as follows :

(in ECU)

Commitments		Payments			
		1978	1979	1980	1981
Commitments entered into before 1978 to be covered by new appropriations for payment	2 373 000	1 853 000	520 000	—	—
Appropriations carried over from 1977	541 000	100 000	441 000	—	—
Appropriations for commitment 1978	5 000 000	951 000	3 039 000	1 010 000	—
Appropriations for commitment 1979	9 750 000	—	—	5 512 000	4 237 000
Total	17 664 000	2 904 000	4 000 000	6 523 000	4 237 000

¹ See Article 1 (3) of the Financial Regulation of 21 December 1977

JUSTIFICATION

The preamble to the Treaty of Rome and the Articles relating to Social Policy affirm that an essential objective of the Community is the constant improvement of the living and working standards of its citizens. The Programme of Pilot Schemes and Studies to combat poverty, set up in accordance with the Social Action Programme, has the function of examining the causes of poverty and methods to eliminate it — thus in effect working towards bringing about improvements in the living standards of the most underprivileged in our society. The European Parliament must mark its political will to continue this action by providing the necessary financial resources in the future for the development of this Programme.

* * *

Amendment No 86/rev.
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 242

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 39 — Other expenditure on specific projects undertaken by the Institution
- Article 392 — Educational measures
- Item 3922 — Expenditure on residential adult education centres
(new)

(A) Expenditure

- Create a new Item 3922 : 'Expenditure on residential adult education centres'
Make a token entry

(B) Compensation

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

New Item

Enter the following remarks .

'This item is intended to cover expenditure to enable the Commission to finance the following measures :

- Pilot projects in the field of resident adult education :
- Financial support for the activities of Europe Houses, adult education centres, initiative groups, and other institutions in the field of adult residential education.

These measures will be adopted in the context of a programme to be submitted to the budgetary authority by the Commission during the first half of 1979. This programme will be based on the action programme in the field of education (OJ C 38, 19. 2. 1976, p. 1) and the European Parliament's resolution of 16 June 1978) OJ C 163, 10 7. 1978, p. 72).

JUSTIFICATION

The European Parliament has repeatedly put forward proposals in the field of residential adult education as an element of the European Community's education policy (See most recently the Kellett-Bowman report (PE 49.547) and the Waltmans Früh and Albers motion for a resolution (Doc. 281/77))'

As regards general educations, the Commission's action programme of 9 February 1976 must be supplemented so as to include residential adult education centres. It is proposed that particular encouragement be given to encounter opportunities involving teachers from more than one Member State. Furthermore, group initiatives should be promoted in those regions of the Community where residential adult education centres do not yet exist.

* * *

Amendment No 97/rev.
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 243

Section III — Commission

PAYMENTS

- | | |
|--------------------|---|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials. |
| Chapter 39 | — Other expenditure on specific projects undertaken by the Institution |
| Article 392 | — Educational measures |
| Item 3923
(new) | — Expenditure on the promotion of language teaching |

(A) *Expenditure*

Create a new Item 3923 : 'Expenditure on the promotion of language teaching'
Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

New Item

This item is intended to cover expenditure by the Commission to promote language teaching in the Community. Under the Education Action Programme at Community level (COM(78) 222 final of 22 June 1978) a Community plan is to be drawn up to provide improved opportunities for the learning of foreign languages from an early age in primary school, through the different stages of education to higher and adult education.

The measures are to be concentrated in the following sectors :

- Initial training of foreign language teachers
- Continuing training of foreign language teachers
- Early foreign language teaching
- Teaching foreign languages to less able pupils
- Teaching of modern languages for the 16-25 age group in full-time education
- Teaching of languages to adults for vocational purposes
- Encouragement of schools teaching through the medium of more than one language
- Information and documentation services in language teaching

See Council Resolution of 9 February 1976 (OJ No C 38 of 19 February 1976)

JUSTIFICATION

A better mutual understanding among the peoples of the Community and awareness of their right to freedom of movement and establishment depends largely on their ability to converse in a Community language other than their mother tongue.

Taken together with the draft amendments concerning Items 3924 and 3925, this represents a first attempt at the establishment of a Community education budget.

Council should adopt the necessary legislation as soon as possible. In the meantime a token entry is proposed

* * *

Amendment No 88/rev
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 244

Section III — Commission

PAYMENTS

- | | |
|--------------------|--|
| Title 3 | — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials |
| Chapter 39 | — Other expenditure on specific projects undertaken by the Institution |
| Article 392 | — Educational measures |
| Item 3924
(new) | — Expenditure on pupil exchanges |

(A) *Expenditure*

- Create a new Item 3924: 'Expenditure on pupil exchanges'
- Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Enter the following new remarks :

New item

The item is intended to cover expenditure for financing by the Commission of the following measures :

- Community participation in the expenditure resulting from :
 - (a) study visits to other Member States (groups of pupils receiving general education and pupils undergoing vocational training in the 11-16 year age group)
 - (b) holiday arrangements for pupils from general schools in more than one country (16-19 year age group)
 - (c) management of information and guidance activities between the existing services in the Member States

JUSTIFICATION

In cooperation with the Committee on Education, the Commission obtained reports in 1977 from the Ministries of Education in the Community countries. In October 1977, the Commission arranged a working conference in Venice attended by national and regional experts on school exchanges. The Commission should take steps to alleviate the imbalance in school exchanges as between the Member States. For example, in 1977 one Member State arranged 2 390 pupil exchanges with two other countries, but only 13 with the other six Member States. Geographical disadvantages should also be attenuated.

The Commission has submitted a four-year plan for pupil exchanges representing a total expenditure of 5 400 000 EUA (2 200 000 EUA for the base year 1980).

Council should adopt the necessary legislation as soon as possible. In the meantime a token entry is proposed.

* * *

Amendment No 89/rev.
tabled by the Socialist Group

to the Council's modification to Parliament's amendment No 245

Section III — Commission

PAYMENTS

- Title 3 — Community policies in regard, particularly, to research, technology, industry, the social sector, the environment and the supply of energy and raw materials
- Chapter 39 — Other expenditure on specific projects undertaken by the Institution
- Article 392 — Educational measures
- Item 3925 — Expenditure on the exchange of teaching staff
(new)

(A) *Expenditure*

- Create a new Item 3925: 'Expenditure on the exchange of teaching staff'
- Make a token entry

(B) *Compensation*

—

(C) *Revenue*

—

COMMITMENTS

—

REMARKS

Enter the following new remarks :

New Item

This item is intended to cover expenditure for financing by the Commission of the following measures :

- Community participation in the financing of the exchange of :
 - (a) foreign language assistants
 - (b) foreign language teaching staff and
 - (c) other teaching staff.

JUSTIFICATION

The Commission is planning the following expenditure under a four year programme :

- | | |
|---|---|
| — Exchange of foreign language assistants | 9 700 000 EUA
(Base year 1980 : 2 150 000 EUA) |
| — Exchange of teaching staff | 4 600 000 EUA
(Base year 1980 : 1 150 000 EUA) |

Council should adopt the appropriate legislation as soon as possible. In the meantime a token entry is proposed.

* * *

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IN THE CHAIR : MR MEINTZ

*(Vice-President)**(The sitting was opened at 9 a.m.)***President.** — The sitting is open.1. *Approval of the minutes*

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

Are there any comments ?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents :

(a) From the Council requests for opinions on the following documents :

- the proposal from the Commission of the European Communities to the Council for a regulation extending the period of validity of Regulation (EEC) No 2862/77 on levies applicable to imports of certain adult bovine animals and beef from Yugoslavia (Doc. 540/78)

which has 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 ;

- the addendum to the common position from the Council of the European Communities (Doc. 468/78) on the proposal for a regulation amending the Financial Regulation of 21 December 1977, applicable to the general budget of the European Communities (Doc. 541/78)

which has been referred to the Committee on Budgets ;

(b) the following oral questions :

- from the Political Committee, an oral question without debate to the Council on arrangements for counting the votes in direct elections (Doc. 526/78) ;
- from Mrs Squarcialupi and Mr Porcu, on behalf on the Communist and Allis Group, an oral question with debate to the Commission on the protection of the mother and child in the EEC countries (Doc. 527/78) ;
- from Mr Schins, Mr Vandewiele, Mr Caro, Mr van der Gun, Mr Pisoni, Mr Wawrzik, Mrs Cassanmagnago Cerretti, an oral question with debate to the Commission on the social security systems in the European Communities (Doc. 528/78) ;

- from Mr Yeats, an oral question without debate to the Commission on the delays in answering written questions from Members of the European Parliament (Doc. 529/78) ;

- from Mr Deschamps, Mr Pisoni, Mr Granelli, Mr Bertrand, Mr Wawrzik, Mr Ney and Mr Vandewiele, an oral question with debate to the Commission on the Community policy on the family (Doc. 530/78) ;

- from Mr Fioret, Mr Martinelli, Mrs Cassanmagnago Cerretti, Mr Bersani, Mr Pisoni, Mr Scelba, Mr Ligios, Mr Vernaschi and Mr Ripamonti, an oral question without debate to the Commission on the application of the EEC directive on titanium dioxide (Doc. 531/78) ;

- from Mr Vitale, Mr Spinelli, Mr Mascagni, Mr Sandri and Mr Pistillo, an oral question to the Commission on Calabria (Doc. 532/78) ;

- from Mr Früh and Mr Schwörer, an oral question without debate to the Commission on the conditions of competition in the poultry sector (Doc. 533/78) ;

- from Mrs Krouwel-Vlam, on behalf of the Committee on the Environment, Public Health and Consumer Protection, an oral question with debate to the Commission on Community action to control the safety and hygiene of medical apparatus and equipment for the protection of patients and medical staff (Doc. 534/78) ;

- from Mr Klepsch, Mr Granelli, Mr Ryan, Mr Ripamonti, Mr Bertrand, Mr Martinelli, Mr Bersani, Mr Blumenfeld and Mr Vandewiele, an oral question with debate to the Commission on the EEC-Malta association agreement (Doc. 535/78) ;

- from Mr Müller-Hermann, Mr Blumenfeld, Mr Klepsch, Mr Früh and Mr Aigner, an oral question with debate to the Commission on the position of the Community shipbuilding industry (Doc. 536/78) ;

- from Mr Scelba, Mr Klepsch, Mr Bertrand, Mr Vergeer, Mr Santer, Mr Luster and Mr De Gaay Fortman, an oral question with debate to the Commission on special rights of Community citizens (Doc. 573/78) ;

- from Mr Martinelli, Mr Jahn, Mr Bersani, Mr van Aerssen, Mr Müller-Hermann, Mr Vandewiele, Mr Mont, Mr Wawrzik, Mr Ney, on relations between the European Community and Comecon (Doc. 538/78) ;

- from Mr Bayerl, Mr Fellermaier, Mr Patijn, Mr Calwert and Mr Amadei, an oral question with debate to the Commission on special rights for Community citizens (Doc. 539/78) ;

(c) the following motion for resolutions :

- motion for a resolution tabled by Mr Hamilton pursuant to Rule 25 of the Rules of Procedure on human rights in South Africa (Doc. 524/78)

President

which had been referred to the Political Affairs Committee ;

- motion for a resolution tabled by Mr Ansart, Mr Porcu, Mr Bordu, Mr Eberhardt and Mr Soury pursuant to Rule 25 of the Rules of Procedure on the redundancies in the French iron and steel industry (Doc. 525/78)

which had been referred to the Committee on Social Affairs, Employment and Education as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

3. Petitions

President. — I have received two petitions :

- from Mr Eugen Preuss, a petition on recognition as victim of political persecution by the National Socialists
- from Mr Lindsay Wittenberg, Mrs Army Mayer and Mr John Wittenberg on behalf of the Luxembourg Committee for the support of Soviet Jewry — group of 35, a petition on Mr Lev Gendin, Soviet Jewish 'Refusenik'.

These petitions have been entered under Nos 22/78 and 23/78 respectively in the register provided for in Rule 48 (2) of the Rules of Procedure, and pursuant to paragraph 3 of that same rule, referred to the Committee on the Rules of Procedure and Petitions.

At its meeting of 22 November 1978 the Committee on the Rules of Procedure and Petitions examined petitions Nos 19/77 22/77 and 6/78.

- Petition No 19/77 : The committee instructed the President of Parliament to approach the Luxembourg Government.
- Petition No 22/77 : At the committee's request, this petition has been filed without further action.
- Petition No 6/78 : At the committee's request, this petition has been referred to the Committee on Budgets for its opinion.

4. Procedure without report

President. — On Monday, I announced the titles of the Commission proposals to which it was proposed to apply *procedure without report* provided for in Rule 27A of the Rules of Procedure. Since no Member has asked leave to speak and since no amendments have been tabled, I declare these proposals approved by the European Parliament.

5. Transfer of appropriations

President. — At its meeting of 13 December 1978 the Committee on Budgets delivered the following opinions on the following proposed transfers of appropriations :

- proposed transfer of appropriations contained in Doc. 462/78 : favourable opinion ;
- proposed transfer of appropriations contained in Doc. 463/78 : favourable opinion ;
- proposed transfer of appropriations contained in Doc. 464/78 : favourable opinion ;
- proposed transfer of appropriations contained in Doc. 471/78 : favourable opinion.

The Council has delivered an unfavourable opinion on the last three proposals.

Finally the Council delivered a favourable opinion on the proposed transfer of appropriations contained in Doc. 376/78.

Parliament notes these opinions.

6. Votes

President. — The next item is the vote on motions for resolutions on which the debate is closed.

We will begin with the motion for a resolution contained in the *Früh report (Doc. 523/78): The European Monetary System and the Common Agricultural Policy*

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1 by Mr Hughes, Mrs Dunwoody, Mr Mitchell and Mr Cunningham seeking to delete the words 'and in the level of monetary compensatory amounts ;'

What is Mr Früh's position ?

Mr Früh, rapporteur. — This amendment should be rejected as the Commission proposal is only concerned with adjusting the present method of calculation to take account of the new monetary system. The Commission has also made a clear statement to this effect.

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

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

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

The resolution is adopted.

President. — We shall now consider the *Pisoni Report (Doc. 496/78): Establishment of balance on the wine market.*

President

We will first vote on the amendments to the proposals for regulation and for a directive. On Article 3 of the proposal for a regulation on the additional provisions for the common organization of the market in wine I have Amendment No 9 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to reinstate the Commission's text.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — I am against the amendment for the reasons I gave during the general debate yesterday.

President. — I put the amendment to the vote.

Amendment No 9 is rejected.

On Article 4 of the same proposal for a regulation I have Amendment No 10 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to reinstate the Commission's text.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) I am opposed to the amendment for the same reasons.

President. — I put the amendment to the vote.

Amendment No 10 is rejected.

On Article 8 of the proposals for a regulation, concerning conversion premiums, I have Amendment No 13 by Mr Cointat, on behalf of the Committee on Budgets, seeking to replace this article by a new text :

The total cost of the measure to the EAGGF is estimated at 150 million u.a. This figure is intended only as a guide.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) As this is a reformulation of the financial details, we accept the calculations of the committee responsible. We are therefore in favour of the Committee on Budget's amendment.

President. — I put the amendment to the vote.

Amendment No 13 is adopted.

On Article 5 of the proposal for a regulation, on premiums for the cessation of wine growing in France and Italy, I have Amendment No 14 by Mr Cointat, on behalf of the Committee on Budgets, seeking to replace this article by a new text :

The total cost of the measure of the EAGGF is estimated at 20 million u.a. This figure is intended only as a guide.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — Mr President, to save time I wish to state now that I am in favour of all six amendments tabled by the Committee on Budgets :

President. — I put the amendments to to the vote.

Amendment No 14 is adopted.

On Article 12 of the proposal for a regulation, concerning further provisions on the grant of conversion premiums, I have Amendment No 15 by Mr Cointat, on behalf of the Committee on Budgets, seeking to replace this Article by a new text :

The total cost of the measure to the EAGGF is estimated at 17 million u.a. This figure is intended only as a guide.

I put the amendment to the vote.

Amendment No 15 is adopted.

On Article 5 (2) of the proposal for a directive, on conversion in the Charantes region, I have Amendment No 16 by Mr Cointat, on behalf of the Committee on Budgets, seeking to replace this paragraph by a new text :

2. The total cost of the measure to the EAGGF is estimated at 10 million u.a.. This figure is intended only as a guide.

I put the amendment to the vote.

Amendment No 16 is adopted.

On Article 9(2) of the proposal for a regulation, on restructuring of vineyards, I have Amendment No 17 by Mr Cointat, on behalf of the Committee on Budgets, seeking to replace this paragraph by a new text :

2. The total cost of the measure to the EAGGF is estimated at 156 million u.a.. This figure is intended only as a guide.

I put the amendment to the vote.

Amendment No 17 is adopted.

On Article 11 (3) of the same proposal for a regulation, I have Amendment No 18 by Mr Cointat, on behalf of the Committee on Budgets, seeking to add the following sub-paragraph at the end of this paragraph :

However, if these measures have substantial financial implications, the Council may act only in agreement with Parliament.

I put the amendment to the vote.

Amendment No 18 is adopted.

President

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have Amendment No 1 by Mr Brugger and Mr Ligios, seeking to amend this paragraph to read as follows :

1. Points out that in the wine sector there is only a risk of surpluses occurring if the harvest is exceptionally abundant, which has not been the case for the last four marketing years, and that the situation is consequently perfectly normal ;

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — Mr President, I am in favour of this amendment because it restores the text to its original form and eliminates the contradictions mentioned by one speaker yesterday.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

On paragraph 4 I have Amendment No 11 by Mrs Dunwoody seeking to delete the first indent :

- encourages consumption.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) I am opposed to the amendment since it conflicts with one of the objectives we wish to achieve.

President. — I put the amendment to the vote.

Amendment No 11 is rejected.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

After paragraph 4 I have Amendment No 2 by Mr Brugger and Mr Ligios, seeking to insert the following new paragraph :

- 4a. In view of the fact that wine is not produced in all the countries of the Community but only in a few, calls for the abolition of the monetary compensatory amounts between producer and non-producer countries, since their existence cannot be justified on the grounds of competition considerations ;

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) I am in favour of the amendment, particularly as it was already agreed in committee that we would add this paragraph at the plenary sitting. The original text was open to misinterpretation and I feel that the amendment better expresses what we had in mind.

President. — I put the amendment to the vote.

Amendment No 2 is adopted.

I put paragraphs 5 to 14 to the vote.

Paragraphs 5 to 14 are adopted.

On paragraph 15 I have Amendment No 3 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to replace this paragraph by the following :

15. Supports the proposal to insert in Regulation No 816 statutory provisions for the ban on the marketing of table wine below a specified floor price ;

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) I am opposed to the amendment since it repeats an idea which is already set out in the original text. I prefer the original text since it at least stresses one of the aspects which we regard as important.

Mr President. — I put the amendment to the vote.

Amendment No 3 is rejected.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

On paragraph 16, I have Amendment No 4 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to delete this paragraph.

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) I am opposed to the amendment. Moreover, in order to save time let me say that the amendments which follow repeat in a different way positions already rejected in committee as being contrary to the spirit of the resolution. I am opposed to all the amendments which follow.

President. — I put the amendment to the vote.

Amendment No 4 is rejected.

I put paragraph 16 to the vote.

Paragraph 16 is adopted.

On paragraph 17 I have Amendment No 12 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to delete this paragraph.

I put the amendment to the vote.

Amendment No 12 is rejected.

I put paragraph 17 to the vote.

Paragraph 17 is adopted.

President

On paragraphs 18, 19, 20 and 21 I have Amendment No 5 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to replace these paragraphs by the following single paragraph :

18. Fully endorses the principle of additional compulsory distillation and therefore approves the Commission's proposals ;

I put the amendment to the vote.

Amendment No 5 is rejected.

I put paragraphs 18 to 21 to the vote.

Paragraphs 18 to 21 are adopted.

I put paragraphs 22 to 25 to the vote.

Paragraphs 22 to 25 are adopted.

On paragraph 26 I have Amendment No 6 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to replace this paragraph by the following :

26. Feels that the criteria selected should represent all possible and available parameters ;

What is Mr Pisoni's position ?

Mr Pisoni, rapporteur. — (I) Mr President, I was somewhat puzzled earlier about paragraph 26. I have an open mind on the matter and I am not opposed to changing the wording. However the proposed new text does not differ substantially from our paragraph ; so I leave it to the House. The group is also free to vote as it wishes.

President. — I put the amendment to the vote.

Amendment No 6 is adopted.

I put paragraph 27 to the vote.

Paragraph 27 is adopted.

On paragraph 28 I have Amendment No 7 by Mr Liogier, on behalf of the Group of European Progressive Democrats seeking to delete this paragraph.

I put the amendment to the vote.

Amendment No. 7 is rejected.

I put paragraph 28 to the vote.

Paragraph 28 is adopted.

I put paragraphs 29 to 36 to the vote.

Paragraphs 29 to 36 are adopted.

On paragraph 27 I have Amendment No 8 by Mr Liogier, on behalf of the Group of European Progressive Democrats, seeking to delete this paragraph.

I put the amendment to the vote.

Amendment No 8 is rejected.

I put paragraph 37 to the vote.

Paragraph 37 is adopted.

I put paragraphs 38 to 40 to the vote.

Paragraphs 38 to 40 are adopted.

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

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Joxe report (Doc. 521/78): Amount allotted to the EAGGF, Guidance Section.*

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Früh report (Doc. 507/78): Amount allotted to the EAGGF, Guidance Section.*

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Joxe report (Doc. 522/78): Amount allotted to the EAGGF, Guidance Section.*

The resolution is adopted.

President. — I put to the vote the motion for a resolution tabled by Mr Vernaschi and others (Doc. 515/78): *Tunisian attacks on Italian fishing vessels.*

The resolution is adopted.

President. — We shall now consider the *Inchauspé report (Doc. 467/78): Imports of textile products from third countries.*

We shall begin by voting on the amendments to the motion for a resolution. On Article 16 I have Amendment No 1 by Mr Cunningham, on behalf of the Committee on Development and Cooperation, seeking to amend the article to read as follows :

1. The chairman may, on his own initiative, or at the request of one of the Member State's representatives, consult the committee about any other matter relating to the operation of this regulation.

2. The chairman should also consult the committee about any matters relating to the operation of the regulation, if so requested by a supplying country.

The rapporteur opposes the amendment.

I put the amendment to the vote.

Amendment No 1 is rejected.

We shall now consider the motion for a resolution.

I put to the vote the preamble and paragraphs 1 and 2.

President

The preamble and paragraphs 1 and 2 are adopted.

After paragraph 2 I have Amendment No 2 by Mr Vandewiele, on behalf of the Committee on Social Affairs, Employment and Education, seeking to insert a new paragraph :

3. *Social aspects*

- a) Welcomes the proposal for a regulation in that it may promote an orderly and balanced development of trade in textile products between the Community and third countries ;
- b) Is of the opinion that the Community's natural desire to protect its own jobs is difficult to reconcile with the demands of the genuine developing countries for access to the Community market as a first step towards overcoming their poverty ;
- c) Recognizes the need for the conversion of the textile and clothing industry in the Community ; notes, however, that a large part of the Community textile industry has already undergone radical restructuring and that further restructuring will become progressively more difficult in some countries ;
- d) Calls on the Commission to gather comparable statistical data with a view to better assessing the effects as regards employment for Community textile workers of the various bilateral agreements ;
- e) Also calls on the Commission to provide more detailed information on the age and qualifications of the workers affected with a view to taking a position on the realistic possibilities of early retirement and retraining ;
- f) Considers it imperative that the Commission should also look into the consequences that the loss of jobs in the textile industry may have on other branches of industry whose existence depends to varying degrees on the textile sector ;
- g) Is convinced that a solution can be found only at Community level and that the Community must therefore take up the challenge by making greater use of the Regional Fund and the European Social Fund for urgent conversion and retraining activities, together with large-scale investment with the aid of loans from the European Investment Bank and increased operation of the Community's new instrument for promoting investments in production, 'the Ortolí loan facility' ;
- h) Proposes in conclusion that the possibilities of applying the provisions of the ECSC Treaty by analogy to textile workers be investigated with a view to providing tideover allowances for unemployed textile workers, income subsidies for workers temporarily laid off, and grants for removal expenses, retraining and early retirement

The rapporteur is in favour of the amendment.

I put the amendment to the vote.

Amendment No 2 is adopted.

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

The resolution is adopted.

7. *GATT negotiations*

President. — The next item is the joint debate on three oral questions with debate to the Commission :

— Oral Question (Doc. 454/78) by the Committee on External Economic Relations :

Subject : Progress of GATT negotiations

To ask the Commission whether they will make a further statement on the progress of the GATT negotiations ; and what steps they are taking to obtain a continuation of the United States waiver on import duties on Community products after 3 January 1979.

— Oral Question (Doc. 483/75) by Mr de la Malène, on behalf of the Group of European Progressive Democrats :

Subject : Trade negotiations in Geneva

In view of the threat of American countervailing duties and the inadequacy of the offers of its main partners, Japan and the United States, with which the Community is confronted in the current negotiations in Geneva, does the Commission not feel that, before the last round of the negotiations starts, it ought to solemnly reconfirm the offers it made on the basis of the underlying principles of the common market ?

If the maintenance of any significant common external tariff, the Community preference, adequate tariff advantages for countries associated with the Community or our common agricultural policy is endangered, does the Commission intend to bring the negotiations to an end ?

— Oral Question (Doc. 485/78) by Mr van Aerssen, Mr Martinelli, Mr Mont, Mr Wawrzik, Mr Schwörer, Mr Ney and Mr Klepsch :

Subject : GATT negotiations

According to reports in the press, the Community has made large-scale concessions to the USA during the current GATT negotiations, especially in the agricultural sector and in the matter of customs duties.

1. Are these reports correct, and if so, what is the USA offering in return for the concessions ?
2. Why is the Commission, after a five-year struggle, now doing all it can to bring the negotiations to a close before the end of the year when there is no guarantee that the United States will abolish its levy on import duties on Community products after 1978 ?

President. — I call Mr Martinelli.

Mr Martinelli. — (I) Mr President, I am speaking both to the question put by the Committee on External Economic Relations and to that put by Mr Van Aerssen and myself in conjunction with other Members, including the chairman of the Christian-Democratic Group, Mr Klepsch.

As long ago as last year, the sitting devoted to Mr Cousté's report drew attention to the comments and

Martinelli

criticisms made about the state of multilateral trade negotiations being conducted under the aegis of GATT and the parliamentary committee has ever since followed their progress with the closest interest.

I cannot conceal from you, Mr President, that the unofficial statements that have been made have done nothing to lessen the Committee's concern and that is why there are other questions besides that of the Committee.

The fact is that we are now in the most critical stage of the negotiations which are, strictly speaking, due to be concluded before the end of the year. The Council has to finalize the Community's position at the forthcoming meetings and we notice that some aspects of the negotiations have ground to a halt because of the growing pressure to finish the work this month.

We gather from the carefully worded statements of the Commission and to some extent from press reports, which have not always been accurate or clear, that a satisfactory solution has not yet been found in the case of some of the most important issues involved, for example, tariff reductions, the new code on subsidies, the final version of the safeguards clause, and agriculture.

As regards the tariff reductions, I note that agreement on the compromise formula seems to be further off than ever. I refer to the so-called 'Swiss formula' which involves, at one and the same time, a weighted reduction of 40 % and a harmonization of customs duties. The Community's offer in that area evoked no equivalent response from the other main partners, notably the USA and Japan, and this compelled the Commission, which had loyally placed its cards on the table, to reconsider its proposals and declare some of them to be no longer negotiable. Our principal opposite numbers have, time and again, publicly stated that 'average' tariffs must be reduced; but will the maximum ceiling in certain sectors also be reduced, as the Community asked?

As for the new code on subsidies, the Americans are willing to meet the Community's request and introduce the concept of injury into their legislation but, in exchange for this, they want the right, in emergencies, to be able to apply countervailing customs duties without giving any reason for it. So they will be taking away with one hand what they give with the other, as indeed a technical publication pointed out a few days ago.

Then there is the question of finalizing the safeguard clause; the Community now seems, I repeat, seems, to believe that its application might not always be beneficial. The Community is the biggest exporter and the application of the clause might have unfavourable repercussions in various quarters. In my view, and it is a personal view, this provision could constitute a powerful deterrent against, certain practices which I will describe as 'uncivilized' and which have by no

means disappeared. What is more (and we must recognize this) the Commission faces opposition from the developing countries, who believe this will protect them from discrimination.

The Commission has not yet been able to give us much specific information on the subject of agriculture. However, we all know what the position is. The fact is that the Americans have asked and are asking for a lot but have not so far made any appreciable move to open up their markets to European agricultural products. However, this has not prevented them from pressing with great determination for a reduction in the customs duties levied on a series of Mediterranean products on which substantial concessions had already been made earlier; in addition to all this, they want the Community to promise to exercise restraint in its policy of subsidizing agricultural exports. Very recent reports have, however, hinted at the possibility of agreements which would enlarge the present range of Community agricultural exports and reduce the present considerable adverse balance. I hope Vice-President Haferkamp is in a position to give us some solid information.

This brings me to the crucial point in the negotiations, which is the famous waiver and the threat of countervailing duties which hangs over a fair number of products imported from Europe into the United States. As we know only too well, any imported product which has been subsidized in its country of origin can be charged duty under present US law, and Congress alone has the power to remove this threat. However, Congress will not be able to decide whether to extend the President's power to waive these countervailing duties, which was accorded him in 1974 and must lapse on 3 January 1979, until after 15 January and Congress has adjourned without giving him the extension.

We have now spent over five years negotiating under the Tokyo round, and what I want to ask the Commission and the Council is this: ought we to hurry to conclude these negotiations before the end of the year on the basis of a compromise which may prove to be legally unsound? I ask this because there will be a *vacatio legis* from 3 January until the extension is granted and, despite the promises of the American Government, which everyone accepts as sincere — President Carter spoke in the first person when referring to the waiver of countervailing duties — Congress could throw the whole thing into the melting-pot by not renewing the waiver.

Mr President, Parliament realizes the crucial importance of the GATT negotiations. It asks the Community authorities to provide the information necessary to enable it, in full consciousness of its responsibilities, to take a decision which binds the Community's negotiators. To the latter and, in particular, Vice-President Haferkamp, I should like to extend the warmest appreciation for the work that has been done.

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

Mr Jung. — (*D*) Mr President, the Liberal and Democratic Group has, in the debate on the Cousté Report and on other occasions, made its views absolutely clear on the GATT negotiations in Geneva and today I should like to refer once more to the numerous statements made when the final stage of the present GATT Round was opened in that city. Without exception they reinforced the political determination to bring the negotiations to a successful conclusion as soon as possible. The European Community also made clear its desire to make comparable progress in the negotiations; this means agreement on countervailing duties, recognition of the selective principle in the safeguard clause, the agricultural question and the harmonization of customs duties.

The Liberal and Democratic Group warmly welcomed and endorsed the Commission's objectives and, in particular, its efforts to abolish non-tariff barriers through closer international co-operation. However, the Group at the same time issued a warning against failure in this Round because it must entail cutting off a large number of outlets from the international market, continued unemployment and resultant political instability.

For some months now there have been sharp exchanges between Brussels and Washington, amounting to a war of nerves, over a subject to which my colleague referred to just now and which in GATT parlance is known as the waiver. And, as though this were not enough, the American Congress at the same time excluded the textile trade from the tariff negotiations in the Tokyo Round.

In September, the Commission set out its legal position, officially and publicly, with the express support of the Council of Ministers. Diplomatically but nevertheless factually and firmly, it declared that from our point of view, it was unrealistic to ask our Member States to agree to the negotiations being brought to a conclusion without knowing whether there was to be an extension of the provision for 'waiver'. There was an aggressive ring about the further statement that greater pressure for retaliatory measures might build up within the European Community, and the Commission twice expressly referred to the trade war which the United States legislation was likely to provoke.

This brought the war of nerves to a head and at this juncture I should like to thank the Commission with particular warmth for having, at this critical stage in the negotiations, given the responsible committee of the European Parliament, the Committee on Economic External Relations, a detailed report on the state of the GATT negotiations in Geneva and on the problems still outstanding. The Commission can rest

assured that its attitude is fully endorsed by the Liberal and Democratic Group for whom I speak.

A final question this point. On 21 November the Council of Ministers empowered the Commission to carry on with the Tokyo Round negotiations despite the failure of the US Congress to legislate for an extension of the waiver. At the so-called Bonn Summit in mid-July, the seven Heads of State and Government fixed 15 December, that is, today, as the date for conclusion of the negotiations. Will it still be possible to stick to that date? If not, further delay means that the GATT negotiations may clash with the fifth World Trade Conference which is due to begin in Manila next May.

The Liberal and Democratic Group would very much welcome a clear unequivocal statement from the Commission, here and now, that it is the United States which can resolve the difficulty by providing for an extension of the waiver until the results of the GATT negotiations come into force. In this connection, my Group trusts that the Commission will make an official statement to the effect that its specific objectives in the Geneva negotiations oblige it to insist on the United States incorporating the GATT agreements into its national law.

I conclude by referring to one further question. This is the agricultural question. In the opinion of my Group, this must in future also be the subject of GATT negotiations and, in consequence, of stricter control.

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

Mr Eberhard. — (*F*) Mr President, the GATT Trade negotiations are today in their final stage. In a world where there is a steady expansion of world trade, the future of its relations, based on the mutual interests of States, can make a powerful contribution to their development provided, of course, that those relations are well-balanced. Unfortunately, this is not the case.

The joint statement which Commissioner Haferkamp signed on 13 July last contains a number of provisions, the most obvious result of which will be to compound American domination of Europe and, in consequence, of France and, at the same time, to isolate the developing countries, with ill-concealed contempt for their claims.

We take pride in the fact that we were alone in noticing these unsatisfactory features straight away while all the other political parties in our country were rejoicing that the agreements had been signed. It is no exaggeration to refer to American domination of Europe. Is it not, as Mr Strauss, President Carter's special representative, made clear, the object of the American negotiators to undermine the common agricultural policy of the EEC so that they can sell their products in our countries?

Eberhard

The conditions agreed upon fitted in with this objective because they stated that the countries concerned had agreed not to grant any subsidy on agricultural exports, the main point of this arrangement being to abolish the Community system of export refunds. This confirms our fears, especially from the French point of view.

When the French Government and the President of the Republic agreed that a member of the European Commission should speak on behalf of the nine countries, they recognized that this might endanger French agricultural exports to the world. In starting to make concessions, the Commission aided and abetted the pressure exercised by the United States in various ways, such as their use of countervailing duties as a lever in the negotiations. In yielding to this blackmail, the French Government created the conditions for the negotiations to revolve round the ideas advanced by the United States and the agreement eventually suggested by the Commission is the logical outcome of those negotiations. It looks as though the French Government has so far refused to accept this. Such an attitude is certainly not incompatible with the hardening of opinion in France against concessions. As I said we are proud that we are largely responsible for grasping the situation. Despite this, we still want to see an increase, on a basis of equality, in trade relations between the countries. With this end in view, we had proposed that action should be taken to ensure that the GATT negotiations put an end to the hostile and discriminatory practices of the United States and Japan and that every country was free to adopt any protective measures necessary to safeguard its agriculture and industry.

In this connection, I should like to remind the House that the Community's customs barriers are the lowest in the world, whereas the biggest capitalist country has erected an arsenal of protectionist weapons on its frontiers. It does not even recognize the rules of competition since, for example, it is pressing the Community to suspend its wheat exports to Brazil, which it regards as its private preserve. In concert with the other big capitalist States, it extends this dominance to the developing countries. They make no concessions to the latter and thus perpetuate the stalemate in the North-South Dialogue. In the circumstances one can appreciate why the separate statement which the developing countries adopted at the end of the Geneva talks voices their fears that the outcome of the negotiations will mean nothing to them.

There is, in fact, every reason for suspecting that the negotiations will produce an unequal compromise which will allow the multinational companies to go on robbing those countries of raw materials at a time

when, in order to create a new world economic order, we should be trying to find some means of establishing stable, balanced and mutually advantageous relations between the countries producing raw materials and the consumer countries.

We have not reached that stage. In conditions where trade and production are being internationalized, the capitalist countries have to get together. The GATT negotiations satisfy this need but they do so on the basis of an economic development which does not strike the right balance between countries. This increases the dominance of the strong, which is what we are fighting against. We want to create a Europe which is wide open to the world, such as it is, in order to promote a different kind of relationship between France, the Member States of the Community and all the other countries of the world, without exception and without regard to their political or social outlook.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — Mr President, I should like to begin with a few general comments on the important issues raised in the questions submitted and in the debate which followed.

The first question asked was why, after five years, we are now doing all we can to bring the negotiations to a close. My answer is that, on this important question, five years is a long time. The state of world trade and the world economy call for a greater degree of confidence and stability. If we bring these negotiations to a successful conclusion, it will make a substantial contribution towards greater confidence and stability in world trade and the world economy. But I should like to emphasize that reaching a conclusion after five years is not the only thing at stake. We are not concerned with a timetable. We are concerned with the substance of the negotiations and about their substantive results. We want the outcome to be satisfactory. We want a satisfactory outcome over the whole field of GATT but above all (and this is our right and our duty) we want the outcome to be satisfactory for the European Community, which is the world's greatest importer and exporter. No one has a greater interest than ourselves in a satisfactory outcome. Our aim is as soon as possible, to reach agreement with our principal partners in the negotiations on the main lines of a fair deal. We believe that this must be achieved with the minimum delay. If we can do this before the end of the year — and I think we can — it will take some time, say, until March or April, to work out the legal and technical details before everything is finalized. But we shall soon know where we are with regard to the essential items of a negotiated agreement.

Haferkamp

Before dealing with the substance of the negotiations I should like to comment on an issue which has loomed large in recent months and which is still of considerable importance. It has also been mentioned in this debate. I refer to what in American legislative parlance is termed the 'waiver'. What this amounts to is that, under an old American enactment relating to subsidies and similar subjects, a countervailing duty is leviable and this enables the American Government and legal authorities to ignore a GATT regulation which everyone else abides by. The regulation in question provides that a country can impose a countervailing or similar duty only on furnishing proof that material injury has been caused to its industry. This general enactment was repealed by a special enactment under which the American Government and authorities were empowered to forego the countervailing levies. This special enactment expires on 3 January 1979. That is the problem which was referred to in the explanatory statements, some of which have been quoted.

During the negotiations of the last few weeks, we received certain assurances from the United States Government, from the President's special representative for commercial affairs, Mr Strauss, and in a talk which I had with President Carter ten days ago. The assurance are to the following effect.

Firstly, as soon as the newly elected Congress meets, the American Government will introduce a bill restoring this special authorization and these rights and powers to the American Government, with retroactive effect to 3 January. This bill will be introduced regardless of the position in the GATT negotiations at the end of the present year.

Secondly, the American Government and authorities have stated that they have the same aim and interest as we have in ensuring that there is no disturbance of trade and that they will further this aim and interest by every legitimate means. In this connection, it has been made clear on behalf of the Community that, even when we are agreed upon the substance and fundamentals of a package, the negotiations cannot be formally concluded, cannot be wound up, until American legislation has ensured beyond any possible doubt that no countervailing duties will be imposed. As was made clear in the debate, this means that the actual decision on the entry into force of any package agreed in principle rests in corresponding measure with the legislative authorities of the United States.

As regards the negotiations themselves I should like to refer to certain principles by which we have been guided throughout. The first of these is our determination to ensure that the negotiations and their outcome do not impinge upon our Community policies. We have stuck to this principle. In one of the questions there is a reference to the external tariff and the common agricultural policy system. On this I can

state that we maintained the principle that there should be no impairment of Community policies. Community policies are not under discussion; they are a domestic matter for the Community.

The second principle was that after the negotiations are concluded and the results of the negotiations have come into effect, the GATT rules must be observed by all parties to the agreement without exception. We did, in fact, refer to an example where an exception is still made in the case of the United States. There are others. We shall insist on the principle that the new GATT rules must be applied by all parties to the agreement without exception.

The third principle is that there can be no question of implementing the results of the negotiations throughout the Community until our opposite numbers have completed the procedure for approving the agreement in their Parliaments. This means that we shall not implement the agreement until our negotiating partners have done the same. We have made it clear that the overall package must strike a fair balance.

I now come to the substance of the whole thing. First of all there was the question of customs duties and that was concerned with arrangements for tariff reductions which would cover the better part of the 1980's. We made it clear that, on the basis of the Swiss formula, which has already been referred to here, we were agreeable to tariff reductions totalling 40 % over a period of eight years effective from 1980, which would have meant an average reduction of 40 % accompanied by a harmonized reduction of tariffs. We got our opposite numbers to agree that this should take place in two stages: first, one of five years, and then we would see whether the economic and social conditions permitted entry into the last stage in the final three years. In this connection I emphasized that we wanted tariffs to be harmonized; in other words, we wanted the higher tariffs to be removed with greater speed and determination than tariffs which are already low. I should like to make it clear, however, that the mathematical result of this operation is not of such importance to us. What matters is not whether it will average 30 % or 40 %, or whatever the figure is likely to be, but the effect on trade of the various tariffs and the effect on the products involved. We must, accordingly, work out the extent to which the Community would benefit from a reduction of the tariff in the case of a given product and this is what we are doing, case by case and product by product.

Here I must say that we are not yet satisfied with results at the present juncture. In the case of industrial products, for example, there are still a number of disparities. We believe that these will be ironed out without delay in the negotiations. The disparity is even more marked in the case of the proposal which Japan made to us. We are trying to get the proposal

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improved. If an improvement turns out to be impossible, the Community will have no alternative but to make further cuts, however reluctantly, in the proposal which it has tabled and withdraw parts of it. I repeat, we are going for an improvement but, if that proves impossible, we shall have to take back some of our proposals in order to preserve a balance.

The question of non-tariff rules has assumed greater importance than the question of customs tariffs in these negotiations, compared with previous ones. Reference has already been made, in connection with the problem of countervailing duties and subsidies, to the fact that the United States have not yet agreed to the criterion on injury in Article VI of GATT. Meanwhile, we have negotiated a code on countervailing duties and subsidies, in particular with our opposite numbers in the United States, which will all do the same without giving rise to the possibility, referred to by Mr Martinelli, of unilateral measures.

In the non-tariff field, we called for and successfully negotiated a code, which has been accepted by all parties, on valuation for customs purposes. The position at the moment is that the United States and Canada are not parties to the International Customs Convention and employ different methods for calculating the duty on imported goods; amongst other things, this causes uncertainty for exporters because they have no precise idea what value will, for the purposes of calculating duty, be placed on products which they export to the United States or Canada. We have now reached agreement on a generally accepted code on valuation for customs purposes. Under its terms which apply to the United States, it is provided that the American selling price shall disappear when the agreement comes into force. We have reached agreement on an equitable code on standards and technical rules. This will benefit all exporters, especially our own, since we are the world's biggest exporter. We all know that technical rules and technical standards assume special importance when the impact of tariffs is reduced and there is a strong temptation to use technical barriers in order to compensate for the protection lost in consequence of reduced tariffs. By and large, the code on standards and technical rules will forestall such a development.

We tried to get a fair deal in agriculture, together with feasible international arrangements for cereals, dairy products and meat. International negotiations have advanced so far on dairy products and meat that we can count on having a satisfactory and binding settlement in the near future. As you know, negotiations on the international meat agreement were broken off in Geneva during November but meanwhile we have reached agreement with the main parties involved on compromise solutions which make it reasonable to expect the international agreement to lead to a satisfactory settlement. In so doing our aim is to secure more stable market conditions and stronger growth.

We also want to gain an entry into foreign markets and, as the spokesman for the Communist Group argued just now, at the same time prevent our agriculture being left at the mercy of foreign pressures, while avoiding anything which inhibits our export trade.

We insist on the right to promote our export trade. But, in my view, we must also recognize that it would not be in our interest to allow subsidies to start a savage, competitive war which the taxpayers and employers would have to pay for in the end. We insist on our right to promote our exports but we also insist that this must be done on a sensible basis and, if anybody places any other interpretation on the official statement of 13 July, he is making a big mistake. In the agricultural sector we have to register a series of detailed rules which will help us to secure a better footing in the market, including the American market. Naturally, in negotiations, there must be a *quid pro quo* for things like this. Negotiations are not a one-way street. Obviously, we have to create openings in our own area, too, but if we do that on the basis of the principle I described at the beginning and if we stick to the policy of our Community which, of course, is not open to discussion, you can take it for granted that we have secured an equitable result in the case of agriculture as well.

Finally, there is the non-tariff area, where the Community's ideas have not hitherto met with success. I refer to the selective principle in the safeguard clause. I trust it is not necessary for me to go into further detail on the position here. The GATT rules lay down that, if protective measures are adopted, they must be adopted against all exporting countries. The Community has proposed that it should also be possible, in appropriate cases, to apply protective measures against a single country, if, to any substantial extent, it is responsible for unsettling the markets.

After lengthy negotiations we managed to get our industrial trade partners to accept this principle. We were not successful in doing so in the case of the developing countries. The developing countries were in particular opposed to the possibility that a selective safeguard clause on those lines might be applied without prior consultation. Mr Martinelli has already pointed out that, in all probability, experience of the textile agreement played a not insignificant role at this juncture.

We are still actively engaged in negotiations and envisage the possibility of something on the lines of the safeguard clauses in multilateral international agreements.

Let me sum up by saying that, after long and difficult negotiations, we now believe that, together with the other main parties in the negotiations, we can reach a mutually acceptable conclusion on all the essential items of a balanced agreement. We believe that, in so

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doing, we can take an important step forward in the liberalization of world trade and, at the same time, a step towards improving the world economic situation. It would also be a contribution to the battle against unemployment. It would, moreover, be a contribution to the prosperity of the developing countries. The agreement on essentials to which I am referring is concerned with the substance and not just with a timetable. We have an opportunity at this moment to agree on rules for the 1980s which will imbue the world economy with greater stability and confidence. We want to prove (and the opportunity to do so is in our hands) that it is possible to settle the most difficult problems through international cooperation and we want at the same time to make an important contribution to the strengthening of GATT as an international institution.

President. — The debate is closed.

8. *Unfair trade practices on the part of state-trading countries*

President. — The next item is the oral question with debate (Doc. 481/78) by Mr Rippon and Mr Stetter, on behalf of the European Conservative Group to the Commission :

Subject: Unfair trade practices on the part of state-trading countries

1. Will the Commission set out the political and economic principles upon which its policy with regard to trade with state-trading countries is founded?
2. What measures can the Commission propose to eliminate the unfair commercial advantages presently enjoyed by the state-trading countries, particularly in the field of transport, export credits and low-interest loans and manufactured goods?

President. — I call Mr Jakobsen who is deputizing for Mr Rippon.

Mr Jakobsen. — (DK) Mr President, strangely enough this oral question with debate supplements what has just been said; Commissioner Haferkamp has explained in detail how trade is carried out with countries in the free world. But to an increasing extent — and I am not complaining about this — we also trade with other countries that do not have a free economy but a state economy. Let me say right away that the oral question tabled by my group chairman is not intended as a criticism of Commissioner Haferkamp's activities. There is no particular case we want to criticize; we have merely raised the question to give Mr Haferkamp an opportunity to provide us with information that we believe will interest many people, including business circles. My group certainly does not want to limit trade with our Eastern neighbours, quite the contrary. In my own country one of the weightiest arguments put forward by those who opposed Danish membership of the Community was

that relations with the Eastern countries would be severed. That, like so much else, was untrue. Developments have proved that: trade with the Eastern bloc has increased steadily but doubts arise because our whole trading system and all that the Community stands for is an economy based on free trade, competition and cost-related prices and we are dealing with a system where costs are more or less non-existent. Not only are costs quite different from the actual costs, wages in many of the Eastern bloc are closer to what we pay as pensions in Denmark and approximately what we pay as unemployment benefits in our countries. Clearly this is a problem if we are to compete freely with each other, but it is not the worst problem. The worst is that many Eastern bloc decisions as regards trade in and production of the goods involved in the competition are not taken for economic reasons i.e. the cost involved, but for a political reason. That creates difficulties.

Last week my group attended a meeting in Copenhagen with representatives of business circles. It emerged that the Eastern bloc now accounts for about 13 % of all shipping between the United States and Germany and 20 % of shipping between Europe and East Africa. The Eastern bloc is not directly geographically involved but it has the shipping between countries we normally trade with. Another important point is that their fleet is four to five times larger than necessary for their own needs. This is where the political and even the military aspect comes in. These ships are equipped so that they can intervene in military incidents. It is clear that these are measures that have nothing to do with trade or economic considerations but purely political considerations.

That is why we are rather anxiously asking the Commission what views it has on the subject. Trade is increasing. I understand that a credit of 24 000 million dollars is already being given by our nine countries and that it is intended to increase it to 80 000 million dollars. When we compare this with the chickenfeed we have recently been discussing in connection with the Regional Fund, we cannot but wonder what it is we are really doing. We also wonder how much valuable know-how we are providing to the Eastern bloc that it uses for purposes not in our interests. I therefore ask how the Commission is dealing with the problem of dumping. Dumping can, after all, be more or less defined in the case of countries with free trade and free costs. But what is dumping in relation to those countries where prices are not a crucial factor and not based on costs? Do we know of cases of dumping, or of cases that can be described as dumping and what measures are being taken? What experiences have we already had in this area? Secondly, how do we deal with goods that are of military importance and how do we prevent their sales to the Eastern bloc when they may be harmful to the Community we all belong to?

Jakobsen

I know that many of these questions are of great interest to business circles in all our countries and I therefore think that the Commissioner would be doing a service not only to my group and this Assembly but to the public at large, if today or later he gave as detailed an explanation as possible. Let me stress once again that my group does not want to criticize anything the Commissioner has done or not done, we merely want to have this problem cleared up as much as possible. It is already a major problem but unfortunately we must expect it to loom even larger in the future.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — Mr President, the Community generally applies the same trade principles to the state-trading countries as it does to other third countries. Our general aim in world trade — and that includes trade with the state-trading countries — is for harmonious development, both of imports and exports. On the other hand, we must be able to protect our industries from the possibility of sudden market disruption. This applies generally, and it has now become clear that the implementation of these principles and this trade policy poses particular difficulties for state-trading countries.

We must take into account the peculiarities of the economic structure of these countries. We are dealing with centrally controlled economies with a monopoly of external trade, where there are special rules for currency conversion and the question of costs and calculations is seen in quite a different light, and follows quite different rules, from those to which we are accustomed. This makes it difficult for us to implement the normal rules we use elsewhere. The Community has a series of legal texts for this purpose. They include the 1969 Regulation laying down rules on imports from state-trading countries, the 1970 Regulations on imports of liberalized products into the Community and the 1975 Decision laying down the annual fixing of import quotas for state-trading countries in the case of non-liberalized products. We thus have a series of measures for maintaining control of trade while enabling it to proceed as smoothly as possible in the interest of all concerned.

Obviously, we also have the general legal texts on trade questions. This applies to the question of dumping, although here — as the Member has stated — it is necessarily more difficult to ascertain whether dumping is taking place than it is in the case of an export country or exporter who bases his calculations on the same rules as our producers. We have had experience of this sort but I think it would be going too far if I went into details now. Perhaps a written communication to the committee concerned would be more useful, as we can set out the technical details more easily in this way.

With regard to export credit for state-trading countries, we have the same rules as apply to other third

countries. In this case we use the agreement on guidelines for export credit which was concluded on 22 February 1978 in Paris by the main industrialized countries and has been in force since 1 April 1978. We have recently been devoting especial attention to the transport sector. Following a Commission proposal, the Council of Ministers has, as you know, decided on measures to counter the unfair practices of some state-trading countries in the shipping sector. The Commission is at present considering whether similar measures should be taken in the road transport and inland waterways sectors, and if so of what kind. You will be informed of the result of the Commission's investigations and any ensuing proposals in due course.

One final word on this subject, on a not unimportant aspect. This is the question of the cooperation agreements which are very frequently concluded by our Member States in addition to, and outside, the Community's trade policy, with state-trading countries amongst others, for which consultation procedures do of course exist, although I think we shall quite soon need to have a systematic debate on them. For we need to decide how we are to ensure that activities of this kind, which are in some cases undertaken by the Member States in isolation from one another, do not undermine the common trade policy and hence the general interest of the Community.

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

Mr Jung. — (D) Mr President, colleagues, not all that long ago we discussed in this House the state of relations between the European Economic Community and the Eastern European state-trading countries and Comecon, on the basis of a report by Mr Schmidt. We have also debated these issues in connection with the report by Lord Brimelow on dumping practices and the threat to Europe from uncontrolled competition, and finally the problems arising from the aggressive trading practices of the Eastern bloc countries in the transport sector have also been discussed. It is this last point which is particularly close to my heart.

For its trade with the Comecon countries the West needs to have its own efficient transport system which is available in the long term and protected from disruptive practices. Market disruptions, from whatever side they may threaten, must be prevented from the start. The Eastern European expansionist drive in the transport sector does in fact threaten to become a dangerous, ominously disruptive element in relations between the Community and third countries. The importance of the East-West question lies not only in the precarious competitive position of the transport operators concerned; the transport policy and the foreign trade policy must also deal with these problems.

Jung

I should therefore be very grateful to you, Mr Haferkamp, if you would convey the promised details not only to the Committee on External Economic Relations, but also to the Committee on Regional Policy, Regional Planning and Transport, so that we may consider it.

The Liberal and Democratic Group therefore welcomes the decisions taken by the Council of Ministers last November which make provision for the information system on shipping lines to be applied from 1 January. The European Parliament had previously adopted a motion for a resolution on this subject which I had tabled on behalf of the Committee on Regional Policy, Regional Planning and Transport. The Member States have also undertaken to do everything in their power to provide information on freight rates. This information should be based on the applicable average freight rates of the shipping companies for selected goods.

My Group regards the Council decision on the adoption of an Additional Protocol to the Mannheim Act by the Community countries as a step, but only a step, in the right direction, for this Additional Protocol ensures that after completion of the Rhine-Main-Danube link only vessels of the riparian States and all Community countries will be entitled to engage in the transport of goods and passengers between two localities on the Rhine.

But I should like to emphasize once again that these Council decisions can only be regarded as a first step, for it is surely difficult to ignore the danger that bilateral goods transport between the Member States of the Community and the Comecon countries, as well as goods transport from third countries with the Eastern bloc, will, in the road transport sector as in the shipping sector, be subjected to an unprecedented degree of monopolization by the Eastern European transport organizations. This would not only create disadvantages with regard to the market position of Western operators, but such disadvantages would also have an unfavourable effect on our entire trading position in external trade.

For all these reasons I should like to urge the Commission, on behalf of the Liberal and Democratic Group, to make a detailed assessment and draw up guidelines and objectives for countering any monopolization of the East-West transport market by the Comecon countries and preventing market disruption. I should also like to propose on behalf of my Group that, on account of the close integration of road transport and commerce in the trade agreements and treaties which the Community concludes, a clause should be incorporated providing for the protection of our transport industry's interests.

I should like to close with the comment that the penetration into Western Europe of the Comecon countries' transport industry using unfair dumping prac-

tices, — which, as Mr Haferkamp has tried to explain, naturally have a state monopoly background to them — is an important macro-economic problem. It affects not only our transport industry, it also affects our foreign trade, particularly in the case of bilateral trade with Eastern Europe and trade with third countries. My Group hopes that the Commission will very soon define its policy in terms of guidelines and objectives and will present the appropriate list of measures.

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

Mr Nyborg. — (DK) Mr President, it is often said that we in the capitalist world are digging our own grave and I think we are well on the way to doing so. Mr Jakobsen explained his group's question and the reason for it very clearly and he said that he did not blame the Commission either for the results or the lack of them. I quite agree with him. I do not believe the fault lies with the Commission but rather with the Council. As with so many other problems, it is there that there is still a lack of political will to get anything done.

The conciliation procedure introduced for trade cooperation with state-trading countries has so far not proved to be particularly effective. The contacts established during Commissioner Haferkamp's visit to the Soviet Union have not proved to be fruitful. Whether this is due to differences in the structure of the organizations concerned or to Comecon's lack of will or inability to enter into trade agreements I will not say. A procedure has been devised for supervising the conduct and activities of Comecon country ships. That is in fact the only real step that has been taken to put an end to distortions of competition in the transport sector. But it is not in fact of much use. How long do we plan to keep a watch before we really do something to change the situation? Are we to let ourselves be completely ousted as competitors now that we have had to give up 50 % of our shipping fleet, or how long are we to wait? As Mr Jakobsen said, the Comecon countries have managed to obtain quite an unreasonable share of the market through unfair competition. We know it is difficult for the Commission and for all who have to negotiate with the Eastern bloc because there is a complete lack of statistics and it can therefore follow whichever price policy suits it.

But as I said before, we ourselves are making things worse by providing long-term credit at low interest rates and granting loans on more favourable terms than our own industries in many cases can obtain. Combined with lower wages this gives the state-trading countries a better competitive position than our own countries that we cannot really tolerate. We ourselves are providing machinery, know-how and money. Is that not rather unwise? Yes, it certainly is

Nyborg

in many cases. But we must also admit that we cannot do anything on our own because the Comecon country negotiators are very clever. They play off the USA, Japan and the European Community against each other and therefore manage to get far as regards both prices and credit. Unless we negotiate with the USA and Japan for a common policy towards the Comecon countries nothing can be done. If we don't deliver a certain product, Japan or the USA will. I would therefore like to ask Commissioner Haferkamp whether there is any intention of initiating such negotiations.

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

Mr Schmidt (D). — Mr President, I should like first to apologize for having to play devil's advocate to some extent in this debate. There is certainly some truth in this question and also in the comments made by Mr Jung and Mr Jakobsen. There are market disruptions and I would regard them as such, particularly in the inland navigation sector. But when I listen to Mr Nyborg, for example, who obviously cannot even decide whether he wants to trade with the state-trading countries at all or whether it is all terribly dangerous, because the tables are being turned on us, then I feel that this is a false assumption. We know right from the start that if we are going to trade with countries which have a quite different social system, we cannot expect them to use our system to fix their prices, and here I have a reservation to make, Mr Jakobsen. You said that prices are determined by market forces in our countries. Let us just consider how many prices really are determined by the market in our countries, and let us just take the example of our own agricultural policy: how far are prices determined by the market in that case and how many are actually fixed by us? We should remember that we sometimes set high standards for others which we do not even observe in our own countries. And I would say that is the case here.

So I have to put the other point of view. It can be argued that some prices are in fact determined politically in our countries just as prices are determined politically over there. Now I should quite understand if we were business operators with, say, shipping companies and we said we were no longer able to compete. But Members of Parliament ought to see the full economic picture. They know very well how often people in this House have been saying what a good thing it is that trade is expanding, as this will safeguard jobs in our own countries, but how very bad it is that the state-trading countries' indebtedness continues to increase. And there is some truth in that. The state-trading countries' debts, their imbalance of trade has continued to grow. Now taking the economic point of view — and leaving aside the business management aspect for the moment — we should

have every understanding for the fact that countries which on the one hand are buying far more from us than they can supply, because many of their products are just not marketable in our countries, are making gains on our markets in areas where they are fully able to compete.

In saying this I do not wish to excuse everything, but I should just like to sketch in a number of things a bit more clearly and not just in black and white as they have been depicted here. We ought in fact to show some understanding for the Comecon countries, which can market in our countries only some, if any, of the products which they produce today, and which are obtaining their compensation in the area in which they are at present able to do so. But I agree with those who say that we should guard against allowing a development to gain a foothold here which might perhaps result in our companies being forced out of the entire transport services sector. For this reason I think we should fully support the Commission if it intends to set certain limits to this.

And here I should also like to say a word about products of military importance. I think it is very difficult to tell, Mr Jakobsen, what is of military importance. I well remember a story which happened in the Federal Republic of Germany. A company wanted to deliver pipes for a natural gas pipeline to the Soviet Union. At the time we took the view that this was of military importance. What do we say now? Of course natural gas and energy transport may have military significance. Virtually anything, for instance, copper wire, may be of great military significance. All I say is, we cannot just apply this rule to anything which might indirectly be used somewhere sometime. For then we might as well stop trading altogether. If we supply civil aircraft to China, they might one day be of military significance because troops could be transported in them. I think we should be very careful in this area. I have nothing against very strong general controls on the arms trade. But I would not be in favour of such controls only in specific directions; the European Community should exercise a bit of restraint in every direction and thus contribute to world peace. I believe there are certain justified occasions for accepting clearly defined military products. But I should personally like to ask the Commission not to take the course of extending this to products which may indirectly be involved. For in this way we ourselves are contributing to a form of disruption, and damaging ourselves in the long run and we should be quite clear about that. After all, we too are wiser as a result of our own painful experience and it will not help at all if we go back from right to wrong; we should stick to what we have realized is right.

And here I should like to make one point on policy. Unlike the comments made by Mr Nyborg, with which I cannot identify myself at all, I take the view

Schmidt

that a functioning, more or less balanced trade relationship between the Community and the Comecon countries can also make a substantial contribution to peace in this part of the world, and it is in this light that my political group would like the matter to be seen.

President. — I call Mr Jakobsen.

Mr Jakobsen. — (DK) Mr President, I would like first of all to say a few words to my colleague Mr Schmidt. I think he failed to notice that I did not follow this Parliament's practice of repeating everything five times to be sure that everybody understood. I thought I had said quite clearly that my group had not put this question because we wanted to criticize or limit trade with the Eastern bloc. On the contrary, I gave good reasons for wanting to expand it. I just do not understand what Mr Schmidt meant when he said that I and my group want to make trade more difficult. I drew attention to the problem and I wanted to give the Commission an opportunity to explain what the situation is, and I repeat my request now. May I just give Mr Schmidt one example from my own country to explain why not only I and my British friends but many ordinary people in Denmark, including Mr Schmidt's political colleagues, whom I know well after forty years' cooperation with them, are very disturbed. The leader of the Danish Seamen's Organization is a prominent communist. He often boasts that he has managed to obtain higher wages for Danish seamen than anywhere else and than any other Danish seamen have. Danish shipowners have to compete with some of the lowest wages in the world, those his communist colleagues ensure that the seamen of state-trading countries have. That is why Danish workers and Danish social democrats are asking what the point is. I do not agree with them and I would like to have every possible bit of information so that we can show that there is some sense in it. We must proceed along those lines. It is in our interests to expand trade. My supplementary question to Commissioner Haferkamp is the one that Mr Nyborg discussed, i.e. supervision. I understand that Mr Haferkamp said previously — I am sorry but I myself did not take part in the committee's work on the subject — that imports of electric motors from the Eastern bloc should be supervised and I know that is of importance in many cases. It is also important in our own countries. If quite unreasonable conditions are tolerated in this area it could mean bankruptcy for firms in our countries. My question is therefore: has the Commission any idea of how long this supervision is to continue before any action is contemplated, have any time limits been proposed and can any further information be given?

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I shall confine myself to

answering the concrete question. Moreover I simply wish to make and to repeat a general statement to the effect that we are careful to apply the same trade policy principles to everyone. However, where a trading partner fails to apply the same principles to everyone — and this is sometimes the case even among countries with the same economic system as ours — we are obliged to take reciprocal action. Each case has to be decided on its own merits, and that is what we intend to do. In this context I draw attention to the special legal rules which we have introduced with regard to state-trading companies. The observance of these rules is continuously monitored. We take action on an individual basis where disturbances occur which we feel constitute a failure to observe normal trade practices.

President. — The debate is closed.

9. *Directive on health protection
against ionizing radiation*

President. — The next item is the report by Lord Bethell (Doc. 490/78), on behalf of the Committee on the Environment, Public Health and Consumer Protection, on

the proposal from the Commission of the European Communities to the Council for a directive amending the Directive of 1 June 1976 laying down the revised Basic Safety Standards for the health protection of the general public and workers against the dangers of ionizing radiation (Doc. 490/78).

The rapporteur has decided not to introduce his report.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — Mr President, I just want to make one point. Paragraph 2 of the motion for a resolution calls for the adaptation of the Directive of June 1976 and requests the Commission to submit an appropriate proposal for a directive by the end of the year. On 17 November the Commission adopted a draft directive to this effect which has been submitted to the Economic and Social Committee for its opinion. The Economic and Social Committee will deliver its opinion at its meeting on 19/20 December, i.e. next week. The Commission will then forward the draft to the Council which in turn will consult Parliament. The request put forward in the motion for a resolution has, therefore, for all practical purposes already been complied with.

President. — I note that there are no further requests to speak. The motion for a resolution, as it stands, will be put to the vote at the end of the sitting.

The debate is closed.

10. *Spain — EEC fishing agreement*

President. — The next item is the report by Mr Cifarelli, (Doc. 495/78) on behalf of the Committee on Agriculture, on the delay in the conclusion of a fishing agreement between Spain and the European Community.

The rapporteur has decided not to introduce his report.

I call Mr Martinelli to speak on behalf of the Christian-Democratic Group (EPP).

Mr Martinelli. — Mr President, I do not intend to speak on the merits of this resolution. Together with Mr De Clercq, who is absent because of electoral commitments, I tabled an amendment to paragraph 3 which I should like to explain.

The amendment to paragraph 3 of the resolution is necessary for the following reasons: the interim fishing regime which is in force between Spain and the Community for the last quarter of this year, provides for the granting of 240 licences to fish 4 500 tonnes of cod. The Spanish authorities consider these figures to be an absolute minimum.

In view of the delay in discussing the resolution which was submitted in September, paragraph 3 should be modified as proposed in the amendment, since the existing regulation will cease to have effect on 31 December and the number of cod licences for Spanish fishermen will be reduced to 120 which was the figure up to this quarter.

Pending the resumption of negotiations between the Community and Spain which are expected to take place around mid-January, paragraph 3 of the resolution should include a clause specifying that the new interim regime which is to come into force on 1 January, should not alter the present interim regime. This is clearly a necessary clause and I therefore recommend the amendment on my own behalf and on behalf of the Christian-Democratic Group.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I simply wish to take the opportunity of thanking, on behalf of the Commission, the rapporteur for his report. There has been close contact and a continuous flow of information on all these matters.

With regard to the point raised here, namely that no changes should be made in the interim regime, I can only state that, negotiations are currently in progress. We shall now have to try and find the best possible arrangements acceptable to both sides. For the rest, we

not only accept but welcome unreservedly the motion for a resolution.

President. — I note that there are no further requests to speak. The motion for a resolution, together with the amendments which have been moved, will be put to the vote at the end of the sitting.

The debate is closed.

11. *Regulation on the Convention on cooperation in the Northwest Atlantic fisheries*

President. — The next item is the report by Mr Lemp (Doc. 491/78), on behalf of the Committee on Agriculture on

the proposal from the Commission of the European Communities to the Council for a regulation concerning the conclusion by the European Economic Community of the Convention on future multilateral cooperation in the Northwest Atlantic fisheries.

The rapporteur has decided not to present his report.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) I have nothing to add. I should, however, like to express my appreciation of the excellent analysis and assessment of this very important procedure.

President. — I note that there are no further requests to speak. The motion for a resolution, as it stands, will be put to the vote at the end of the sitting.

12. *Directive on drainage in Ireland and Northern Ireland*

President. — The next item is the report by Mr Pisoni (Doc. 492/78), on behalf of the Committee on Agriculture on

the proposal from the Commission to the Council for a directive on the programme for promotion of drainage in catchment areas on both sides of the border between Ireland and Northern Ireland.

The rapporteur has decided not to present his report orally.

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) I merely wish to express the Commission's thanks.

President. — I note that there are no further requests to speak. The motion for a resolution, as it stands, will be put to the vote at the end of the sitting.

The debate is closed.

13. *Regulations on generalized tariff preferences*

President. — The next item is the joint debate on two reports by Lord Reay on behalf of the Committee on Development and Cooperation :

— report (Doc. 475/78) on

the proposal from the Commission to the Council for a regulation amending Regulation (EEC) No 950/68 on the Common Customs Tariff and Regulation (EEC) No 2710/77 establishing in respect of certain products falling within Chapters 1 to 24 of the Common Customs Tariff, a scheme of generalized preference in favour of developing countries.

— report (Doc. 474/78) on

the proposals from the Commission to the Council concerning regulations relating to the application for the year 1979 of the generalized tariff preferences of the European Community.

I call Lord St. Oswald.

Lord St. Oswald, deputy rapporteur. — Mr President, I shall be very brief in my introduction, as the proposals in question have been broadly welcomed by the Committee on Development and Cooperation and the committees asked for their opinions, that is to say the Committee on External Economic Relations, the Committee on Agriculture and the Committee on Economic and Monetary Affairs.

The proposals for 1979 represent an overall increase in the value of the GSP offered both in industrial products and in agricultural products. In the field of agricultural products these are extensions of the preferences on certain products and also, very importantly, complete exemption for the 28 least developed countries; exemption from duties on all products, except those subject to quota restrictions. I do not think it is necessary to stress how important this area is for the developing countries which export mainly processed agricultural products to the Community.

However, Lord Reay's report draws attention to the conflict of interest which the extension of GSP creates with the Community's ACP partners, and in paragraph 3 of the resolution calls upon the Commission to attempt to reach a satisfactory solution of this problem. The point here is that it is not enough for the Commission simply to send the proposals to the ACP Group, after they have been formulated. It should consult seriously with them. There is a significant difference between providing the information and consultation. This does not mean that we are asking the Commission to make joint decisions with the ACP Group about the extension of GSP but that consultation in the proper sense of the terms should take place.

The 1979 GSP proposals contain new provisions covering textile products which are extremely specific and detailed. Paragraph 6 of the resolution makes

clear that while the proposal to increase substantially the value of duty-free textile imports is to be welcomed within the framework of the limitations which the supplying countries have agreed, it would be necessary to monitor closely this system to avoid undue rigidity.

I should also like to summarize the other main points in the resolution. In paragraph 7, the Commission is called upon to produce new proposals to increase utilization of the GSP, which, as is commonly known, has never been more than about 60 %. Secondly, the Community must give serious thought to restructuring those industries which are most affected by imports from the developing countries; here, of course, I am referring not only to textiles but to other industries such as footwear and leather goods where the developing countries have certain natural proclivities. The resolution also urges the Commission and Council, in paragraphs 10 and 11, to attempt to achieve a greater degree of harmonization of GSP schemes operated by the various donor countries so that the individual exporter in a developing country can make sense of the complex bureaucratic jungle by which he is at present surrounded when exporting to different industrialized countries or groups of countries. Finally, the resolution emphasizes the need for some sort of reporting system which will enable Parliament to evaluate annually the effectiveness of the GSP proposals and also the effectiveness of the GSP scheme as a whole since its inception in order that conclusions may be drawn for the development of this scheme after 1980.

There is, I think, nothing in the least controversial in these ideas, which basically call for improvements to the present proposals, and I am sure that Parliament will be able to adopt this resolution without difficulty.

I am also replacing Lord Reay as rapporteur on the Commission's proposal concerning the classification of different fractions of palm-oil exported from developing countries and the rate of duty applicable thereto. In committee, we are assured by the Commission representative that the new tariff rates applicable will not materially affect the supplying countries, and therefore we approve the proposal. In the light of this assurance I hope that Parliament can approve this proposal without difficulty. The opinions of the Committee on External Economic Relations and the Committee on Agriculture are also favourable.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, I have one or two comments to make. I should like to begin by expressing the Commission's appreciation of the rapidity with which Parliament has drawn up this detailed opinion and to apologize for the fact that the Commission was unable to forward its proposals until quite late. This was due

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to difficulties, particularly with regard to textiles. We welcome the fact that Parliament fully supports our proposals.

The Commission made no excessive proposals for 1979. In fact, we feel that they have been quite modest. As the report makes that clear I shall not go into details. For that reason, we particularly regret that, following the earlier consultations which took place in the competent Council committees and working parties, the Council only gave qualified approval to the view of Parliament and the Commission. What it amounts to is that there was greater reluctance than we anticipated in adopting the conditions we proposed for the poorest developing countries. It is clear that the rise in the ceiling currently being discussed will amount to about 6 %, that the offers in the textile sector will be postponed for at least six months, that the point reached in the discussions by the Council experts indicate that improvements in the agricultural sector will be minimal. We sincerely hope that the Council's decisions will be in line with its declaration of 27 June 1978 on the GATT negotiations which stated that the Community would adopt a generous attitude on general preferences. I hope that, on the political level, the Council will honour this promise which is clearly being overlooked by the experts in the various areas.

Lord Reay's report mentions a number of important points. As these are also dealt with in the report, I shall simply state that, with regard to the ACP countries and the associated countries detailed discussions are taking place on all the proposals, and that the improvements which we proposed in the general preferences are in no way intended to put other developing countries on the same footing as the ACP countries, but merely to eliminate differences in the case of a small number of products.

Like the rapporteur, I can only stress the fact that important work has still be done in drawing up the general preferences for the 1980s. At the end of the year the Commission will submit a detailed report to Parliament setting out the general conclusions we have reached since 1971 and putting forward proposals for the 1980s. It will not be confined to the technical aspects of general preferences. It will, in particular, involve an assessment by the Community of the place of European industry in the world market as well as an examination and definition of trade relations with others continents. But in all these discussions and decisions we must bear in mind the new international division of labour which will exist in the 1980s and 1990s.

President. — I note that there are no further requests to speak. The motions for resolutions, as they stand, will be put to the vote at the end of the sitting.

The debate is closed.

14. North-South rotation in cargo shipping

President. — The next item is the motion for a resolution by Mr Albers (Doc. 517/78), on behalf of the Socialist Group, on problems connected with the system of North-South rotation in cargo shipping.

I call Mr Albers.

Mr Albers. — (NL) Mr President, Ladies and Gentlemen, I am very pleased that Parliament has found the opportunity to discuss this motion for a resolution this morning because serious difficulties have arisen in the Netherlands with regard to North-South rotation on a voluntary basis. You will know that it is necessary in transport, and particularly in inland navigation, to maintain a certain reserve capacity. There are times when this reserve capacity has to be used but, of course, there is the disadvantage that there is always an excess supply of transport. This, in turn, has a serious impact on the prices which barge companies can charge for their services. It was for this reason that in 1975 a voluntary agreement was reached but this agreement is not working well in practice. There are continual problems of undercutting and goods being transported outside the agreement. This naturally has an adverse effect on the barge companies' position. They are asking for legislation but there is no real chance of establishing a legal arrangement because of the Mannheim Act, the Scheldt Statute and the Maas Regulations, because a legal system would probably be against the spirit of these international treaties. Also, a legal system does not fit into the policy being conducted by the European Community. The common transport policy aims at a liberalization. Nevertheless, similar legal systems do exist elsewhere. That is the great difficulty. Since 1975 there have been rotation regulations for international transport in France and Belgium. And it is therefore understandable that difficulties and tensions should arise because of this fact. It is understandable that Dutch bargees should be urging the Netherlands Government to convert their voluntary agreement into a set of legal regulations.

The aim of the motion for a resolution is to bring the Commission's attention once again to these serious difficulties. My group does not want to see the Commission sitting idly on the sidelines, waiting to see how the conflict develops, since there is the threat of a strike at the beginning of the New Year which could lead to serious disruption and damage to the economy.

My group calls for the European Community to take a direct interest in inland navigation. There is a basic regulation for the harmonization of the conditions of competition in road transport, the railways and inland navigation. This basic regulation was passed in 1965. There is a Council directive, revised only recently, on

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the reciprocal recognition of inland navigation ship certificates.

There are also half a dozen proposals under consideration concerning the reference tariff, access to the profession of entrepreneur in inland navigation, the reciprocal recognition of diplomas and certificates and the right of free establishment. In addition to these there is a proposal for a laying-up regulation, a proposal on social provisions and a proposal for the harmonization of legislation regarding the construction of boats and boat equipment.

I think this shows clearly the extent to which the European Community is involved with inland navigation. This is the reason why it cannot stand idly by, waiting to see this conflict develop into a strike which may be called by the European bargees' association to which some 70 000 individual boatmen belong. Considering all the difficulties which we in the European Community have in the various sectors, it is interesting that the inland navigation industry, faced by the difficulties which they have often experienced, are appealing to the European Community to find a European solution.

Well, that is the background to this motion for a resolution and I hope that Mr Haferkamp can shed some light on the matter.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, it is by no means true that the Commission is standing idly by in the face of these developments. As already pointed out in this debate, the problem has a long history throughout which, since 1967, when all the Commission's proposals were first presented, we have had the support of this Assembly.

The honourable Member has raised a specific problem. Through its services the Commission is in continuous correspondence with representatives of the Member States and of the international professional associations. We are studying the possibility of adapting the original laying-up arrangements; we are trying to incorporate this system in an overall plan for the organization and functioning of the inland navigation market. The work is already quite far advanced but not sufficiently advanced to enable me to provide precise details. During 1979 we will make concrete proposals to the Council and, of course, keep in close contact with Parliament. The action we have in mind would include a timely and prior restructuring of the inland navigation market and we do not exclude the possibility of a financial contribution from the Community.

We unreservedly support the closest possible cooperation between the governments concerned and the professional organizations. We are being kept informed

about the negotiations on North-South shipping and, where we feel we can help to remove difficulties, we have offered our services. We have already been instrumental in bringing about a meeting between bargees' associations and the Netherlands Government; we have, of course pointed out that any solutions must take account of Community law. At the same time as this question is being discussed here the first meeting between bargees and the Netherlands Government is taking place. It is too early for us to receive any information on the outcome. However, I hope that this meeting will produce positive results and that it will support the Community's effort to bring about overall action to remove the difficulties in inland navigation.

I am aware, and the Commission is aware, that where the development of an overall transport policy is concerned we have the support of this Assembly and we know that this includes the specific and difficult area of inland navigation.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, I am prompted by what Mr Haferkamp has said to make a couple more observations. I am very grateful to him for what he has told us. It is, of course, encouraging to hear that the Commission has not stood still but has made substantial efforts to get negotiations under way. This might perhaps lead me to withdraw this resolution were not it not for the fact that I did not hear him say that the Commission was taking part in talks between the Dutch Government and the sector concerned. I consider this extremely important for further progress. Before you put this resolution to the vote, I should like to suggest a couple of amendments.

The second indent states that such legislation would be in conflict with European Community provisions. I should like to make that in conflict with the concepts of a transport policy'. That provides a somewhat wider framework. I think that is clearer than to speak of European Community provisions. And I should also like to amend the request to the Commission in the following way: 'to cooperate in the opening of negotiations between the appropriate authorities and the trade'. It is clear that here I mean that the Commission must also take part in these talks.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — (D) Mr President, the answer to the question whether the Commission will take part in these talks is no. We initiated and helped to prepare for the talks between the bargees' associations and the Netherlands Government. We are participants at the present moment. Provision has been made for a statement at the end of these talks. The possibility of participation by the Commission services at a later date will depend on the course and outcome of the current talks.

President. — I note that there are no further requests to speak. The motion for a resolution as it stands will be put to the vote at the end of the sitting.

The debate is closed.

15. Votes

President. The next item is the vote on the resolutions contained in the reports on which the debate is closed.

I put to the vote the resolution contained in the *Bethell report (Doc. 490/78): Directive on health protection against the dangers of ionizing radiation.*

The resolution is adopted.

President. — We shall now consider the resolution contained in the *Cifarelli report (Doc. 495/78): Spain-EEC fishing agreement.*

I put the preamble and paragraphs 1 and 2 to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 3 I have Amendment No 1/rev. by Mr De Clercq and Mr Martinelli seeking to add after 'interim regime' the words 'which must not change the provisional regime adopted in September'.

I call Mr Martinelli.

Mr Martinelli. — Mr President, I have spoken to the rapporteur by telephone and he approves the amendment.

President. — I put the amendment to the vote.

Amendment No 1 is adopted.

I put to the vote paragraph 3 as amended.

Paragraph 3 as amended is adopted.

I put to the vote paragraphs 4 to 8.

Paragraphs 4 to 8 are adopted.

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

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Lemp report (Doc. 491/78): Regulation concerning the Convention on political cooperation in Northwest Atlantic fisheries.*

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Pisoni report (Doc. 492/78): Directive on drainage in catchment areas on both sides of the border between Ireland and Northern Ireland.*

The resolution is adopted.

President. — I put to the vote the resolution contained in the *Reay report (Doc. 475/78): Regulation on the scheme of generalized tariff preferences.*

The resolution is adopted.

President. — I put to the vote the motion for a resolution contained in the *Reay report (Doc. 474/78): Application for 1979 of the generalized tariff preferences.*

The resolution is adopted.

President. — We shall now consider the *Albers' motion for a resolution (Doc. 517/78): System of North-South rotation in cargo shipping.*

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

The first indent is adopted.

I now ask the House if it authorizes a vote to be taken on the amendments presented orally by Mr Albers.

Are there any objections?

That is agreed.

The first amendment seeks to word the second indent as follows:

— having regard to the position adopted by the Netherlands Minister for Transport and Public Works and taking the view that such legislation would be in conflict with the concepts of a transport policy for the European Community.

I put the amendment to the vote.

Amendment No 1 is adopted.

I put the third indent to the vote.

The third indent is adopted.

On the sole paragraph of the motion for a resolution I have an oral amendment by Mr Albers seeking to word it as follows:

invites the Commission to cooperate in the opening of negotiations between the appropriate authorities and the trade and to offer its good offices to the view to removing the difficulties that have arisen.

I put the amendment to the vote.

The amendment is adopted.

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

The resolution is adopted.

6. Dates of the next part-session

President. — There are no other items on the agenda. I thank the representatives of the Council and the Commission for their contributions to our debate.

The enlarged Bureau proposes that the next sittings of Parliament be held at Strasbourg during the week from 15 to 19 January 1979.

Are there any objections?

This is agreed.

17. *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 debate.

Are there any comments?

The minutes of proceedings are approved.

18. *Adjournment of the session*

President. — Before closing the sitting I would like on behalf of the Chair to wish the Members, the representatives of the Council and the Commission and all our staff a merry Christmas and a happy new year. I declare the session of the European Parliament adjourned. The sitting is closed.

(The sitting was closed at 11.35 a.m.)

